



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

ECONOMY, ENERGY AND TOURISM COMMITTEE

Wednesday 27 October 2010

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

	Col.
DECISION ON TAKING BUSINESS IN PRIVATE	4173
ENTERPRISE NETWORK INQUIRY	4174
ENERGY EFFICIENCY ACTION PLAN	4224

ECONOMY, ENERGY AND TOURISM COMMITTEE

28th Meeting 2010, Session 3

CONVENER

*Iain Smith (North East Fife) (LD)

DEPUTY CONVENER

*Rob Gibson (Highlands and Islands) (SNP)

COMMITTEE MEMBERS

*Ms Wendy Alexander (Paisley North) (Lab)

*Gavin Brown (Lothians) (Con)

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

*Marilyn Livingstone (Kirkcaldy) (Lab)

*Lewis Macdonald (Aberdeen Central) (Lab)

*Stuart McMillan (West of Scotland) (SNP)

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Alex Johnstone (North East Scotland) (Con)

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

David Whitton (Strathkelvin and Bearsden) (Lab)

*attended

THE FOLLOWING GAVE EVIDENCE:

Jacqui Hepburn (Alliance of Sector Skills Councils Scotland)

Martin Hottass (Siemens)

Laurence Howells (Scottish Further and Higher Education Funding Council)

Lorraine Hubbard (Siemens)

Martin Kirkwood (Scottish Further and Higher Education Funding Council)

Michael Levack (Scottish Building Federation)

Andrew Livingston (Skills Development Scotland)

Linda McTavish (Scotland's Colleges)

Paul Nelson (Allied Vehicles)

Paul Sheerin (Polaroid Eyewear)

Damien Yeates (Skills Development Scotland)

CLERK TO THE COMMITTEE

Stephen Imrie

LOCATION

Committee Room 4

Scottish Parliament

Economy, Energy and Tourism Committee

Wednesday 27 October 2010

[The Convener *opened the meeting at 09:30*]

Decision on Taking Business in Private

The Convener (Iain Smith): I welcome everyone to the 28th meeting in 2010 of the Economy, Energy and Tourism Committee. Item 1 is a decision on whether to take in private item 4, which is on matters relating to our report on the Protection of Workers (Scotland) Bill. Do members agree to take item 4 in private?

Members *indicated agreement.*

Enterprise Network Inquiry

09:31

The Convener: We will hear from two panels today and we will focus on issues to do with skills development. I welcome our first panel, whose members represent various skills-related services in the public sector. Please introduce yourselves before we move on to questions.

Paul Sheerin (Polaroid Eyewear): I am from Polaroid Eyewear in Dumbarton.

Michael Levack (Scottish Building Federation): I am the chief executive of the Scottish Building Federation. I am also the employers secretary for the Scottish Building Apprenticeship and Training Council.

Paul Nelson (Allied Vehicles): I am the managing director of Allied Vehicles in Glasgow.

Lorraine Hubbard (Siemens): I am training development officer for Siemens.

Martin Hottass (Siemens): I am energy sector development partner for Siemens.

The Convener: Thank you. An argument that was put forward in favour of the Scottish Government's review of the enterprise networks and the splitting off of Skills Development Scotland was that the approach would unclutter the landscape and make things clearer. Has that been your experience since the changes were made? Is it easier than it used to be for businesses and training providers to understand where to go for support?

Paul Sheerin: From the point of view of our business, which is a Scottish Enterprise account-managed business, the situation is good and clear. When we make a request, we get an instant response and we are networked to the right area. The advice is always top notch.

I hear snippets from people in smaller businesses, which are not account managed, who say that they find it harder to get into the SE network and beyond. I have no firm evidence to back that up; it is something that I hear in passing, in conversation with businesses.

Michael Levack: Things took quite a while in the context of the transfer of staff from Scottish Enterprise to SDS. We used to know who to deal with. I might put to one side how effective the support from Scottish Enterprise was, because in some respects construction is not a priority industry for SE; in our experience Highlands and Islands Enterprise regards construction as being slightly more important. When staff transferred into SDS, it took us a while to find out who had been made redundant and who were the new contacts.

Since then, we have established contact with the correct people in SDS, who have been helpful and supportive.

If I have one observation by way of criticism of SDS, it is that its business plan is cumbersome—it is not an easy read. Unfortunately, everything that goes with skills brings its own jargon, with a lot of buzz words that we all fall into the trap of using. The business plan is a very comprehensive read, let us say—but parts of it could be well summarised.

The Convener: Can Lorraine Hubbard give an account of her experience of trying to set up modern apprenticeships in Fife?

Lorraine Hubbard: Doing that is a challenge. The biggest difficulty that I have experienced is in actually getting to talk to somebody. There were a lot of phone calls with many discussions including different people before I was pointed in the right direction. There is no logical link from a Scottish Government website to direct people to where they need to go to get any kind of information about accessing skills. There is a lot of clutter on the landscape. Once we get through that, however, people are very helpful and they do everything that they can.

There is a lack of specialisation in specific sectors. It would be of real benefit in all sectors to have someone with specialist knowledge about the relevant part of the landscape, or to have a hand-holding exercise with industry until people reach the point at which they really understand the needs of the industry and the business concerned.

Although people in SDS and in the skills sector generally try hard to assist industry, there is still a lot of muddle about who does what. There are some definite lines. A person might say, "Right, I can do that," but in response to the next question they might say, "No, I don't do that," and they might be unsure who does. I do not know whether that has come about because of the transition or because there is quite a lot of muddle with the involvement of SDS, the Scottish Further and Higher Education Funding Council, HIE and local councils—lots of different people with lots of different bits of information—but it is very difficult to achieve a joined-up approach.

The Convener: Paul Nelson has been nodding. Do you wish to add anything?

Paul Nelson: I totally agree with what Lorraine Hubbard has said. By splitting up the arrangements for economic assistance, with a totally separate unit for training, there is indeed muddle and a degree of dysfunction, with people not working towards the same aims.

I sit on the working group for the automotive sector in SEMTA—the Sector Skills Council for

Science, Engineering and Manufacturing Technologies—whose National Skills Academy for Manufacturing provides a highly co-ordinated manufacturing skills approach for the rest of the United Kingdom. We can dip in and dip out as far as training is concerned, but the same provision does not appear to be available in Scotland, and that is of major concern for us.

As we start on the journey to build electric vehicles, we hope to set up an electric vehicle training academy in Scotland, for training in building and supporting the vehicles, but we are having a great deal of difficulty in finding out to whom to turn to get help with setting that up.

Martin Hottass: I can add something to the comments of both Lorraine Hubbard and Paul Nelson. In my role as development partner for energy in Siemens, I deal with all the UK nations. The support that SDS can provide for an existing skill set is exemplary compared with experiences in other parts of the country. SDS has been very helpful, and is relatively red-tape free compared with England.

However, we enter uncharted territory when it comes to support for the development of a new framework. We have invested a lot of time and effort to get the apprenticeship scheme working, not just in Scotland but in the UK as a whole, and the routes for getting to talk to the right people in order to support viable new industries in their infancy are difficult to establish.

The Convener: Which of the agencies that are involved should take the lead in developing those new skill sets? Should it be the industry-led skills alliance partnerships, Skills Development Scotland, the funding council or enterprise agencies? Is the problem the result of no one having the lead?

Lorraine Hubbard: The difficulty is that no one has the lead. We can speak only from the experience of designing the new modern apprenticeship for the wind industry, the strength in which comes from the industry working together. The industry was open to talk to anybody; we, too, wanted to engage all stakeholders in the business.

However, the fragmented nature of the skills sector meant that we found it difficult to get someone to step up and say, "I do that." Different agencies are involved and everyone works within their own parameters. It is difficult therefore to get someone to stand up and say, "It is okay. I am from the Scottish Government"—or wherever—"I have an overarching view of this. I can drive it forward. I can get the agencies together and get them to work together with industry to move forward." We want a joined-up approach. That would enable us to understand where we can go

forward not only with funding contributions but with any kind of help that the industry can give to the country as a whole to grow skills.

I am talking not only about the UK. The classic example of the spin-off from the modern apprenticeship that has been developed is that colleagues in Denmark want information on it. That is a huge step forward for this country—it is a landmark—and for Scotland in particular. That shows where our standing is. They will probably suffer the same difficulties that we have experienced and will have to do the same things that we have had to do to overcome those difficulties. What we need is one point of contact who can help us through the journey that we have to make together. That would mean that we did not have different agencies with different priorities. That would be a huge step forward.

We are not the only emerging industry; there is also wave and tidal energy, which will develop hugely. We can take the lessons that we have learned in the wind industry out to other industries. We are happy to work with all stakeholders and to say what is the way forward, where we had difficulty, what lessons we have learned and that things should be done this way. As I said, it would help to have one person or office—one point of contact.

Rob Gibson (Highlands and Islands) (SNP): I want to explore this a bit further. You may have given the impression that there was clarity before the structures were changed.

Lorraine Hubbard: There was not.

Rob Gibson: Right. My point is that we need to find a way of getting the optimum structures. We are dealing also with the automotive industry, which has been virtually absent from Scotland, I think that we can say, in many ways—

Paul Nelson: I disagree. We have the largest bus manufacturer in the UK and a few other ancillary industries.

Rob Gibson: Indeed we have, but we are talking about the development of new forms of power—electric or whatever.

Paul Nelson: There are three manufacturers of electric vans in the UK, one of which is in Scotland. We are pulling our weight.

Rob Gibson: That has happened in the past how many years?

Paul Nelson: It has happened in the past three years.

Rob Gibson: Quite. We are talking about a fairly short time. The development of the renewables sector—wind energy in particular—has had a lifespan of about seven or eight years at most. During that time, the structures have been in

transition. We need to bear in mind that careers education and skills development have changed five times in the past 15 years. We are not talking about a settled circumstance. Would you agree?

Paul Nelson: I totally agree. The absence of a settled situation is an issue for us. Lorraine Hubbard spoke of having a single point of contact. That would be the ideal situation for industry. We do not want to have to go at different times to different organisations that have their own agendas, about which they might not agree with each other.

09:45

Rob Gibson: It is interesting that you mention organisations' agendas because that opens up the question about the difference that I experience between the Highlands and Islands Enterprise area and what happens in the Scottish Enterprise area. Lorraine Hubbard made a strong case about difficulties in Fife: I wonder whether they are being experienced across the country. The trajectory of skills development has been slightly different further north. Obviously the majority of people work in the Scottish Enterprise area, but could we learn anything from the trajectory in the HIE area about how Scottish Enterprise and SDS should provide information for you?

Michael Levack: The position might be different in different sectors. Construction clearly has a fairly mature and somewhat traditional apprenticeship scheme that we have guarded jealously despite coming under severe pressure, I must say, from the old Scottish Enterprise when it was involved in skills. Comments were made to me in this very building that someone did not need to do four years to become a shuttering joiner. I asked the gentleman to look at the soffit in reception, and told him that I could not even work out its geometry, let alone use my trade to form it.

The situation is different in different sectors, and that should always be recognised. Perhaps then the resources would be put into sectors that need assistance with developing, say, emerging skills. In construction, we have a sort of three-legged stool between the Scottish Building Apprenticeship and Training Council, the Scottish Qualifications Authority and ConstructionSkills. We also still have a levy at the moment, so construction's situation is quite different.

I appreciate that there are emerging technologies that require new skills, but I am also keen that we do not forget that there is a huge amount of skill in the construction sector that could be transferable into some of the renewable energy projects. I am worried that that opportunity might be overlooked and missed.

Rob Gibson: How would it be overlooked?

Michael Levack: We keep talking about creating a whole new industry with a new set of skills and, although I have limited knowledge of renewables and all the different forms that it takes, some skills must be transferable from the construction sector.

On your question about skills development being in different situations across the country, I get the impression through my involvement with agencies and the comments that come back to me that our members in the HIE area have a closer connection with HIE than members in the central belt or elsewhere might have with Scottish Enterprise. We have a ConstructionSkills office in Inverness that has close ties with HIE and, generally, the relationship has been pretty good.

Lorraine Hubbard: We need to be clear that when we are talking about renewables, we are talking about the whole sector, including transmission, distribution, construction and everything else. Michael Levack is absolutely right to say that existing skills can be transferred. The difficulty is that we have to invest so much in the current workforce that, when it comes to upskilling and cross-skilling, any funding contributions are immediately halved because people are older. Renewables is just another way of generating energy, and it is part of the energy sector. So, even if we take people from different industries into renewables, it is difficult to make business cases for investing such huge amounts of money.

The industry is made up of small to medium-sized enterprises and traditional large companies that have renewables wings that are cost centres in their own right. There seems to be a misunderstanding: people seem to think that big businesses such as Siemens have a never-ending pot of money, so they ask why should they not pay to train their staff. We do spend a huge amount of money on that, and on workforce development, but if we received funding contributions, it would help us to bring in people from other industries and get them upskilled and cross-skilled.

