

EDUCATION, LIFELONG LEARNING AND CULTURE COMMITTEE

Wednesday 7 November 2007

Session 3

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EDUCATION, LIFELONG LEARNING AND CULTURE COMMITTEE

8th Meeting 2007, Session 3

CONVENER

*Karen Whitefield (Airdrie and Shotts) (Lab)

DEPUTY CONVENER

*Rob Gibson (Highlands and Islands) (SNP)

COMMITTEE MEMBERS

*Aileen Campbell (South of Scotland) (SNP)

*Ken Macintosh (Eastwood) (Lab)

*Christina McKelvie (Central Scotland) (SNP)

*Mary Mulligan (Linlithgow) (Lab)

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

*Elizabeth Smith (Mid Scotland and Fife) (Con)

COMMITTEE SUBSTITUTES

Richard Baker (North East Scotland) (Lab)

George Foulkes (Lothians) (Lab)

Hugh O'Donnell (Central Scotland) (LD)

Shirley-Anne Somerville (Lothians) (SNP)

*attended

THE FOLLOWING ALSO ATTENDED:

Richard Baker (North East Scotland) (Lab)

Ted Brocklebank (Mid Scotland and Fife) (Con)

Malcolm Chisholm (Edinburgh North and Leith) (Lab)

Maureen Watt (Minister for Schools and Skills)

THE FOLLOWING GAVE EVIDENCE:

Andrew Campbell (Scottish Government Legal Directorate)

Audrey Clark (Student Awards Agency for Scotland)

Blair Jenkins (Scottish Broadcasting Commission)

Chris McCrone (Scottish Government Finance Directorate)

Graham Philp (Student Awards Agency for Scotland)

Ralph Seymour-Jackson (Student Loans Company)

Alex Young (Scottish Government Lifelong Learning Directorate)

CLERK TO THE COMMITTEE

Eugene Windsor

SENIOR ASSISTANT CLERK

Nick Hawthorne

ASSISTANT CLERK

Andrew Proudfoot

LOCATION

Committee Room 2

Scottish Parliament

Education, Lifelong Learning and Culture Committee

Wednesday 7 November 2007

[THE CONVENER *opened the meeting at 09:30*]

Graduate Endowment Abolition (Scotland) Bill: Stage 1

The Convener (Karen Whitefield): Welcome to the eighth meeting of the Education, Lifelong Learning and Culture Committee in this session of the Parliament. Agenda item 1 is an oral evidence session as part of our stage 1 consideration of the Graduate Endowment Abolition (Scotland) Bill. We will hear from two panels of witnesses.

I welcome the first panel: Andrew Campbell is senior principal legal officer in the Scottish Government's legal directorate; Chris McCrone is finance team leader in the finance directorate; and Alex Young is learning support policy officer in the lifelong learning directorate and the bill team leader. Thank you for joining us. I invite one of you to make a short opening statement before we move to questions.

Alex Young (Scottish Government Lifelong Learning Directorate): Good morning. As you know, the bill aims to fulfil a manifesto commitment to abolish the graduate endowment fee. It will abolish the fee for all students who have successfully completed their course since 1 April 2007 or who will successfully complete their course in future. Graduates are not asked to pay the fee until 1 April after they successfully complete their course, so the next cohort of students who would become obliged to pay under the current arrangements would be those who successfully completed their course on or after 1 April 2007, who would become liable to pay on 1 April 2008. There are no plans to abolish the fee in respect of those who became liable to pay in 2005, 2006 and 2007.

We ran a consultation from July to September on the principle of abolishing the fee, to which there were 44 respondents, the vast majority of whom were in favour of the principle. The bulk of responses came from universities and student representative bodies. Following the consultation, the bill was introduced on 22 October. My colleagues and I will be happy to answer members' questions.

The Convener: Thank you for keeping your statement short so that we can have the maximum time for questions. You said that the bill will fulfil a

manifesto commitment from the new Government. What is the policy intention of the bill?

Alex Young: Other than simply the removal of the graduate endowment, there is a wider policy to reduce student debt.

The Convener: Is the belief that students have been deterred from entering higher education because of the additional financial burden that the graduate endowment places on them the reasoning behind the bill?