Through FREDs—the forum for renewable energy development in Scotland—that has been highlighted as a key area. It is clear that apprenticeships are fantastic for the future, but we must understand that they are the tip of the iceberg. Upskilling and cross-skilling are key factors in building new industries.

Martin Hottass: I add that until August of this year, when the apprenticeship framework was finally accepted and became an approved qualification, all our recruits came from other industries and we upskilled them internally.

As Lorraine Hubbard said, it is a huge effort for any player in an emerging industry—energy or any other—to ensure that they get the right level of

quality, especially if their funding opportunities are linked to an outcome in the form of a qualification at the end of the process. At the moment, if a company can demonstrate that the outcome is a Scottish vocational qualification level 3, for example, it may attract some funding, but if there is no framework, it will not be able to access funding. That stunts the growth of emerging industries, which are made up typically of start-ups that have little capital of their own.

Paul Nelson: When we talk about skills, we are not talking just about on-the-job skills and certifiable skills. Scottish Enterprise provides the Scottish manufacturing advisory service, which is exemplary in supporting Scottish manufacturing, in helping us to get leaner and in helping us to form teams to deal with specific issues in the workplace. Scottish Enterprise has an overall development role as well, but some things are falling through the cracks. Scottish Enterprise used to offer support with leadership development and mergers and acquisitions, but it is not clear where such support comes from now. It is good that we have set up a skills agency, but we have not dealt with the other areas.

Rob Gibson: That is helpful. In other words, it is not just a case of having more money to apply; it is a matter of using the money as usefully and as clearly as possibly.

Martin Hottass: We are all realistic about the fact that industry must play a part. We are happy to invest our time and money. Industry provides the majority of the financial investment and that will continue to be the case, but we are looking for a stronger partnership with one forum—we want to be able to engage with one port of call. Our business has always wanted to play a responsible part in our local communities and we will continue to do that. We will continue to invest, but it would be more effective for everyone involved if we had a one-stop shop. That is the suggestion.

Marilyn Livingstone (Kirkcaldy) (Lab): I have a comment that follows on from the previous question. When we took evidence from the oil and gas sector at OPITO—the oil and gas academy—the point was made that, during the boom times of the oil and gas industry, the demise of the shipbuilding industry allowed it to be supplied with skills. Much was made of the transferability of skills and how that happened. It was interesting to hear that people from the shipbuilding industry were given jobs in oil and gas and that their skills were transferred. There are huge lessons to be learned from that and, like Michael Levack, I would like to see skills being transferred.

I have two or three questions, but the overarching one is about the Government's skills strategy. As Lorraine Hubbard knows, I am a Fife MSP, and we have had this discussion before. Do

you think that the skills strategy is the right framework to ensure that a joined-up and consistent approach is taken throughout Scotland?

Lorraine Hubbard: No.

Michael Levack: Without knowing every line of the Government's skills strategy, my only observation would be—I would say this of politicians of any political persuasion—that politicians' strategies tend to end up being about numbers rather than about quality or about some of the other real issues that any industry, employer or SME might want to see being addressed. It is easy for us all to trot these words out and say that we are doing things on behalf of SMEs, that this is what industry demands and all the rest of it, but with all due respect, I find that politicians tend to use numbers rather than scrape below the surface and look at the quality of the training and the needs of businesses, some of which is difficult to quantify.

Paul Nelson: We are not a large employer. We have about 350 employees, so we are a medium-sized company. We spend a lot of our revenue on training and we have various training programmes, but a lot of our money is spent on on-the-job training of semiskilled people who come into the business with limited knowledge of how to assemble wheelchair vehicles and taxis, which account for a large number of our vehicles. There is no specific training for such work other than our training them on the job, and there is no real support for such training. As Lorraine Hubbard says, those people tend to be older and tend to have come from other industries. We find that there is not a great deal of support for that level of training—for reskilling.

Paul Sheerin: I wonder whether it is an issue of scale, because I am sitting here listening and do not recognise much in the thread of conversation. Our business is a bit smaller again, as we have about 120 employees, who mostly provide an engineering base to support our manufacturing.

Frankly, we do not get as far as the environs of SDS. I have no awareness of SDS, other than that I know that it exists, and I do not know what the skills strategy for Scotland is. I reiterate the point that, generally, what we need we get first hand. Of the two agencies that have been mentioned, Scottish Enterprise generally meets our needs when we come to it with issues; for example, leadership development was the most recent issue that I went to it with and it came up with a number of good options. The Scottish manufacturing advisory service is also excellent and always looks outside its own remit and comes back and says, "If you need to upskill or reskill, these are ways to do it."

One comment that follows on from Marilyn Livingstone's remark about recycling from other industries is that we require engineering skills and, because we are based in West Dunbartonshire, we never have any problem getting them because so many people with engineering skills in West Dunbartonshire are travelling halfway across the country to work. When the need arises for an engineering skill, we therefore have no problem in filling the posts because of the legacy of these skills. The worry for us is what happens when those skills run out as the effect of the natural ageing process pushes through. We have to look to provide people with new skills at a younger age so that they can come through. Maybe it is a matter of scale, but we do not have any issues about doing that in terms of the support that we get for how we do it with the people that we have.

Lorraine Hubbard: Generally, provision would improve if it became much more customer focused. The focus is not on the customer. In the whole process that I have gone through, nobody has ever said to me, "Lorraine, can we talk about how we could improve this?" I have never been asked to fill in a feedback form. Nobody has knocked at my door and said, "Can we sit down and look at the process? Can we map the process to make it easier for industry?" In a normal business, we would look to see how we could make the service more effective and more efficient, but that has never occurred in this process.

There are lots of policy documents about the number of people who have been taken on board and how many people have been assisted, but there is nothing on outcomes. For example, how many people have successfully completed, and how was that achieved? What targets—realistic targets within the bounds of the funding contributions that are available—are being set? More focus on the customer and more customer interaction would help all the industries that are involved in the skills landscape.

We need clarity on the funding contributions that are available and how to access the money. In our experience, any new apprenticeship scheme is extremely expensive to set up because it is new and it is being trialled. Once economies of scale step in, the situation changes and you are in a better position.

10:00

Currently, if you try to access funding, apart from becoming a national account manager, which is a huge amount of work for any company, the college, further education establishment or training provider will help you if you go to them. That is not good business practice. We should be looking at the quality that is provided. That can be done only

through a system that is easy to use, transparent and a one-stop shop.

When I first went down the apprenticeship path, I went through Skills Development Scotland and it was easy: we got £9,000 for a modern apprenticeship for someone between 16 and 19. That was great—we took £9,000 off the top line, although a lot of money is still involved, because it costs £25,000 to train a wind turbine apprentice at the moment.

Martin Hottass: That is without salary.

Lorraine Hubbard: Yes, it is without salary, the £1,000-worth of personal protective clothing or the health and safety training that we have to give them. It is just the basics, so it is a lot of money, even when we take the £9,000 off.

I did not know whether we could afford to do that as a business, so we ran a cohort with other businesses to try to allow access to other companies and businesses so that we could get the apprenticeship running. Then, all of a sudden, somebody told me that that was not the only funding available and that there was student unit of measurement funding—money that goes from the funding council direct to the college—too.

Why is there not just a one-stop shop instead of a convoluted process? I am taking on one apprentice and giving them an apprentice contract for four years. We pay their salary, look after them and are responsible employers. It will cost me £25,000 minus £9,000. Then, all of a sudden, different pots of money come in from different areas and different sectors.

The process is not transparent or easy to access. It is more by good luck than good judgment that we have got this far with it, and it should not be like that. It would really help if you could simplify it.

My first experience with trying to access any kind of information was the 12 phone calls that I made to the Parliament. I had no idea what to do. We were setting up something brand new in Scotland and the business told me, "On you go. Get it sorted out in Scotland." I made those 12 phone calls but nobody could help me. By luck, I met somebody from Energy and Utility Skills going into a RenewableUK meeting in London who managed to get us up and running on the right track. If we had had somewhere we could have gone to initially, instead of breaking all records by creating a new apprenticeship in 12 months, we could probably have done it in 10.

That is the journey that we have gone through. My suggestion, particularly for newer markets and new things that happen in the construction industry, is that a one-stop shop should be created.

Michael Levack: I have one simple suggestion. A lot of people talk about ensuring that Scottish Enterprise or SDS signposts to the right place because it is difficult to create a one-stop shop. We have a traditional, tried-and-tested apprenticeship model in the construction industry—it is not perfect, we constantly review it and challenging economic times are forcing us to reconsider it yet again—so why did the agencies not put Lorraine Hubbard in touch with us? We could have told her what we do. We are not saying that it is perfect, but there might have been bits that she could have pinched from it and used. She would suddenly have been almost up the learning curve.

Lorraine Hubbard: Absolutely. After the experiences that our company has had, we would be absolutely delighted to work with any of the stakeholders or Government agencies to try to develop the apprenticeship so that we could set up a network of links for it.

Marilyn Livingstone: What is coming over from the witnesses is that we need a much more joined-up approach. I chair the cross-party group on construction and its skills sub-group. The same message comes across from the whole construction industry.

SDS does what it can do, but we have many other agencies too. In the construction skills sector, we were saying that the biggest impediment to economic development was planning. Then the funding council cut by 22 per cent the funding to train planners. That was not a joined-up decision, and the industry got it overturned. That was one example of Government not being joined up. It was the fault not of any particular agency, but of the fact that there is no joined-up Government. I would like one of the committee's recommendations to cover that.

What effect does the modern apprenticeship bar on age have on the upskilling of the workforce, particularly with regard to individuals in their 20s who are looking to upskill?

Lorraine Hubbard: The funding for those individuals is halved immediately. That is the key issue.

A key step would be to make the system a wee bit more flexible and allowing the transfer of skill bases through all industries. Young apprentices are the future, without a doubt. They will be the second and third-generation engineers, construction managers or project engineers that will move ahead in the future. However, it should also be recognised that we could use the skill base and knowledge that already exist in industries that might be in a dip. A demographic trough in the number of skilled people in the energy and engineering sectors is about to hit this

country in the next 10 to 15 years because of the retirement age. The industry is doing all that it can to prepare itself through succession planning and putting apprentices in place, but there are still all those people in their 20s and 30s who we need to get upskilled and cross-skilled and into the different industries. We need to grow them for the future to plug the gap that will be caused by that demographic trough.

Marilyn Livingstone: I have two more brief—I hope—points. First, concerns have been raised with me about top-slicing. Many agencies get a cut before the money gets to the employer or the college. I would like to hear the witnesses' views on that issue, which has been raised with me, certainly by the construction sector. By the time that the employer or the college receives the money, different agencies have sprung up and taken a top slice.

Secondly, how are we doing at meeting skills shortages? I have had a lot of lobbying from, for example, the stonemasons centre that there are not going to be anywhere near enough stonemasons outside Edinburgh to meet our needs in the restoration of our built heritage. That is just one example.

Those are my two questions. The first is about top-slicing, and the second is about how well we are doing at determining the skills that we will need in the future and plugging the gaps.

Martin Hottass: I do not think that we can contribute to a discussion about how well Scotland funds its agencies. That is not for us to say.

On your second point, the Government will always find it difficult to meet the needs of everyone in the community. We estimate that up to 28,000 people will be working in the renewables sector by 2020, with projected turnover of more than £7 billion a year. That indicates that it is already an important part of the Scottish economy and will be in the future. The answer to your question is that the Government will have to do everything that it can with the skills agenda to make the hurdles to entering the market as a skilled employee as low as possible to allow as many of its citizens as possible to participate in a growing industry.

Paul Nelson: As a manufacturing company, we are always looking at overhead. My only contribution in response to Marilyn Livingstone's point about agencies is that the more agencies and the more senior managers there are, the more overhead there is. I am an overhead.

Everyone here has commented on how front-line staff are supportive and helpful, and we get that support all the way from Scottish Enterprise and Scottish Development International to the SMAS. However, we feel that, in many ways, they

are hampered by a high level of bureaucracy and different levels of direction for different organisations. If you have an opportunity to cut that overhead, it would streamline the organisations and provide us with a more efficient service.

Lorraine Hubbard: I have often had to address groups and talk to people about the leap of faith that we sometimes have to take. It is difficult to get people to see the big picture. When you talk to them, they are very busy, and there are a lot of different political agendas. We understand that there are a lot of different things going on, but engagement with industry is without a doubt the key to getting a full picture of what is required.

In renewables, for instance, construction plays a major part. Without construction, we cannot have the sites. Scotland is a major player in onshore wind, and I cannot tell you the number of times that people have told me that we have missed the boat with onshore wind. I do not know how they can say that when construction is about to start on the biggest wind farm in Europe, at Clyde.

Scotland has a major place in the future of the industry, given the nature of the offshore development that will be necessary, but that will involve construction to put the roads in place in order to get the equipment in and building the facilities that we need. The transmission and distribution systems need to be put in place, and the supply chain must be set up to provide everything from vehicles to the garages to provide petrol for them.

The key point is that people must look at the big picture so that they understand growth, not just on the front line—whether that is one apprentice or 65 service technicians—but in terms of the whole breadth of what is going on. That will enable them, when it comes to making a leap of faith, to understand the business risk of what they are taking on.

Michael Levack: On the issue of top-slicing and overheads, from the experience that Lorraine Hubbard has outlined with regard to the clarification of funding, there is no doubt that at times too many people are involved.

Commercial entities often come into the picture and we can be suspicious of them because of the cut of their jib. That is not to say that people should not make a return and trade profitably if they are in the training arena, because they need to sustain their businesses, but sometimes one wonders whether they are in it just to make a fast buck, so there is concern around that.

The issue of skill shortages is linked to the lack of continuity in adult apprenticeship funding during recent years. Whether that funding is for stonemasonry, general construction trades or the

skills that are required in renewables, it is essential if we are to make progress.

Paul Sheerin: I will make another comment on that. It feels like a question of scale. Polaroid's experience in West Dunbartonshire is that when we look for funding for skills development, we go no further than West Dunbartonshire Council, and we apply through the business training support programme; that has been extremely successful.

Even when Scottish Enterprise has recommended leadership development training, which we have asked for, we go through that route. It is the only route that we go through and it has been extremely easy. It is well laid out and there is a local partnership with the council that helps us.

Stuart McMillan (West of Scotland) (SNP): I have a couple of questions for specific individuals, based on comments that have been made so far.

The first is for Mr Hottass. You said a moment ago that the Government should do what it can to assist. What do you recommend that the Government should do?

Martin Hottass: I am not a politician and I am not an economist. If it was down to me, I would want to work in partnership with industry because new industries generate wealth by creating new jobs or safeguarding existing jobs. On the jobs in wind energy, there is a supply chain that feeds off every wind farm development. It is not just about the skills that we require in order to operate those wind farms safely; it is about the local communities that benefit from such developments, because they provide local employment and SMEs with an opportunity to grow into new marketplaces. As a result of stimulating and encouraging that interaction, the wealth of the country could grow.

10:15

Stuart McMillan: With that and the changes that were made in 2007 in mind, would you suggest that further changes should happen to aid that work with the industries?

Martin Hottass: I cannot comment on anything prior to 2007 because I have no experience of it.

Stuart McMillan: What about since 2007?

Martin Hottass: In my experience, a one-stop shop for businesses that operate in various regions would be beneficial. Paul Sheerin gave a great example of the success that he has had with his local council. I assume that you are in one location, Paul.

Paul Sheerin: Yes.

Martin Hottass: So you know your partner. However, if, like us, you worked throughout

Scotland, and offshore on top of that, you would find that it is quite difficult. You would have to talk to all the councils because you have an overarching need that is sometimes difficult to meet. Local councils and local organisations have funding for local projects, so someone who is in more than one area finds it difficult to engage effectively.

Stuart McMillan: By "one-stop shop", do you mean merging agencies such as SE and HIE, with some type of training agency underneath them?

Martin Hottass: I do not know enough about the workings of the Scottish skills agenda to be able to suggest a solution. From an employer perspective, we should not really be concerned about how the skills system in Scotland works internally. We should be able to talk to one representative of the skills system in Scotland in a way that allows us to access the right people, the right information and the right funding or assistance to grow in Scotland. We are a big player in the renewables industry in Scotland and we are committed to invest further in Scotland and in Scottish people. It would be great if we were able to work with only one person or one agency, which would then channel our requirements to the right people.

Stuart McMillan: My next question is for Ms Hubbard. A few moments ago, you spoke about the big picture. You talked about the infrastructure and the leap of faith that are required. Given the massive cuts that will be coming to Scotland as a result of the comprehensive spending review that was announced last week, what impact will there be on that required infrastructure and leap of faith over the coming four or five years?

Lorraine Hubbard: Regardless of what is going on, we have to look ahead. Offshore wind will happen. Onshore wind will continue to expand; it will not go away. That can only be taken as a positive. We have to think positively about where we go with the industry, and we have to prepare for the start of the construction of offshore wind on the east coast in 2014. Of course, we can sit here and say, "Oh, that's ages away," but we hoped to have apprentices last year. However, because we had to try to get everyone together to get the project started, the first discussions did not take place with RenewableUK until June and July last year. We were fighting against the tide. We tried to start last year but it was too much, too soon. We wanted to ensure that the individuals on the apprenticeship scheme were not disadvantaged.

As far as the leap of faith is concerned, I have engaged with various different agencies. Fife Council in particular has a fantastic model and a really joined-up approach. It has set up a skills group—it is like a mini FREDs with a skills group attached to it.

There will still be a demand for all the things that we are talking about—there will still be demands on construction and on the infrastructure. That will not go away, which is where the leap of faith comes in. There needs to be engagement with the industry about what will be required, but one of the difficulties is that there is a lot of talking going on. Someone has to stand up and take responsibility for moving the process forward. The industry can do only so much. I am sure that the construction industry will have been in the same position. Someone needs to say, “Right, we are going to do this.” FREDs, with its sub-groups that feed into the top levels of Government, could be the forum for that, but that is not for me to say. FREDs has been set up and I hope that that is what it will do.

However, to get the big picture, there will have to be true engagement with the industry to work out what will be required. The big players will have to be involved. They will all want to be involved, because the industry works together. That is one of its strengths—its members work together. They will want to identify the difficulties and to work out the investment that they will make regardless of the circumstances and the investment that will be needed in particular areas.

We can do so much, but we really need an overarching, joined-up strategy. We need someone who can say, “Let’s get together and get this sorted.” Set targets have been missing. It has been a case of, “We need to do this and we need to do that.” The offshore wind map and all the plans and policy documents on progress with renewables contain a lot of items for discussion but no targets. We need to set tangible targets because the snowball is coming in 2014. We want to maximise the results for Scotland. We want to maximise what everyone can get out of the process. It is not a political thing. We are talking about a development that is for everyone—for all skill bases and all industries. We need to be in a position to maximise the benefits, but we still have a disjointed approach.

Only one council—Fife Council—has made significant progress. I can use Fife Council as a model because I have had some input into its work. Other councils, groups and agencies want to talk. We need to have an overarching strategy that gets everyone talking so that we can say where the industry will go and what lessons have been learned from other developments in the UK. An offshore wind industry is up and running in the UK, in the Liverpool area and in the south-east. We need to learn lessons from those developments so that when we are in a position to move forward, we maximise the potential that exists. Our colleagues in Denmark have already asked about the apprenticeship. For anyone who knows anything about the wind industry, the day that they did that was a landmark day. That the Danes have

started to ask questions of us shows the experience that we now have; it shows that the industry in this country is growing up.

Paul Nelson: It is a bit rich to ask Lorraine Hubbard how the leap of faith can be funded in the current economic climate. As I understand it, members of the Scottish Parliament set climate change targets for 2020 and 2050, which you agreed unanimously. I think that we should throw the question back at you. You will have to fund that leap of faith. We are investing in renewable energy, as is Siemens. For our part, we have had limited support on that investment path. You will have to look to yourselves to determine how those targets can be sliced down and set more closely; it is for you to say how we can achieve them as a nation.

Stuart McMillan: There is no issue for any party in this Parliament when it comes to where we want to be with renewables targets and driving the nation forward.

I have one final question on the training gap, and it is for anyone on the panel. I suspect that I know the answer, but I will pose the question nonetheless. We have touched on the changing demographics and how work will come down the line in a few years’ time. Do you think that all industries in Scotland are playing their part in ensuring that there will be enough trained personnel in the future? In posing that question, I do not take any responsibility away from the Government or governing parties.

Michael Levack: I will just emphasise something that many of you will have heard me say, probably too often by now. The construction industry does not look for grants, subsidies or handouts; we just need work to sustain training, of apprentices in particular. Year on year, the number of apprentices that the construction sector takes on is among the highest of any sector in Scotland, but we need work to sustain that. It is a four-year commitment, and it is difficult at the moment, bearing in mind that a large percentage of apprenticeship training is undertaken by medium-sized and smaller companies.

Martin Hottass: I second that. The construction sector has a levy system, so membership companies pay a contribution and it is in their interests to continue to train. The work in the energy sector in England is driven through the sector skills council. There is a recognition among all the big employers in the energy sector that on our own we can forecast our own needs but are not able to invest in sufficient depth to meet the needs of the nation, because we are too fragmented. Siemens, Alstom or whoever will look at its own manpower planning and say that it needs 50 or 60 workers or whatever, but that would not meet the overall requirements as the

baby-boomer generation retires. The sector will lose about 30 per cent of its skilled workforce over the next 10 years due to retirement, with generation Y coming in in much smaller numbers.

The biggest obstacle that we face is actively engaging with schools to ensure that engineering is seen as an attractive career choice and not as a burden. We actively engage as a sector with schools from primary school level upwards. Siemens is an active player in all that work, but we do it as an industry rather than as a business—we cannot do it on our own.

Lewis Macdonald (Aberdeen Central) (Lab): We have good and full evidence on where we are now and the way forward, and that is the right balance. However, I have one question about where we have come from and how we have got here for those witnesses who know some of the background and have been dealing with the issues for some time.

When Skills Development Scotland was set up in April 2008, it was given a clear remit of what it should seek to do. I want to ask about two of its objectives. One objective was that it should place the customer at the centre of services, making it easier for employers and individuals to access the learning, information, advice and guidance that they need. A second objective was that it should contribute to a decluttered organisational landscape by knitting together national and local delivery and by facilitating the better alignment of lifelong learning organisations.

The two fundamental points were therefore customer focus and greater institutional and organisational clarity. Will witnesses with experience of the old arrangements three years ago, when many of the functions lay with the enterprise networks, comment on whether those were the right objectives and whether they have been achieved? If they have not been achieved, why not?

Michael Levack: I suggest that we have made progress. As I said earlier, there was a period—which felt like certainly a year or perhaps 18 months—in which we missed the people we were used to speaking to, so things took a while. However, as I also said earlier, the contact and assistance that we have had have been useful. In answer to both questions, if I were to give a score out of 10, I would give 6.5 on each, so there is room for further improvement. We should not underestimate the scale of the transfer and the task involved in getting everything up and running, but it is essential that we now get some momentum.

10:30

Gavin Brown (Lothians) (Con): Lorraine Hubbard mentioned that it costs £25,000 to train a wind turbine apprentice and, I think, suggested that SDS had offered £9,000.

Lorraine Hubbard: That is the usual funding for apprenticeships.

Gavin Brown: You then said that you had to go through a range of processes and speak to a dozen people. What was the end result of going round the houses like that?

Lorraine Hubbard: Fife Council subsidised the course by £70,000 because the Scottish Council for Further and Higher Education did not make the weighted SUMs funding available to the college. I believe that the college had had its allocation in that respect, but you will have to ask the college and the funding council about how they work together. I certainly cannot comment any further on that.

However, as the person buying the service, I can say that that is what has happened with the funding for this pilot course. At the moment, we do not know what will happen in future, but that is a business decision that we will need to discuss and take forward with the providers. Compared with other areas in the UK, the cost is prohibitively expensive.

Gavin Brown: Did SDS say to you, “We’ll be able to give you the standard £9,000 package but we suggest that you speak to A, B and C because they might be able to assist you further”?

Lorraine Hubbard: No.

Gavin Brown: In his opening remarks, Paul Nelson mentioned his initial reservations about putting training in a separate unit with Careers Scotland, separate from the enterprise networks. As an employer, are you suggesting that we should restructure things again and move them back where they were, or do you think that it is a matter of SDS doing things slightly differently within the current structure to try to get better results for your business?

Paul Nelson: It is not my opinion—and I do not think that it is the opinion of Scottish Engineering, either—that splitting off SDS has changed the situation a lot. Some things might have fallen by the wayside. I am concerned at the level of overhead in multiple operations and personally advocate the introduction of a one-stop shop. I know the difficulties associated with such a move but, although it might be difficult, we in the industry simply cannot sit day after day looking through huge Government websites, trying to find out who can help us.

Ms Wendy Alexander (Paisley North) (Lab): I wonder whether Mr Nelson can explain what he means by “one-stop shop”. Obviously everyone knows what a one-stop shop is, but is that—

Paul Nelson: I mean that I want one point of contact with Government economic support.

Ms Alexander: That implies the co-location of business gateway, Scottish Enterprise and SDS, which is what was destroyed. I am trying to understand the implications of what you are suggesting.

Paul Nelson: I realise that over the years you have gone through various iterations of splitting things up and putting them back together. All I am saying is that at our end we would prefer to deal with one person or a small group of people who can deliver all the services.

Ms Alexander: No matter whether they are small-scale or large-scale.