Alex Young: Yes. Research from the Joseph Rowntree Foundation shows that student debt is one of the biggest contributors to people not wanting to undertake higher education courses.

The Convener: What evidence is there to suggest that the graduate endowment deters potential students from entering higher education?

Alex Young: There is not any particular evidence on the graduate endowment.

The Convener: So we have no evidence to prove that, if the bill is successful, the number of students entering higher education will increase.

Alex Young: It is clear that abolishing the graduate endowment will reduce overall student debt.

The Convener: It will reduce the amount that students have to spend, or the amount that they will have to pay back if they take out a student loan, but do you have any evidence that suggests that the endowment has deterred young people or mature students from entering higher education? Is its abolition likely to encourage those people to enter higher education?

Alex Young: The evidence from the age participation index shows that the proportion of young Scots in higher education has fallen since the graduate endowment was introduced, between 2001 and 2006.

The Convener: Has any breakdown been done of the reasons why those young people might not have entered higher education? Is it possible that, due to growing employment in this country, some people might have decided to go straight into employment rather than on to university? Has there been any analysis of that information?

Alex Young: I am not aware of any such analysis.

The Convener: So it is just an assertion, rather than being based on any facts.

Alex Young: It is based on the figures in the age participation index.

The Convener: It is a fact that participation has decreased, but there is no explanation of the many

and varied reasons why that has happened. Is that correct?

Alex Young: I am not aware of any evidence of that.

The Convener: So there is no evidence to suggest that the abolition of the graduate endowment could lead to greater participation in higher education.

Alex Young: The fact that it will reduce overall student debt—connected with the age participation figures—indicates that more people will want to enter.

The Convener: In the calculation of those figures, were students asked directly what their reasons were for entering higher education? Has any assessment been done of the reasons why others chose not to go into higher education?

Alex Young: The Joseph Rowntree Foundation survey is the evidence that is being used to support that.

The Convener: So we have got one study, on which all this is based.

Richard Baker (North East Scotland) (Lab): Regarding the evidence from the Joseph Rowntree Foundation—which is used in the policy memorandum—is it correct that that report predates the graduate endowment, and that it is a United Kingdom-wide report rather than a Scotland-specific report?

Alex Young: Yes, that report was published in 2003.

The Convener: So we are basing the policy on evidence that is not only out of date, but does not reflect the position in Scotland.

Alex Young: The figures from the age participation index show a drop.

The Convener: We have covered that issue—we might want to pursue it with the minister when she comes to the committee.

Rob Gibson (Highlands and Islands) (SNP): I thank Alex Young for his opening statement and his view that the endowment is part of the mounting level of student debt.

When you were drawing up your plans, did you think that taking a more free-to-all approach by reducing student debt—for higher education—would be more equitable for those from disadvantaged backgrounds?

Alex Young: The bill will potentially widen access to higher education by reducing overall student debt. Perhaps the Cabinet Secretary for Education and Lifelong Learning will want to discuss wider issues with the committee.

However, one potential barrier to access will certainly be removed.

Rob Gibson: It is clear from what you have said that student debt is a deterrent to accessing higher education and that the graduate endowment fee is part of that deterrent. The Student Awards Agency for Scotland has shown that the graduate endowment fee is often paid off through loans, so graduates require an extra loan to pay off their debts. Removing the graduate endowment fee will therefore remove the need for the vast majority of graduates to take out another loan.

Alex Young: Yes. The average loan debt of £11,000 for a student on a four-year degree course is clearly a potential barrier to accessing higher education.

Rob Gibson: Any reduction in that figure—by £2,200 or whatever, plus the interest that would have to be paid on any loan—would be a positive step for students.

Alex Young: Yes. You could argue that.

Rob Gibson: Some people have suggested that the option of charging a means-tested graduate endowment fee should have been considered. Was that option considered?

Alex Young: We considered other options apart from abolishing the fee. Loan repayments themselves are means tested.

Rob Gibson: Indeed. Obviously, we must support bursaries and so on. Some people have suggested that the means-tested graduate endowment should have been linked to that, but I presume that that is being ruled out in the bill and that bursaries will be dealt with separately.