Paul Nelson: Let me give you an example that does not relate to training. I had, for my sins, never heard of Scotland Europa but, in 2006, I started to investigate the distribution of seventh framework programme grants. I found out about an organisation in Manchester called Energie, which was the UK administrator for the FP7 project, and it told me that in Scotland it distributed the grants through Scotland Europa, which I had never heard of. Eventually I made contact with the organisation, which over the past two or three years has changed and upped its game. However, I have neither the ability nor the time to sit and identify every Government agency that might be able to help me.

Ms Alexander: I take that point. We have a structure that makes it almost impossible now in the sense that there are gateway services for small businesses while key account management for larger organisations is done by the enterprise network and on top of that there is SDS.

Paul Nelson: But it is not just SDS. There are a number of other agencies.

Ms Alexander: Can Michael Levack tell us what has happened in the adult modern apprenticeship space, and what should happen, particularly as it relates to construction?

Michael Levack: There has been no continuity of funding. We ask Construction Skills, “Is there any clarity on this?” It seems that all of a sudden funding gets chopped and nothing comes through.

In my previous life you could go to somebody who had been with you for several years and give them the opportunity that they thought they had missed. You could use their good attitude, their capability and their knowledge—Paul Sheerin touched on the skills that are sometimes learned

on the job. The success rate of adult apprenticeships is superb. If we want to feed that into other social issues, while it is essential and we would all want young people leaving school who think that the world is their oyster to get an apprenticeship and to get a start in whatever they want to do, we also need people with families to aspire to something better than what they have.

Adult apprenticeships are invaluable, given the success rate. We talked about getting value for money. Adult apprenticeships are essential, particularly in the light of the skills that we are losing in construction during this recessionary period. We will never address the skill shortage only through apprentices who are school leavers; we must be able to take adults and upskill them seriously through the adult apprenticeship model.

Christopher Harvie (Mid Scotland and Fife) (SNP): I have a brief point. I visited Voith, in Heidenheim in Germany, about six weeks ago and I asked the company about the cost of training technical apprentices. It calculated that the cost was €70,000 over four years, which seems roughly in the ballpark. The problem is that here it costs only £6,000 to train a call centre operative. That is one of the problems that we will face in the renewables sector.

When we visited Aberdeen, the main contractors on the North Sea oil side said that they wanted one gateway into the renewables sector. We asked, “Do you mind whether it is a state gateway or a private gateway?” They responded, “Whatever it is, we just want it.” Do you agree?

Lorraine Hubbard: Yes.

The Convener: I have a couple of brief questions to conclude. First, we have talked a lot about how difficult it is for you to access the skills network. It seems that, as companies accessing public sector skills provision, you have to do all the asking. Does the public sector ever come to you and say, “What are your skill needs?” Do SDS, Scottish Enterprise or Highlands and Islands Enterprise ever knock on your door and say, “We just want to check whether we have the right strategy in place. What are your skill needs?”

Lorraine Hubbard: No.

Paul Nelson: Scottish Enterprise has recently been more supportive. As I said, at the front end of most of those organisations there are very enthusiastic staff. We have motivated and enthused some Scottish Enterprise staff to the extent that they come out to suggest ways to help us. We have not as yet managed to achieve some of those things, partly because we are not in a regional selective assistance area for a larger company, which is a major concern for us because it presents huge difficulties in gaining such levels

of support. We get that support but SDS has never picked up the phone.

Michael Levack: SDS has not come to us specifically to discuss those topics, but it has a close and strong working relationship with the Construction Skills sector skills council and I hope that it is making good use of the labour market intelligence reports commissioned by Construction Skills. If it is not, I would be very concerned, because there would be a duplication of effort. Good intelligence is available through the sector skills council and my understanding is that that is used and that those organisations have a strong relationship. That is the way that it should happen for the construction sector.

Paul Sheerin: I have a different answer. Yes is the answer for me. Periodically, probably about twice a year, we sit down with the account manager from Scottish Enterprise and consider our long-range plan. Scottish Enterprise comes back with suggestions on any skills development gaps. As I say, for us that does not get as far as SDS but, whether it be SMAS or other forms of skills development, we get that without having to ask for it.

The Convener: You may not feel that you are in a position to answer this question, but my second question is about the fact that, after the 2007 election, there was a change in how enterprise and lifelong learning or skills were located in the Government. They had previously been in one department but now they are in two. Skills development lies with education and enterprise obviously lies with the Minister for Enterprise, Energy and Tourism. Is that helpful or unhelpful? Or do you not want to comment?

Michael Levack: The construction industry has previously lobbied for a single, dedicated construction minister. Whatever you look at, you dose planning into it, listed buildings, education—all the issues. I appreciate that some politicians may feel that if construction got a dedicated minister, every sector would want one, but we have to deal with almost every minister. We are almost used to the fragmented nature of Government. You just get on with it.

The Convener: That concludes our questions. I thank the witnesses—representatives of the users of skills provided by the public sector—for their evidence. We will take a short break before we get some evidence from those public sector providers.

10:41

Meeting suspended.

10:47

On resuming—

The Convener: We are running a little late, so let us get started again. In this part of the meeting we will consider the public sector providers and funders of training and skills development. I welcome our second panel of witnesses and invite you to introduce yourselves.

Damien Yeates (Skills Development Scotland): I am chief executive of Skills Development Scotland.

Andrew Livingston (Skills Development Scotland): I am finance director of Skills Development Scotland.

Jacqui Hepburn (Alliance of Sector Skills Councils Scotland): I am director of the Alliance of Sector Skills Councils Scotland.

Martin Kirkwood (Scottish Further and Higher Education Funding Council): I am deputy director in the Scottish Further and Higher Education Funding Council. I head up the skills and funding policy group.

Laurence Howells (Scottish Further and Higher Education Funding Council): I am senior director, skills, research and knowledge exchange, in the Scottish funding council.

Linda McTavish (Scotland's Colleges): I am principal of Anniesland College in Glasgow and convener of Scotland's Colleges' principals convention.

The Convener: I thank you all for coming. I will start the ball rolling. Not everyone needs to answer every question; feel free to indicate if you have something to contribute. However, I hope that everyone will respond to my opening question.

Some of you heard some of the evidence from the first panel. There is concern on the skills development front about an apparent lack of clarity about to whom a company must go to get information, particularly if it wants to develop new skill sets, for example for the renewables industry. Will you give your thoughts on that?

Damien Yeates: I will lead off. From Skills Development Scotland's point of view, there is an important structural engagement, which it would be useful to highlight to the committee. Frameworks for modern apprenticeships are owned and designed by industry, not Government, and the sector skills councils are the interface that supports industry to develop and grow in that regard—Jacqui Hepburn will comment on that.

In its procuring and funding of apprenticeship programmes, Skills Development Scotland engages heavily with the sector skills councils.

They are our port of call in understanding industry needs. We do not go out to meet individual companies on a hugely regular basis; we have a large account-managed process whereby we deal directly with significant businesses that recruit a large number of modern apprentices, but largely we operate through third-party training providers and our understanding of a sector's needs and demands is arrived at through consultation with the sector skills councils.

Jacqui Hepburn: There are two issues here. One relates to the activity that Damien Yeates has just referred to—about the involvement of employers in the design, development and review of modern apprenticeships throughout Scotland. The second issue is about advice for company-specific training. We need to differentiate between those two issues.

The sector skills councils actively engage with employers in all sectors and of all shapes and sizes to ensure that they are employer facing and that they meet industry requirements. The number of small businesses that operate across Scotland is large—they account for 90 per cent of businesses—and they all require advice to support their own particular training requirements. I totally acknowledge Skills Development Scotland's role in funding and delivering all national training programmes, but employers will sometimes seek individual advice and no one organisation could have a remit for dealing specifically and individually with each of the many thousands of employers that exist in Scotland. It would be very difficult for either of the two bodies—the enterprise networks and Skills Development Scotland—to take on that role.

Turning to the role of local authorities with regard to business gateway, which has a critical role in supporting employers at the local level, it will be important to ensure the join-up around skills within the various business gateway activities, and Scottish Enterprise will need to support the large-growth companies.

The committee might also wish to consider how to support the companies in the middle of that. Some level of support is still needed, but there is not the manpower available to support those companies at the moment.

Linda McTavish: Colleges could be third-party training providers, so they would interface with industry directly. So could private sector training organisations. Colleges could also operate from industry in cases where a modern apprenticeship contract is held on a subcontracting basis. There is slight complexity in the structural ways in which we might proceed.

Martin Kirkwood: I have a comment on the interface between employers and the public

sector. We have a joint skills committee with Skills Development Scotland, which has a broad membership including four industry representatives, one of whom is Colin Hood of Scottish and Southern Energy. That forum, which is relatively new and which has met only three times, is one where we can exchange views across the table regarding employers' needs and how they can be met on the supply side. That forum should not be overlooked.

The Convener: We heard evidence earlier from a representative of Siemens about that company's difficulties in trying to establish its pilot modern apprenticeship programme for renewables—specifically the offshore wind sector. When Siemens approached Skills Development Scotland, it was told that it got £9,000 for a modern apprenticeship, but it was not told that there might also be other funding sources available. Is it acceptable that a company such as Siemens, in seeking to develop such an important industry for Scotland, found it difficult to find information regarding what support might or might not have been available, and that, in the end, it was able to proceed only because Fife Council—which does not actually have responsibilities for skills development—put £70,000 into funding the programme? Is that acceptable for the organisations that should be involved?

Damien Yeates: There are a number of factors there. The obvious answer to the question is no. If that is the experience that Siemens had, we should be doing an awful lot better. I will take that example away and I will see where we can improve on that. It is a surprise to me, given the focus on the renewables sector and on the energy sector more broadly, as it is a key growth sector for Scotland.

There are challenges regarding frameworks and the speed at which we design them out. I refer again to the fact that industry is the owner of how that is done. Skills Development Scotland would wish to be incredibly responsive to the need to support and develop new frameworks, especially in growth sectors.

A huge amount of work has already gone into the energy sector. I am a member of the energy advisory board, which is co-chaired by the First Minister and Professor Jim McDonald. The energy advisory board has representatives right across the spectrum of the energy sector and we have just completed a draft report on future skills demands in the three key sub-sectors of the energy sector in Scotland. The role that Skills Development Scotland has played in that has been not one of generating new and additional information, but one of aggregating the information that is out there and, where there are gaps, sponsoring and supporting the appropriate sector

skills councils to fill those gaps. We are heavily engaged with the sector skills councils and with industry in projecting ahead.

We are in the early stages of confirming a detailed skills action plan for the energy sector across the three sub-sectors, and there should shortly be announcements about the strategic direction in which that should go. It is a very complicated picture, as the sectors are not divisible—they work across each other. There is, rightly, a lot of talk about renewables, but the oil and gas industries are still huge employers in Scotland and foresee significant growth into the mid-distance.

There are big challenges in demographics in the energy sector. In power and generation, we are looking at a potential 90 per cent turnover of staff in the next 10 years. The replenishment and replacement is almost going to be greater than the net new additional jobs in the energy sector. Over the past six to nine months, a huge amount of work has been done to bring all that wealth of information together, to understand where the gaps are and to identify where the scarce resource of public money can be placed to produce the best return.

All the agencies across Government have been involved in that, led by the Scottish Government, including the key sectors from Scottish Enterprise, Highlands and Islands Enterprise, the Scottish funding council and ourselves. We have also been leveraging the expertise from within the sector skills councils in terms of their knowledge of where future demand will come from. If the experience to date has been poor, I assure you that, going forward, we will absolutely be on the mark in ensuring that the public moneys that are available in Scotland to support and leverage the growth from that will be placed in the best possible way to secure the best possible return.

Jacqui Hepburn: In the past couple of weeks, we have stimulated new research, which will inform the future skills needs in the energy action plan. That is due to report before December.

The second issue, around how we respond effectively to new industries, poses a bigger question. I heard the earlier evidence from Siemens, which indicated that it cannot gain quick access to funding and support. That is an issue for many new industries, including microrenewables, wind turbines, biomass and a whole range of other industries that we need to consider. In a very tight funding cycle, we will have to look at how we enable investment in these areas, possibly to the detriment of other areas. If we are to respond quickly and effectively, Siemens, for example, must be able to access public funding to train the people that we know that we need. We must begin

training those people now, not in four or five years' time, when they will be needed.

To pick up Damien Yeates's point, there are sectors of Scotland's economy that are ageing dramatically. Many engineering, oil and gas workers are well over 50, and the number of young people coming into the labour market around 2020 will be reduced. So there is a real need to consider how the industries are reaching back into schools to make it attractive to go into the new energy areas. We must also consider what interventions will support employers to develop jobs and provide the training opportunities that we need.

Laurence Howells: Comments have been made about a particular case, but it is worth commenting on general funding for colleges across the board. It is important to note that we fund colleges to be responsive locally and to make decisions based on local priorities and that it is part of our expectation that colleges will respond appropriately to local pressures and demands. They must make their choices in the light of that information, which is far more detailed than any information that could ever be held centrally.

That leads to a tension—which was alluded to in the earlier evidence—between local decision making in response to local needs, which often works very well, and situations in which there is a more national need, a shift of priority or a new industry coming along.

11:00

We need to get the balance right between local decision-making and local responsiveness and some resources held nationally that can be accessed rapidly to support development plans. That balance will always be difficult to achieve, and it will always need to shift.

I support the comments that have been made, particularly about developing the renewables sector. We are actively engaged with the plan and working with colleges and universities to decide what special step needs to be taken to invest resources in that sector.

It is also important to mention the university sector in this context. Skills development is not only a college or training provider activity. Particularly in some of the new industries that we are talking about, the expertise of cutting edge research or knowledge is important and it needs to be brought in to the equation.

Andrew Livingston: To add to that, I want to be clear that everyone on the committee understands that we are not attempting to fund the whole of an apprenticeship or any other form of skills training. We are making a contribution, so we

have to divvy up the available funds across the key sectors and industries.

Our funding level has been consistent and frozen for a number of years, and it might be difficult for us to sustain that model into the future. We seek to engage with the other parties that are here, and with the Scottish Government, to look at policy and the levels of contribution that might be required. That is why we seek to use other forms of funding, albeit that some of those might be short term, rather than relying solely on grant-in-aid. I am talking about the European social fund in this case.

I am not indicating a fixed and inflexible approach. We are trying to be responsive to all situations as they arise, and £9,000 is the figure that has been available in agreement with the sector skills council for engineering.

The Convener: The point about the £9,000 was not specifically about the contribution that SDS makes, but about the lack of signposting by SDS to other sources of funding, such as that which is available through colleges or whatever.

Linda McTavish: Colleges always wish to work with local industry, because they are involved in local communities and they are the route to local youngsters who want to study in a given area. There is a lot of hype that local youngsters are really keen, especially at the moment, when record numbers of young people are trying to get into college. The college that we looked at responded, and colleges want to respond to the situation and, through their plans, the funding council and SDS will bring us in.

However, in the planning, and when we are waiting on the big reports, there is sometimes a bit of a time lag, and that is frustrating everyone just now.

Jacqui Hepburn: I have a comment on the level of funding for modern apprenticeships, and the public intervention funding. I will use the same example of £9,000 as the level of funding. We need to recognise that employers are paying wages and other relevant training costs, if they are statutory, and that that also supports the delivery and development of a modern apprenticeship, which can be very expensive.

One of the other key issues, and the network will hold closely to it, is that modern apprentices in Scotland have employed status, which means that they have a contract of employment and they are paid a wage. That is critical to supporting our young people, and our older people, to get jobs. As I mentioned earlier, the adult apprenticeship programme is a critical component of skills development in Scotland.

Damien Yeates: I will give some statistics about the responsiveness of the apprenticeship programme generally. First, I echo Jacqui Hepburn's point. Scotland has a unique framework for managing its modern apprenticeship programmes. It does not happen anywhere else in the same way as it does in Scotland. The employed status is significant.

The cost ratio and achievement at the back end outperform every other nation region in completion rates and the leverage from public sector investment. The figures are not exact, but every £1 of public money usually generates around £8 of investment from industry.

Last year, more than 35 new frameworks were introduced and supported. In the previous year, there were only two, which means that, in one year, there has been a dramatic change in the responsiveness of the apprenticeship programme, due to the growth of new areas such as life sciences and renewables.

The volumes have been significant, and this is where a real challenge arises in terms of Government apportioning scarce public resources to the appropriate area of skills investment. Figures for 2008-09 show that the number of new-start apprenticeships increased by almost 90 per cent. That is a staggering achievement for two reasons. It shows the commitment of the Government and Parliament to sustaining that level of investment and, on the employers' side, it shows that we were able to secure those employment places at the height of the worst recession in living memory. That is a real testament. Our normal figures over the past eight or nine years can be anywhere between 10,000 and 15,000.

The overall framework has been incredibly responsive, and the sustaining of new and additional starts and the volume of new frameworks has been quite stunning, given the economic conditions. Employers and the system should be applauded for that.

The Convener: I remind members that we are not conducting an inquiry into the modern apprenticeship scheme or the skills strategy; we are interested in how the structures are operating in relation to the changes to the enterprise network. We should try to focus our questions on that area.

Rob Gibson: Presumably, you are making a case that there have been positive changes to Scotland's skills programme as a result of the reforms. Would it have been possible to do some of that better? What are your reflections, at this early stage, on the implementation of the reforms?

Damien Yeates: It is difficult to say what would have been different or whether things are better.

Our position is that we have to play the role that we are asked to play. When Government sets a policy direction, it is our job to implement it. It is difficult to reflect on what would have been different if Skills Development Scotland had not been set up. I can point you to some significant changes in the landscape that have occurred, and it is your job to decide whether they would or would not have occurred otherwise.

The development of the partnership action for continuing employment—PACE—programme, which is the rapid response mechanism for redundancies, is important. From a standing start in 2008, there are now 21 partnerships covering the whole of the country. At the start, there were pockets of PACE activities, depending on regional redundancy programmes, but, by the time of the height of the recession, those partnerships had been mobilised across the country. In the past year and a half, they have supported more than 300 companies and more than 16,000 people who were at risk of redundancy. Those partnerships are not owned by SDS. Again, our role is to co-ordinate and pull together the partners. Colleges and local authorities are also a huge part of that work. All of that was achieved at no additional cost to the taxpayer and was a huge element of the Government's response to the issue of economic recovery.

The second area that I point you to is the close relationship that SDS now has with Jobcentre Plus. Again from a standing start, with no additional funding or major policy directive, SDS set up a pilot pathfinder project in 2008-09 to identify 22 partnership programmes that would fall within what we call the integration of employment and skills strategy. Under that approach, someone who inquires about possible employment opportunities will get advice on skills at the same time. That programme has been rolled out nationally. This year, more than 700 staff members from the two agencies underwent joint training. Initial findings suggest that someone who has gone through the joined-up programme is twice as likely to get a job as those who have not.

I point to the work that Skills Development Scotland has done with the local authorities. We are not set up regionally. We have groups of local authorities that are brought together regionally, but we consider local authorities as the building blocks for our service delivery.

During August, September and October last year, I went out and met every council leader and chief executive in Scotland. Our plea was simple: we had come through a difficult and challenging merger, but we challenged the local authorities to tell us whether our resources were aligned with their regional needs. Local authorities typically have a better understanding of the labour markets

and economic growth and they generally invest more broadly in skills in employment areas than we do, so we put out a call for them to challenge us on whether we were engaged in the commissioning of national training programmes, whether our people on the ground were connected to the schools and whether we were providing the types of services that they wanted.

We invested in service delivery agreements, as we call them, which in effect tell a local authority that we will overtly provide it with all the resources that we have in its area and with constant updates about changes and fluctuations. Better than that, we will engage intensively with the council in commissioning the appropriate skills resources for the local area. That work will be taken a step further under priority 5 of the ESF, when we look to co-finance Government funding on the contracting of NTPs. That will require us to engage formally with community planning partnerships in detailed local commissioning to address skills needs in each area. We have started that process already.

I point also to the joint skills committee. Those are some examples.

Rob Gibson: Because of the need for customers to access a one-stop shop, there are still criticisms of the fact that there is overlap between the different bodies that are represented on the panel of witnesses and criticisms of the way in which we develop the skills sectors. Should we be learning lessons now about how that collaboration should happen? We heard about a one-stop shop earlier when Siemens gave us an example of not finding an easy route into the information. We need to examine the degree of clutter from business and the Government agencies—the overlap between the providers, funders and the sector skills councils—more closely than we have done.

Damien Yeates: I will ask Laurence Howells and Martin Kirkwood to comment on that. A piece of work about a no-wrong-door approach is on its way through the joint skills committee, which relates to exactly what you describe. Business gateway, Highlands and Islands Enterprise, SDS and Scottish Enterprise exist, so how do we create an engagement process that does not push businesses around the system so that, wherever they go at whatever time, they get the right support and information and that that point of contact acts as the support for the business through the system? There is a challenge to ensure that the agencies' face to industry is seamless.

Laurence Howells: SDS, the Scottish funding council and the colleges need to do a piece of work on how we integrate and fund modern apprenticeships, to use them as an example. That

is part of the no-wrong-door approach, but that approach is a bit broader than the work that we need to do on modern apprenticeships, because we are not the only agencies that are involved. However, it is accepted that we need to do that specific piece of work.

I will broaden the debate slightly to include the overall effect of the change to the enterprise network. I cannot comment on whether it could have been even better had we done it differently; I can comment only on my experience of before and afterwards. The level of integration, the joint working and the effectiveness of the outcomes of our engagement with Scottish Enterprise and Highlands and Islands Enterprise are significantly better than before. Similarly, our engagement with what was the skills part of the enterprise network and is now SDS is better than it ever was. I will give a few examples of that.

The joint working that we are doing with HIE on a potential capital investment for the Beechwood campus in Inverness is completely out of my experience in the system. We are working together to a common set of objectives—they overlap strongly, but we each have different objectives—which has been good. Where there are difficulties, that gives us a vehicle to sort them out.

We have worked with Highlands and Islands Enterprise and Scottish Enterprise on a talent Scotland graduate placement scheme, in which we have invested resources. The scheme is about improving the quality of education by giving better access to work placements for people on courses and providing businesses with access to that engagement. Again, that has been transformed by the way in which the new relationships are working.

11:15

Another example is more at the knowledge exchange—or integrating universities—end of the equation. I do not want to comment on the details at the moment, but we are working on a couple of rather large projects, one of which relates to the technological end of renewable energy and how we manage the variable supply that we get from renewable energy in the mainstream power network. That is where university expertise is extremely valuable.

We are working on a major programme that could produce clean blood by technological means. It could transform the blood transfusion service in Scotland, and the intellectual property could be a highly saleable resource around the world. That is a partnership in which the enterprise agencies, working with us and the universities, have brought together companies and others.

Those examples provide a flavour of how the way in which we are working together is dramatically different from what it was before and is, in my view, much better.

That is not to say that it is all perfect or that if we had done it differently it would not have been even better. My underlying point is that the issue is not so much structures—although they do get in the way—as how people work together with a common purpose. The Government's instruction to us as agencies to work together has helped to change that landscape.

Rob Gibson: That is interesting but how do the colleges feed into that? How does that help you?

Linda McTavish: I can perhaps give you an insight. We were a partner in the PACE programme. You will know about PACE if you are in an area that has suffered disproportionately from unemployment due to the recession, because there is likely to be a PACE initiative in your area.

We initially had concerns that PACE was rather urbanised. We petitioned for PACE initiatives in rural parts of Scotland, because there was an upsurge in unemployment in those areas. We had a good response to that. The good work that started with South Lanarkshire College went right across the country through the PACE partnerships. The colleges were extremely responsive. They went directly to businesses to offer reskilling and upskilling opportunities for people who were being affected by redundancy.

There are still some initiatives in the pipeline. Decisions by companies are still rolling through areas such as Kilmarnock. PACE was a responsive programme, which came about as a result of SDS and the funding council working together. Although we were the delivery arm of the arrangement, we put proposals to SDS based on our membership in local areas. The join-up existed.

We had previously worked with the local enterprise network and the careers service. To work with the new SDS, we had to come up with a mode of operation that would help the people on the ground—young people and adults who were looking for changes. Damien Yeates had meetings with the principals in Scotland, and we set up a working association with him on the key growth sectors. We have a lead principal who works with SDS—there is that joining up on the ground—who reports back to the sector on what we are looking at.

We have two representatives on the skills committee—Linda McKay and Martin McGuire. They let us feed into the skills committee, but they also bring things back to us. Evidence of how we have looked at tourism with a lead principal shows

how we can galvanise locally and affect nationally. I hope that that makes sense.

I have asked around about our contact with the enterprise agency. There is the great example of the Beechwood campus in Inverness, but we have less contact with the enterprise agency than we had before. I do not know whether we are a little out of the equation just because of the agency's constructs.

We have some contact with the enterprise agency on the international side. Colleges work internationally, and they have been invited on to trade missions and similar activity. Colleges have undertaken that work because there is an international element to their business. Just like universities, they bring in students from a wide area, which I think is recognised by the agencies, with Scottish Enterprise at the centre.

The committee has heard that the apprentice model is different in Scotland from elsewhere. We also have a model of technological and technical education that other parts of the world are very interested in. That is a key development in terms of countries that are developing and countries that want to send people over. Our latest development initiative is with Rwanda. There may be a piece of work between the college sector in Scotland and Rwanda.