Alex Young: We are ruling out a direct link. However, the abolition of graduate endowment fees will not have any effect on the provision of bursaries.

Rob Gibson: Fine. Thank you very much.

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): If I heard you correctly, Mr Young, you said that a number of other options have been considered. Is that correct?

Alex Young: I should have said that no other options have been considered. I apologise.

Jeremy Purvis: We must be very careful with our language, as it will be on the record. The *Official Report* of the meeting will show that you said in answer to a previous question that other options were considered. I see that you are now reading the policy memorandum, which you have seen that I have been reading from.

Alex Young: I apologise.

Jeremy Purvis: Okay. You said that no other options were considered and that part of the purpose of the bill is to relieve students' debt burdens. I have a practical question. Why should students with a liability to pay the fee in 2005, 2006 and 2007 remain liable if part of the policy intention is to relieve graduate debt?

Alex Young: The cabinet secretary took that decision. Perhaps she will want to answer that question when she appears before the committee.

Jeremy Purvis: Did you give advice on what the cost would be if students' liability to pay the fee in 2005, 2006 and 2007 were cancelled?

Alex Young: I am not aware what the cost of that would be, but my colleague Chris McCrone might know.

Chris McCrone (Scottish Government Finance Directorate): The cost would be around £13 million, given that the actual cash that has been paid to date would have to be paid back. As far as I am aware, that would be about £12 million, plus the £57,000 repaid in loans.

Jeremy Purvis: So the figure would be £13 million.

Chris McCrone: Around £13 million.

Jeremy Purvis: That would be the cost of removing the liability of all students.

Chris McCrone: As you know, there is a liability of approximately £41 million at the moment, as people have been given loans. We would also have to cancel the loan debt, for which there would be a cost.

Jeremy Purvis: So what would the overall cost be?

09:45

Chris McCrone: It would be £41 million, because the Scottish Government has accounted for that income already. In fact, the actual cash repayment would be £13 million to people who had paid cash, but the Scottish Government would have to bear the full cost of the £41 million because we have already accounted for that income in normal accounting practices in the year in which it arises.

Jeremy Purvis: Would it be fair to say that the number of students who have deferred their graduate endowments on to their loans and have not started paying them back, or who have just started paying them back because they are at the earnings threshold, is lower than the number of students who have paid off the fee in one go? You said that the policy intention is to relieve the debt burden for students. There could well be students who have yet to pay because they are likely to be

earning less than or just more than the £15,000 threshold.

Chris McCrone: The threshold for loan repayment is £15,000. As soon as a student earns more than £15,000, their loan repayment should come in—that is, if HM Revenue and Customs has indicated to their employer that a loan is repayable. There is sometimes a slight delay until HMRC tells the employer, then the employer works it into their payroll systems and automatically calculates what is repaid.

Jeremy Purvis: I appreciate that; it is helpful. However, my point is that although a number of the students who are liable—is it approximately 2,400?—do not yet earn that amount of money, the Government still says that they have the burden of paying back the graduate endowment, whereas there could be rich students who could quite easily pay back the fee but who will be exempt.

Chris McCrone: I do not have the figures for that, but I have the total number of people who are liable for the graduate endowment to date, which is approximately 21,000.

Jeremy Purvis: Ah. My apologies—I was about tenfold out. So the figure for those who are not yet earning £15,000 is 21,000.

Chris McCrone: I cannot say how many are repaying.

Jeremy Purvis: Right. So you do not know how many students who are now liable are repaying.

Chris McCrone: Correct. You would have to ask the Student Loans Company, which will give evidence today.

Jeremy Purvis: Has the Government not asked the Student Loans Company? You ask us to ask it, but one would have thought that you might have asked it when you were drawing up the financial memorandum and policy memorandum.

Chris McCrone: We asked it how much of the graduate endowment had been repaid in loans, and the answer was £57,000. We did not ascertain the total number because we have £1.8 billion-worth of loans outstanding in Scotland.

Jeremy Purvis: You did not ask how many students.

Chris McCrone: No.

Jeremy Purvis: Okay. Is there any guarantee that the access bursaries for which funds will be raised will continue?

Alex Young: Yes, there is. We can guarantee that they will continue.