We have established a relationship with SDS. I think that we have a reach within SMEs because of our local nature. The committee spoke to Siemens, which is a big company, but it should also consider how SMEs view the situation. I think that SMEs believe that local organisations and trusted partners are important to them.

What I am saying overall is that we have had less contact with the enterprise agency, but on the international side we have had quite a bit of contact. I do not know whether that is helpful.

Rob Gibson: That is helpful, because each contribution has put a lot more flesh on the bones of what has been going on during the past few years.

Andrew Livingston: I want to make one more point. This is on a lower level than much of what has been talked about, but again it is a practical example.

Prior to 2008, if you were an employer or training provider—particularly a college on the periphery of the Highlands and Islands Enterprise and Scottish Enterprise areas—you found that national training programmes were delivered in totally different systems. Highlands and Islands Enterprise's training system was completely different from that operated by Scottish Enterprise, including in how money was paid out. In HIE, a lot of analysis was done prior to any payment being

made; in Scottish Enterprise, payment was made more immediately based on a risk assessment of the provider and compliance auditing of the work that it had undertaken. If you were an employer, training provider or college—colleges are obviously training providers—it is therefore conceivable that you would have had to contract twice: once with each enterprise agency. In addition, if you were delivering ILAs, you would have had to contract with the Scottish university for industry. I am not claiming that SDS is a solution to everything, but it is a one-stop shop in that you deal with only one agency and only one funding model is utilised across the four national training programmes.

Rob Gibson: That is good, thank you.

Jacqui Hepburn: I concur with that last point. It was very welcome when there was no longer any need to negotiate contracts with different local enterprise companies and, really importantly, the funding rates were not different. Employers could not understand why they got one rate in HIE and another in Scottish Enterprise. The consistency of approach now is welcome.

We acknowledge the difficulties at the beginning of setting up a large and complex organisation through a merger, but our experience over the last period has been positive. SDS has responded effectively to the call from employers for flexible training opportunities by making 5,000 opportunities available, which small businesses around Scotland need to upskill and reskill. The PACE work has been excellent. At a recent PACE conference, we saw some excellent practice from South Lanarkshire College that clearly demonstrated the real impact that PACE has had.

The step forward Scotland campaign for employers has been positive, although there is probably some work to do on communicating the offer to employers. I still find employers across Scotland who are not aware of what is available in the system, but that is just an issue of maturity.

My final comment is about some interesting work that we are doing with SDS on low carbon. The five sector skills councils have worked with SDS to launch a £500,000 low-carbon fund to enable employers in Scotland to have the skills that they need in that area. That is a welcome development, and it will ensure that brokerage is available to companies so that they understand what skills and learning they need to develop in that new area.

Rob Gibson: Thank you for that extremely useful information. I had better give someone else a chance.

Lewis Macdonald: I will put to the panel the same point that I put to the previous panel. I go back to the founding principles of Skills

Development Scotland, which were about putting the customer at the centre of services and decluttering the organisational landscape. I was struck by the fact that when the witnesses on the previous panel were asked whether they had been asked by Government agencies about their skills needs, the Scottish Building Federation said that there was close working between SDS and Construction Skills, but the three company representatives all said that they had not been contacted in any way, shape or form by SDS. In fact, two of them said that they had been contacted by Scottish Enterprise rather than by SDS to talk about their skills needs, and the SMAS was much praised for its initiative on skills needs.

How does SDS feel about such feedback? I noted Damien Yeates's initial comments. To what extent has the objective of placing the customer at the centre of services been met when that is the response that we get from customers and potential customers in industry?

Damien Yeates: That can be answered in a number of ways. First, I make the point that Skills Development Scotland is a very young organisation. I was appointed in July 2008 and the senior team was in place in December 2008. Restructuring started in February 2009, in the middle of the worst recession in living memory, as I have said. I will not rehearse that argument further, but I will point out how money arrives into SDS, which will give you a sense of what our footprint is.

Our total budget in any one year is around £200 million. Depending on European co-financing, it can go up to more than £230 million. Of that, £124 million is for national training programmes, which are contracted through providers and colleges, and the vast majority are for apprenticeships. As I have said before, with regard to the delivery of national training programmes, our connection to businesses is predominantly through the sector skills organisations rather than through us going out to individual companies to ask for their view of future demand. That is the first point.

Secondly, our funding goes through a third-party provider. It seldom goes directly to businesses. If our model was flipped on its head, our money would be paid directly to businesses, more than 5,000 of which benefit from the funding of modern apprenticeships each year. It just depends from which side you look at the organisation.

Beyond the £124 million, there is about £12 million for individual learning accounts. That money goes directly to individuals. Our footprint into industry largely follows a one-to-many route, through the sector skills councils, through the industry advisory boards and through our relationships with Highlands and Islands Enterprise and Scottish Enterprise.

More recently, we have built on that. We now have a national employer helpline that provides support for flexible learning opportunities. We are offering businesses the opportunity to secure up to £5,000 for any kind of work-based training and upskilling; we will provide 50 per cent of the cost of that training up to £500 for every individual.

The response that you described is a function of time; it is also a function of what we are required to do. If you look at our budget and where our footprint is, you see that we are largely on the people development side of the connection with industry. We use the intermediaries to interface more systematically with industry.

Lewis Macdonald: I understand that point and I understood the point that you made earlier, but I struggle to see how you define putting the customer at the centre if what you are doing, essentially, is providing services to other agencies to deal directly with customers.

11:30

Damien Yeates: Not really. It is about not duplicating services. If the sector skills councils have been set up and tasked with helping us to understand future sectoral needs, it would be stupid for us to intervene and create another complexity in the landscape. We co-invest, part finance and work very closely with the sector skills councils to understand that information, and in that way we are hugely responsive to the commissioning of appropriate apprenticeship frameworks as they go into industry.

I will give you an example from a point that I meant to make earlier about volumes. In 2009-10, when we went to market for 15,000 apprenticeships, we got demand statements for more than 33,000 places, so demand hugely outstrips supply. Our responsiveness to industry comes through the sector skills councils. Predominantly, we get intelligence from them about what industry needs—that is what they were set up for.

Lewis Macdonald: Correct me if this is not what you are saying, but, essentially, SDS is almost acting as a back-room agency that provides support through third parties.

Damien Yeates: Yes, in respect of our substantial spend, and I go back to the £124 million, which is well over half of our spend.

Lewis Macdonald: Is there any respect in which the lack of general awareness of SDS's activities, or even its existence, inhibits the ability of businesses to take advantage of skills support opportunities?

Damien Yeates: As I said earlier, demand far outstrips supply, so that sends the challenge back

to Parliament and the Government to decide how to deploy scarce public resources.

I have two key statistics for 2009-10 that will be sustained through 2010-11. The number of new frameworks that were introduced, approved and supported was 35—during the previous year there were two. The number of new-start apprenticeships rose 90 per cent during the worst recession in living memory. Those are stunning achievements for an organisation that was going through a very difficult merger.

I will not dwell on it, but it is important that the Parliament understands the implications of structural change and what that requires of organisations. Our merger was not just a merger. We had to land on an organisational structure that would continue to respond to economic recovery. In 2010-11, we will have achieved a recurring efficiency saving of £20 million year on year, so over the period we will have saved almost £40 million in running costs. That is set against the achievement of the targets that I have already highlighted during the worst recession.

I look at the resilience of the staff, what they have had to go through during the merger and how they have responded to economic recovery, and see that the output that has been delivered at the back end is quite phenomenal. However, I am not complacent. There is a lot of room for improvement. In the coming years, the intensity of our engagement with business will increase.

The primary industry interface is through the business gateway, HIE and Scottish Enterprise. They are our national economic interfaces. We have had a lot of discussion with local authorities about business gateway interfaces with SDS. The question is, do you want Skills Development Scotland to be a strong, overt brand that faces into business? If so, it would be one of a number of brands, which would add to the confusion. Alternatively, do we sit behind and create intelligent links through those forums or organisations that have the legitimate interests of business at heart? That judgment has to be made.

Lewis Macdonald: That is interesting. You seem to be implying that the right answer is the second one and that sitting behind and creating those intelligent links is the best way forward for SDS.

Damien Yeates: Yes.

I have one final point, and it is more pertinent than ever. There are huge pressures on public finances, so, as parliamentarians, how do you want the investment in skills and enterprise to be placed to achieve the best return for the country? There are difficult choices to be made. The idea that we can have account-managed advice for more than 300,000 SMEs is difficult to sustain at

this point. We need to define what is affordable and what would be the best return for the investment in supporting industry.

Lewis Macdonald: You said in your first response that SDS was a very young organisation. I have to say that, from our point of view, three and a half years is most of a parliamentary session. What you have described, therefore, is most of a parliamentary session taken up, as you have repeatedly pointed out, with a very difficult merger and burdensome restructuring process that has clearly consumed an awful lot of your energy and the energy of your staff. What has come out of that process is an organisation that, in your view, is best seen as providing almost behind-the-scenes support. As a result, my questions on awareness raising are perhaps not relevant, given that you are essentially saying that that is not one of your objectives.

Damien Yeates: What I am saying is that it is a challenge. SDS represents the spectrum of social and economic need, including working with disaffected young people across 400 secondary schools—through the provision of examination helplines, for example—and dealing with their transition to industry. Although the bulk of our funding—and, indeed, direction—from Government relates to support for individuals, it still has to connect with industry's needs, and we base our determination of those needs on our engagement not only with the enterprise network but with the key sector skills agencies. We have 1,200 customer-facing staff supporting young people and individuals who are trying to make their journey through life. You have to understand the totality of SDS, not just the industry-specific aspects of our work.

Lewis Macdonald: On the perception of what you do, we have just heard from your business customers—or should I say your potential business customers. If we were taking evidence from the many young people who you say deal with your customer-facing staff, would they be telling us about SDS or would they be much more likely to talk about PACE, their local college or whatever? In other words, are you perceived by that customer group any more clearly than you are perceived by the business community?

Damien Yeates: Again, it all depends on where they engage with us. If they come to us through the schools or careers advice centre, they will have a very strong understanding of what we do. However, if they come to us through modern apprenticeships, it will all depend on the provider of the end support.

Jacqui Hepburn: That raises a very important point with regard to the network that operates in Scotland. As Damien Yeates has rightly pointed out, we have a joint agreement with SDS to

provide labour market intelligence and all national occupational standards for qualifications and apprenticeships that have been developed in Scotland for use in Scotland. We do not have field staff working with the 300,000 businesses that Damien alluded to, and we will never have them, as we are not resourced for that. Our role in engaging with employers is to develop the really important labour market intelligence that informs qualifications, apprenticeships and policy decisions around training interventions. As Damien has already made clear, it would require a significant amount of resources to go out and engage with small to medium-sized enterprises. Indeed, that is one of our weaknesses. Small businesses are supported by the business gateway, large businesses are supported by Scottish Enterprise and there is a large cohort in the middle that is not supported at all. The really important point is that we do not have the resources to do what you have described.

Marilyn Livingstone: On the local level, we have heard a lot of criticism both today and in other evidence sessions of the fact that there seems to be no joined-up approach. People genuinely feel that there is total confusion and no joined-up governance out there. There are huge examples of that; indeed, I cite the Scottish funding council's decision to cut back built environment funding when we have such a shortage of planners. Such a move makes no sense to anyone and there seems to be confusion across the board.

Secondly, people are telling us that at a national level no one is in charge of the overall strategy. Who is in charge of delivering Scotland's skills strategy and ensuring that we have the right skills base for the future? I know that all this sounds controversial, but that is the big criticism that people are making at a national level. Does anyone wish to comment on those views?

Martin Kirkwood: I will comment using a specific example that relates back to the Siemens apprenticeship example that Damien Yeates mentioned earlier. Looking ahead rather than back, we have a national renewables infrastructure plan that was given to us by Scottish Enterprise and Highlands and Islands Enterprise, and as part of that plan two geographic areas have been identified as key priorities for the renewables sector. The first is the Forth and Tay estuaries on the east coast and the second is the Moray Firth in the Highlands. With SDS, we are developing an investment plan that looks at what the future demands from industry are going to be in those areas. We will then overlay on that how we think we can plug the gap in terms of supply. On Friday, I have a meeting at Dundee College to talk about how the east coast colleges will co-ordinate their response to that, and there will be

another meeting to follow that up in relation to the Moray Firth.

We do not have a one-stop shop, but we are taking the work forward in a co-ordinated way. Lorraine Hubbard made a good point when she discussed the process and who actually owns it. I think that that is what you are asking about. She suggested that the FREDs skills group is probably the right group to take the work forward because it is a Scottish Government-owned body. I think that that is correct. The one observation that I would make about that group is that it is a large group that contains a lot of public sector bodies. If it is to be the group that takes things forward, it must be given a clear remit and a clear set of goals, objectives and timelines for delivery. Lorraine Hubbard made a number of good points on that. I have tried to answer the question with a specific focus on the renewables sector and using the example that she gave. I am not sure whether that helps or not.

Marilyn Livingstone: What has become clear is that, as Jacqui Hepburn said in her evidence, nobody has the budget or the responsibility to go out and engage with companies on the skills agenda. Many witnesses—not just today—have asked us who is in charge of the skills strategy for Scotland. Which agency is in charge? Which agency do businesses go to if they want to find out what funding is available for a particular programme or work in a new area? The experience with Siemens in Fife is an example of how that did not work and we ended up nearly losing the opportunity. We would have lost it if another agency had not stepped in.

I want to link that back to what people are saying at the local level. That is really important because it impacts on the national level. I will read some quotes from the written evidence that the committee has received. Fife Council stated:

"Skills Development Scotland now has a less active presence at a local level."

What it means is that it has a less active presence than the local enterprise companies had. The LECs worked on the ground in partnership with local colleges, such as my local college, which is Adam Smith College, and other groups. The LECs are no longer there, so no one is representing skills in partnerships at the local level. Not to be parochial, I will also quote what South and North Lanarkshire Councils stated:

"Issues also remain around access to information on SDS activities, performance and in particular investment levels locally that allow the Councils and other partners a greater understanding of its role and contribution".

What impact has the removal of Scottish Enterprise had on economic development drivers through skills? People are saying that there is not

the same presence or the same understanding at the local level, and I can tell you that in my area there are not the same people working at the local partnership level. If that is the case, and if people are saying that no one is in charge at the national level and that there is a cluttered landscape, people like me start to get concerned.

11:45

Damien Yeates: I am struggling with that a little bit because, as I said, I have personally gone out and met most of the chief executives and leaders of the local authorities. We have invested a substantial amount of time in engaging with local authorities and the vast majority of that engagement has been positive. We are still working at some of it and there are challenges to be addressed.

In all that, we have aimed to respond to the point that you made. We asked about the transparency of the funds that we deploy in local authorities' areas and who the people are in their areas who can be relied on to engage in partnerships—to my knowledge, we are engaged in all the community planning partnerships and all the sub-groups that relate to skills. We also challenged local authorities to say, within the scope of the flexibilities that we have, what we can do differently in the future.

Across the piece in the past year, we have demonstrated in most local authority areas where economic profiles have changed dramatically that we have responded significantly. South Lanarkshire Council provides a good example—that relates to Freescale. The support that was given to South Lanarkshire College and so on in addressing that was responsive.

We have introduced in-year environments of funding for skills investment, in line with the emerging economic profile. We will continue to be more responsive as we move forward. We will do that in partnership with the Scottish Government and with local authorities.

As I said, we started that last year. I keep returning to the point that we are a young organisation. It will take time to bed in, develop and grow the processes. I do not recognise some of the criticisms across the piece. We still have challenges in some cases, but we are not ducking them—we engage constantly with local authorities on what they need to be different or better.

As all parliamentarians here will know, the big challenge is that there is not enough money to go round. One local authority told us that, if we stopped giving another local authority money and instead gave that money to it, it would be better off. Balancing how the funds go round is a challenge, as we have a finite amount of money.

In the past 15 months, the visibility of Skills Development Scotland and its engagement with people on the ground have improved dramatically. We are now close to signing 22 service delivery agreements. Signed agreements must go through the appropriate local authority sub-committees. That shows that they are being endorsed by local councillors and councils, so what has been said does not marry up. However, I am not complacent and I am not saying that some criticisms are not real.

Marilyn Livingstone: I understand that the agency is new and that much good work is going on, but I was reading out extracts from written evidence that local authorities have provided. That information is on the record.

Local enterprise companies involved people with local knowledge who worked and were known in the local community. Perhaps the reason for the views is that that expertise has gone and people miss it—I know that from my area. I thought that it was only fair and proper to give you the chance to respond to the points that have been made to us in written evidence.

Damien Yeates: As I said, I am happy to share with the committee the work that is continuing and the fact that we have the agreements in place. The connections on the ground are significant.

Marilyn Livingstone: When we have taken evidence before, we have talked about the link between skills and the economy. Does any of you have a view on the separation of the skills agenda from the economic development agenda at the ministerial level? The convener asked the previous panel about that. Skills has moved from the economic portfolio to the education portfolio. I would like to hear the panel's views on the impact of that.

Damien Yeates: I can give some evidence, which I hope will assure you that the moves have not created a big gap. The first forum I point you to is the strategic forum, which involves the cabinet secretaries for both portfolios and all the chief executives and chairmen of Highlands and Islands Enterprise, Scottish Enterprise, VisitScotland, the Scottish Further and Higher Education Funding Council and Skills Development Scotland. Such a forum has not existed before in my lifetime. The strategic debate in that forum is significant, as is the joined-up work that is happening to protect against silos—the idea that skills sits over here while enterprise sits over there.

There are many work streams behind the strategic forum to ensure that we connect together well. For example, in our annual business planning cycles, we connect with Scottish Enterprise and Highlands and Islands Enterprise in those areas. Hardly a day goes by when Skills Development

Scotland is not in touch with Scottish Enterprise through the account-managed side of its business, through SDI on inward investments, or through early warnings about possible redundancies as a result of enterprise closures.

The Government's sustainable economic growth agenda ties everything together; that is the wraparound for everybody. Everything must align in support of sustainable economic growth. That direction should create the gel that ensures that all the agencies point in one direction.

Laurence Howells: I support what Damien Yeates has said, which mirrors the points that I made earlier about the behaviours that we are seeing to show that we are better joined up than we were in the past.

Marilyn Livingstone asked a specific question about the built environment. Would it be helpful if I replied to that question in writing or would you like me to reply to it now? It is up to you.

Marilyn Livingstone: A reply in writing would be fine.

Jacqui Hepburn: On skills and relationships with Scottish Enterprise, the refreshed skills strategy was announced last month. One action in the revised strategy is to strengthen the link between the sector skills councils and the industry advisory groups that are serviced by Scottish Enterprise. We are working with Scottish Enterprise to enable the appropriate sector skills councils to work with the industry advisory groups so that important advice and support and a strategic view of our future skills needs will become a normal part of the industry advisory groups' work.

Linda McTavish: In the colleges, we believe that we are part of the delivery arm of the skills strategy. It is about working locally, and we are doing that. We firmly believe that we are involved in economic development in our communities. We may be placed under one portfolio, but we need to be able to work across both portfolios, because we are involved in the pipeline of schoolkids going through colleges and people from poorer areas accessing universities through the programmes that colleges offer. We have a dual function. We are involved in the education sector, but we firmly believe that we are also involved in economic development. I can talk to all members about their areas and illustrate how colleges in their areas are involved in economic development, whether that is Reid Kerr College, which works in key industries in key areas in Renfrewshire, or colleges in Fife or the Forth valley area. Colleges make local connections. I suppose that, with any change, some things that have already been gained will be given up. Colleges had relationships with local enterprise companies in areas, but, as with any

change, we have had to make it work for the students and communities we serve throughout Scotland.

Gavin Brown: I appreciate that we have had quite a bit of dialogue about SDS and employer engagement. I fully accept that SDS would not account manage 300,000 SMEs, but is there a middle ground somewhere between what you are currently doing and what you might do? If the committee looks at an industry or has an inquiry, we get business organisations, skills sector councils and public sector organisations in, but we always have at least two evidence sessions in which we speak only to businesses. We speak only to people who work in the industry without any public sector figures on the panel. I have been involved in a number of such inquiries, and the conclusions that the committee draws in them are very different from the conclusions that we would have drawn if we had spoken only to people who are part of the structure. Is there scope for engaging more directly and face to face with businesses, although not, I accept, with all 300,000 SMEs?

Damien Yeates: There are a couple of answers to that question. First, flexible training opportunities have been introduced for 5,000 businesses throughout Scotland. A direct employer helpline allows us to engage with companies that employ 50 people or fewer. There is the policy challenge of deciding what support to offer to which groups. Should there be a sectoral cut or a size cut if SMEs are finding it difficult to access the support that they want? That challenge is on-going.

As I said before, we have a national account management structure for large companies with which we deal directly, such as BT, albeit that we operate through the sector skills councils and the sectoral industry advisory groups, which are largely populated by industry representatives—we have direct engagement there, too.

We have more than 100 skills investment advisers, who are deployed right across the country. In the management of our national training programmes, they will have direct contact with employers, too.

The question is, does SDS up the ante in terms of our visibility as the one-stop shop? Are we competing with business gateway, Scottish Enterprise and Highlands and Islands Enterprise? The point that I keep coming back to is whether it would be preferable for us to serve behind business gateway as the de facto single entry point. You will reach some conclusions about how we need to service the inquiries more effectively.

The Convener: Chris Harvie, Wendy Alexander and Stuart McMillan all want to ask questions. I

ask them to make their questions brief, because we are running short of time.

Christopher Harvie: I have a very brief question based on our visit to Aberdeen, where we met the people in charge of OPITO, which is the big skills centre for the offshore industry. I have since heard from them that they are very worried that the Government's restrictions on immigration will affect their recruitment of students worldwide. Scotland is in the lead in providing skilled manpower to offshore operations. It seems to me that in principle there is no sense in trying to pursue that if your clientele will be affected in that way. I would like to hear your views on that.

Damien Yeates: That is a bigger question.

The Convener: It might be a bit outwith the scope of the inquiry.

Damien Yeates: What I would say is that we have worked actively with OPITO in the production of the draft skills action plan for the energy sector. The work that it has done has been stunning and, as you rightly say, the oil and gas sector is going from strength to strength, notwithstanding other views that people out there might hold.

Jacqui Hepburn: Evidence was given to the migration advisory committee at Westminster on capping the number of non-EU people coming into the UK. The issues that the relevant sector skills council has in relation to the use of non-European workers in the sector have been raised at UK and Scotland level. There were Scotland-specific skills issues, for example in relation to the oil and gas industry.

Christopher Harvie: That also applies to renewables in general. There will be a worldwide demand and if we cannot cater for it, we will be in a very bad position indeed.

Linda McTavish: I am different from the other witnesses in that I have a slight independence. We campaign on that issue, because we believe that it is a real issue for the Scottish economy.

Ms Alexander: I have one request for data and one question. In the SDS submission, there are some helpful three-year-trend data on total participation in modern apprenticeships. It would be helpful to have 10-year-trend data, particularly on the split between youth and adult apprenticeships, which is an issue with which we are wrestling. It would be great if you could send us that information in writing.

I have one big question, which I suppose is really for Andrew Livingston and Damien Yeates, but the other witnesses can contribute if they want to. My question is on the employer engagement issue. What is our responsibility and what range of services should the public purse provide to the 290,000 businesses? That has to be the right

starting point. Four years ago, the public support that those businesses got was largely provided by two geographically based organisations. If the business was in the north, it got support from HIE and if it was in the south, it got support from Scottish Enterprise. The accountability line for the business gateway was through Scottish Enterprise and HIE, as it was for Careers Scotland. If there was any shortcoming in account management or in relation to the balance of employer services that should be offered, there was absolute clarity about which organisation was responsible for that.

We have gone from two to four organisations in that area. We have a high-level accountability structure, a Scottish Enterprise accountability structure, and a conventional accountability structure at Skills Development Scotland. We also have a very confused business gateway accountability structure with 32 local authorities out there.

12:00

Let us make the reasonable assumption that no more resource will be made available. Let us also say that the desire of those 290,000 businesses is to have access to an account management function. They all want it—indeed, they all want different parts of account management whether it is export growth, skills or business development. The plea from all the employers is this: “How do we get to a no-wrong-door approach?” Despite going from two to four organisations, the desire is for single-door entry. They want the four organisations to reach agreement on who does what and what the priorities are for the limited amount of available public resource.

There is no doubt that Skills Development Scotland can say plausibly that business gateway deals with all the 290,000 businesses apart from the 2,000 businesses that Scottish Enterprise account manages—I am backing you up in saying that—and that you account manage only a tiny number. The key factor in Skills Development Scotland reaching all 290,000 businesses—all of which want to come through one door—is the nature of the offers that you reach. You would need to reach agreement with business gateway on the vast majority of the 290,000 and with Scottish Enterprise and Highlands and Islands Enterprise on the character of account management that they offer to the 2,000 high-growth businesses in Scotland.

Three years after the new structure was outlined, it is not unreasonable for the leadership of these organisations to have a view on how businesses do not get to a wrong door and to be clear on whether skills are a big part of the account management service. I say that despite the fact that there are four organisations. I am sure

that Skills Development Scotland does not want a declining budget. However, if skills are seen as a smaller part of account management and the menu of services that business gateway and Scottish Enterprise offer—which do not involve skills in particular—should they not take the lion's share of available resource? That is the issue that we need to address.

How do we get to a no-wrong-door approach, given that we have four organisations? What does that mean in resource deployment terms for skills vis-à-vis the other business development functions that an account management service provides? In all these wonderful strategic forums, and the high-level strategic discussions, what discussion has there been around the balance of resources over the past three years since the structure took shape and we have moved away from a single accountability organisation where one board would have taken all the decisions?