Jeremy Purvis: Will that be reflected in the bill? The current statute means that funds are raised

for access bursaries, but there is provision in law to guarantee that funding. You said that you can guarantee their continuation, but you cannot guarantee what the next Government will do. The bill makes no legal provision to guarantee that access bursaries will be funded. Is that correct?

Alex Young: Paragraph 24 of the financial memorandum states:

“abolishing the GE will not affect budget baselines such as those for the Young Students Bursary”.

Jeremy Purvis: That is helpful, but you have answered a question that I did not ask. What provision will there be in law to ensure funding for access bursaries for poorer students?

Chris McCrone: There is nothing in law to make any Administration fund anything at a certain level. It is up to each Administration at each funding review to decide what it funds.

Jeremy Purvis: The current legislation means that, by law, money is raised and spent on access bursaries. Is that correct?

Chris McCrone: The money is used to provide and pay for loans, as given by the legislation.

Jeremy Purvis: So it is paid for—

Chris McCrone: The current income is applied to the cost of student loans. The budgets for the young student bursaries were already pump primed when the legislation was introduced.

Jeremy Purvis: So there was, previously, no provision in law for access bursaries to be funded by the graduate endowment.

Andrew Campbell (Scottish Government Legal Directorate): Section 2(2) of the Education (Graduate Endowment and Student Support) (Scotland) Act 2001 makes provision in respect of student support and says where the funding that is brought in from GE is meant to go, which is to the funding of student support. That section defines student support as

“(a) allowances for living costs; and

(b) loans,

under section 73(f)(i) of the Education (Scotland) Act 1980”.

That is as specific as the law gets. To pin down the issue to access bursaries per se would be to introduce a degree of specification that is not already there.

Jeremy Purvis: If that section of the 2001 act is repealed, there will be no statutory provision for funding to be raised for student support. Is that correct?

Andrew Campbell: Yes, section 1(1) of the bill repeals section 2 of the 2001 act. However, at present there is no such provision for funding to be

raised for student support. Section 2(1) of the 2001 act says only that Scottish ministers are obliged to bring forward a budget bill with a provision that provides for hypothecation. If the Parliament wishes to throw that out when it is dealing with the budget bill, that would be entirely possible.

Jeremy Purvis: But Parliament would have to decide that that would happen.

Andrew Campbell: Yes.

Jeremy Purvis: Currently, the law says that the funds that are raised can be used only for student support and cannot go to institutions. That provision is being repealed.

Andrew Campbell: It is up to the Parliament, in relation to the way in which it deals with the budget bill.

The Convener: May I offer a point of clarification? The budget bill cannot be amended. There is no scope for the Parliament to amend the budget bill and it is inaccurate to suggest that there is.

Jeremy Purvis: Why were graduates who are facing debt recovery not included in the calculation of those who would have liability? Is it likely that some of the additional £1.95 million income would, in fact, be collected?

Chris McCrone: The 949 people who are described as being “In debt recovery” are not yet in debt recovery and their liability has yet to be confirmed. In preparing the bill, the prudent approach was taken that it may be that none of those 949 would be liable. That is why the £2 million was not included in the calculation.

During the collection of the graduate endowment in 2005-06 and 2006-07, most of the persons in the “Liable - In debt recovery” column proved not to be liable. In reality, their liability had not yet been determined and they were not yet in debt recovery. That is why the prudent approach—not to include the possible £2 million income—was taken to the bill. The same approach would be taken in setting the budget for the next year.

Jeremy Purvis: Would not the prudent thing have been to include it? You have just said that you cannot guarantee that they will not be liable.

Chris McCrone: Because they are not liable, I would not include the possible £2 million income.

Jeremy Purvis: Forgive me, but this is still not clear to me. You say that they may not be liable. They are currently under debt recovery procedures, or are likely to be, but you said that people in that category are not liable to pay back—

Chris McCrone: I said that the name of the “In debt recovery” column is incorrect, because those people are not yet in debt recovery. Their debt and liability have still to be confirmed.

Jeremy Purvis: So is it a typographical error?

Chris McCrone: I would say that the description is slightly misleading.