Damien Yeates: I have a couple of observations on that. The single organisation probably masked the fact that there were 12 local enterprise boards. Given the degree of flexibility locally within those boards, the budgets and funding environment within Scottish Enterprise and Highlands and Islands Enterprise for broad workforce development were much more blurred. When you look at the Skills Development Scotland budget and the funds that we have under our stewardship, you see that they are largely in the space of national training programmes or individual learning accounts.

Your point on the offer is a strong one. What are we offering businesses? Largely, what they want is funding and, largely, what we do not have is funding. It is a big challenge. As we move into the next comprehensive spending review period, the issue will be exacerbated—it will go beyond what we have ever had before. For what you want Skills Development Scotland to do additionally right now, you will also have to say what you want it not to do.

Ms Alexander: Let me ask you something. Basically, your budget is £200 million. You spend about £110 million on national programmes and about another £30 million on individual learning accounts. That leaves about £70 million, of which £50 million goes on staff costs. If you are saying that Skills Development Scotland has no discretionary spend to provide an expanded account management service—I understand that—what skill level is there in the account management service that Scottish Enterprise provides to the top 2,000 businesses or that of business gateway to provide access to your national programme?

Are you confident that the account managers in Scottish Enterprise and HIE—with 2,000 account-

managed businesses—and the business gateway service are good at selling, communicating and discussing with employers the national training programme that accounts for 60 per cent of your budget? Do they know what the offer is? Are they getting it right?

Damien Yeates: Our relationships with Scottish Enterprise and HIE are strong and we continue to engage proactively with the agencies.

At local authority level, through business gateway, we have service delivery agreements. As the local authorities have taken on the responsibility for business gateway, they have wrapped their economic development wings around it, so offers locally are highly differentiated. There will be a tension between what is national and what is local and responsive. As I visit local authorities, I come across a range of different services that authorities have wrapped around business gateway.

Ms Alexander: That implies that there is no wrong door for the vast majority of account-managed businesses, whether they are account managed by SE or business gateway. Is it SDS's position that you will never be that door?

Damien Yeates: Absolutely—

Ms Alexander: Because if the desire is to have a no-wrong-door approach, is there to be an entirely parallel SDS access point for 290,000 businesses? I am genuinely confused about what we are encouraging medium-sized employers who want money for skills to do. Should they go to the gateway? Should they go to their account manager at Scottish Enterprise? Should they go directly to you guys? That is what lies behind the no-wrong-door approach.

Damien Yeates: I agree that that is the core of the issue—

Ms Alexander: We seem to be in a world in which the organisations' boards have become so operational that they have no view. I am deeply frustrated by that. We have a chairman and chief executive who have specialised in the area for three years and I would like a view on the optimal way to deliver a no-wrong-door approach.

I will be equally robust with Alex Paterson and Lena Wilson. We need to know what our strategic, arms-length non-departmental public body boards think is the right way to get to no wrong door. We need to know whether you should have a separate account management function or whether your services should be accessed through another body. I do not know what the right answer is; I just want to hear from people.

Damien Yeates: The right answer is not to create a fully designed-out account-managed structure in SDS but to invest in building capacity

in the existing systems, to ensure that our offer and what the business-facing organisations offer connect. It would be senseless to duplicate effort in that space. It is about connecting all the bits, rather than creating new channels.

Jacqui Hepburn: The debate is interesting, but let us consider it purely from an employer's perspective, because we are getting lost in a debate about organisations and structures in Scotland, which is not what employers consider.

Will members and witnesses think about hiding the wiring? I understand what Damien Yeates said about whether SDS needs to be visible, because businesses do not care what the wiring looks like or what people are called. I direct a network of sector skills councils. Is it important to me that our bodies are recognised by employers? No, it is not; what is important is that we provide the intelligence, standards, qualifications and apprenticeships that meet employers' needs.

We need to hold on to the fact that employers want to know what products there are. At our most recent employer conference, employers were asking, "What is the public offer? What intervention can we get? Is it funding? Is it professional guidance and support? Is it online programmes? What is it?"

What is required is an articulation of the offer from Scotland's public services; then we use all the levers and buttons not just for our public bodies, colleges and universities but for our banks and other employers and intermediaries. I suggest that we use all intermediaries to promote what is available in Scotland, rather than hold one organisation accountable, which would not be possible.

The Convener: I take the point that businesses are not concerned about the wiring diagram. However, they will want to know whether the wiring can lead them to somewhere positive or is wasting energy.

This morning's sessions have been interesting, but they have run on a little longer than we planned for. I am sorry to cut the discussion short, but we have an early start in the Parliament today. I thank the panel for their evidence, which has been helpful.

I remind members that we will next consider our inquiry at our meeting in Skye on Monday 1 November.

12:10

Meeting suspended.

12:13

On resuming—

Energy Efficiency Action Plan

The Convener: We are running a little behind schedule, for which I apologise, but we have heard from two interesting panels. We will find out whether the information that we received was useful when we discuss it with our adviser and the clerks under item 5.

The next item of business is the energy efficiency action plan, which was published, finally, just before the October recess. Members have before them the document and some information from the Scottish Parliament information centre. I thank SPICe for producing that paper quickly.

I was surprised and disappointed to see how many of the actions in the action plan are not actions at all but are, in fact, commitments to establish more streams of work in order to develop the action plan. Given that the action plan has been in gestation for five years, I would have thought that many of those work streams would have already been established in order to inform the action plan, rather than being instructed by the action plan.

Do members have any comments?

12:15

Rob Gibson: I am interested in the debate on the targets for carbon reduction in areas that relate to transport systems. We recognise that change of behaviour and attitude is an important issue, and people have had plenty of time to think about it over the past five years. Earlier this year, some of us had the opportunity to undertake driver training activities to reduce the amount of fuel that we use. When we think about the amount of fuel that people waste through the ways in which they use their motor cars, we would expect that to be quite an important area for investment. We should be trying to get people to buy into that. In parallel with that, people are complaining about the increase in the price of diesel and petrol. Surely there has to be a correlation between those two aspects. I welcome the fact that the Energy Saving Trust has said that, if drivers are thinking more carefully, they can save themselves a lot of money and save the planet at the same time, to an extent.

I would like us to go big on questions to the Government about how we can get people to change their behaviour. That need not necessarily be as expensive as some of the other things that need to be done, such as insulation and so on. I am concerned that the issue might be seen to be an afterthought, but I am glad to see that the Energy Saving Trust thinks that how we use our

transport systems is one of the most important parts of what we can do in this regard. The fact that we have before us the energy efficiency action plan should allow us to focus to a greater extent on that aspect.

The Convener: I note that comment but suggest that, technically, that issue probably falls within the remit of the Transport, Infrastructure and Climate Change Committee, rather than this committee. That is, perhaps, unfortunate, but there you go.

Ms Alexander: I am mindful of the time, convener. I am grateful to SPICe for the work that it has done on this matter. Of the submissions that we have received, the one from the Sustainable Development Commission Scotland will be most helpful to us in setting the terms in which we could write back to the Government.

We could highlight three issues. One is that the link between this document and the report on proposals and policies for the implementation of the Climate Change (Scotland) Act 2009, which is due to be published on the day of the budget, is not clear. We should ask the Government to indicate how the two link together. The second issue is that the Government does not say enough about how investment in energy efficiency will be delivered, with regard to the role of the green investment bank and the Scottish Futures Trust. The third issue, on which the Sustainable Development Commission's submission is impressive, is that, although the renewables market has been well studied and we are aware of the potential for job creation, we are far too far away from developing comparable figures for how energy efficiency could contribute to the economy. We should encourage the Government to do some work on that.

It might also be helpful to write to the Transport, Infrastructure and Climate Change Committee to say that we think that, when it considers the report on proposals and policies for the implementation of the 2009 act, it should think about the links between that report and the energy efficiency action plan. We should also copy that committee in on the letter that we write to the Government on the points that I have just set out.

Gavin Brown: We need further and better particulars on the headline target to reduce final energy consumption by 12 per cent by 2020. The Sustainable Development Commission asked for that in its submission, first and foremost. The reason why the issue is worth emphasising is connected to what the committee learned during our energy efficiency inquiry, when we visited Denmark, which is pretty close to being the world leader in this area. The committee was shown a graph that showed that, despite Denmark's best efforts, the net result of all its energy efficiency

effort was that it was able to stop the increase in energy consumption. Thus far, Denmark has been unable to decrease its energy consumption using energy efficiency measures. Those measures stopped the graph from going up, but they did not set it going down. We are saying that, in eight years, we are going to have cut our energy consumption by 12 per cent when the world leaders have not been able to do that. The key question is how we are going to do that.

Lewis Macdonald: I echo that point. The Sustainable Development Commission's submission makes the other important point that to approach the question of changing behaviours as a simple matter of personal responsibility is to duck the issue; the context needs to be changed to achieve the changes in outcomes, and behaviour change is an outcome, not an intervention. We need to press the Government to understand why its energy efficiency action plan, which had a long gestation, is still seeking to understand people's behaviours rather than to deal with things that we should already know very well.

Christopher Harvie: I have two points. First, the plan did not seem to look at all at the impact of peak oil within the next 10 years. The *Financial Times* at the weekend contained an article speculating on the \$100 barrel, which is up from \$10 a barrel in 2000. If we extrapolate from that, we will be in real trouble if people behave like the employees of Stirling Council. That was a terrible indictment: 82 per cent of workers were going to work by car and 2 per cent were going by bike. We saw how such behaviour adds up during the Copenhagen conference. Such people make Homer Simpson look like Socrates.

Secondly, we have to think about the impact of disaster. With the flooding that we have been having in this country, we are in a stadium in which—this is the only thing that Nicholas Stern has to say about it—the deteriorating conditions that are on their way will cause major disasters. At present, those disasters are going to be tackled by conventional means, which means even greater emissions of carbon in order to pile up barriers, put sandbags in, drain places and restore sewerage systems. When all that is costed, it will be very sobering to find that we will have to budget so that we can run desperately to stay in the same place, which is much like the Danish situation.

Ms Alexander: I have one further suggestion to make. We have timetabled a committee discussion on the report on proposals and policies on the low-carbon economy for the end of November. I am aware that the spending review happened last week and the green investment bank is going to go ahead, but significant changes have been made to the Department of Energy and

Climate Change programme. I congratulate the Liberal Democrats on tomorrow's debate, but the rest of us are still not clear about the fossil fuel levy—what the sum of money is, how it will be accessed and so on.

Graeme Cooke, from SPICe, is here. SPICe gave us such a good briefing that I wonder whether it could put together something about the implications of the spending review for Scotland. I am thinking particularly about the fossil fuel levy. Also, the ports development fund was reannounced last week and it is not clear whether that is UK-wide or for Scotland only. Similarly, is Longannet guaranteed to get the carbon capture and storage work? I am aware that there could be a hiatus in the Scottish Parliament from February through the summer, which might not be good for Scotland being on top of this. If we manage to get Chris Huhne some time before we go into purdah, it would be helpful for that discussion.

Particularly for our discussion on the report on proposals and policies, perhaps we could have a note from SPICe about how the spending review has changed things at the UK level and about its direct implications for the Scottish bits of the puzzle.

Rob Gibson: And, if possible, before the debate tomorrow morning. [*Laughter.*]

Ms Alexander: Even I would not ask that. I was hoping that the Liberal Democrats would be able to enlighten us about whether the fossil fuel levy figure is £250 million, £180 million or £500 million, and how we can get our hands on it.

The Convener: If I can answer that tomorrow, I will try to do so. The representative from SPICe was nodding right up to the point at which Rob Gibson asked for the report by tomorrow morning, but I am sure that SPICe will be able to provide the information that Wendy Alexander has asked for.

I have a couple of other points to add. We should express our disappointment that the permitted development rights have still not been brought forward. The plan talks about bringing relevant legislation into force by April 2010, which is about a year and a half after the committee said that it should have been in force. We should point out that, although we welcome some aspects of the energy efficiency action plan, there are things in our report, which was published a year past last June, on which more action should have been taken rather than just being mentioned in the plan. We might just mention that in passing.

It is also important that we point out that there is no clear timetable or action plan for what the Government will do about the energy efficiency of Government and public sector buildings. I would have thought that a fundamental starting point for

any energy efficiency action would have been for the Government to state what it will do about its own energy efficiency. We should ask it to clarify what it intends to do about that. That information might come through as part of the proposed guidance, but it is disappointing that it is not referred to in the energy efficiency action plan.

If there are no other issues to raise, do members agree that the clerk and I will draft a letter to the minister to ask for clarification on the points that members have raised?

Members indicated agreement.

The Convener: That concludes the public part of the meeting.

12:26

Meeting continued in private until 12:44.

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