Aileen Campbell (South of Scotland) (SNP): Jeremy Purvis asked about funds from the graduate endowment going towards student support. Are you saying that that did not happen, even though the graduate endowment was supposed to support students?

Chris McCrone: The bill states that moneys can be applied only to two items, as set out in section 2(2) of the 2001 act, which makes it clear that the income can be applied to student support by means of either allowances for living costs or by loans. It was applied to the cost of providing student loans, because the 2001 act places restrictions on what that money can be used for. Income collected by the Scottish Government is not usually as tightly controlled as that which is collected under the 2001 act, so the income was applied to providing loans to students.

Mary Mulligan (Linlithgow) (Lab): Your answers to Jeremy Purvis’s questions have strayed into the areas that I was going to pursue, but I have two specific points to raise. You may already have answered this question; if you have, please bear with me. Exactly how much will the Scottish Government accrue from those students who are presently liable, or who will become liable at some stage, to pay the graduate endowment?

Chris McCrone: The total income, as described in the Scottish Parliament information centre paper, is £41 million, including the £2 million that was mentioned. Discounting that sum, the total will be £39 million. The Scottish Government’s accounts recognise the income in the year in which it arises, in accordance with the generally accepted principles of resource accounting. Therefore, if any income arises, the liability will usually be met either by cash or by loan. If someone goes into debt recovery, that sum will go into the debtor’s balance until it is ascertained how the person will pay—either by loan or cash, or by court settlement.

Mary Mulligan: Are you saying that that £41 million will come to the Scottish Government in different years?

Chris McCrone: No, that £41 million will come in the years in which it is due and payable.

Mary Mulligan: Which year is that?

Chris McCrone: That will be 2005-06, 2006-07 and 2007-08. In the years in which persons

become liable on 1 April, that income is taken into the accounts of the Scottish Government. The other side of the equation is like normal business accounting. If a person does not pay, they become a debtor. In our case, a debtor is either a debtor or a loan, which is also shown as a debtor in the Scottish Government’s accounts.

Mary Mulligan: To be clear, is it the case that that money has already been accounted for and would not therefore be available in the future?

Chris McCrone: That is correct.

Mary Mulligan: Given that the aim of the Scottish Government was to encourage people to come into higher education, is there a provision anywhere in the bill to give financial assistance to students who wish to come into higher education but who may be deterred because of financial difficulties? I suppose that that is the last stage of Jeremy Purvis’s previous question.

Alex Young: As far as I am aware, there is nothing in the bill to assist those people, but abolishing the graduate endowment fee would assist them by lowering overall student debt.

Mary Mulligan: I think that we have established from the convener’s questions at the beginning that you do not have much to substantiate that statement, but we will let that lie at the moment.

10:00

Elizabeth Smith (Mid Scotland and Fife) (Con): I want to direct attention to the financial memorandum and pick up on what the convener said at the beginning and what Mary Mulligan has just said.

The bill’s main purpose is, I hope, to ensure that more people have access to higher education, but frankly what you have told us today does not inspire confidence that thorough consideration has been given to either evidence gained by looking at other options or the financial constrictions under which the bill will be placed. Will you give us more detail about the financial memorandum and the implications for the costs of providing student loans once the fee from the graduate endowment is lost? A lot hinges on the financial integrity of the bill and whether we feel as a committee that we can recommend to Parliament that it is the best possible policy.

Chris McCrone: The budget for the cost of providing student loans—the departmental expenditure limit cost—was already set at the full cost of providing all loans apart from the graduate endowment loans. Therefore, the removal of the endowment will not remove the ability to provide loans to students, as the total value of the cost of providing loans has already been provided for in the budget.

Aileen Campbell: Will you give further details of how the graduate endowment fee has been used? I am looking for examples of what has been funded by it, and what impact there might be on them once it has gone.

Chris McCrone: The graduate endowment fee can be used for only two purposes, one of which is to fund loans, which I have mentioned.

The budget has also always been allowed for in the loans expenditure section against the actual income collected. If £15 million net of graduate endowment is collected, that releases £15 million of the cost of student loans already provided. That money is used as flexibility to fund other developments that do not have baseline budgets, including English for speakers of other languages and the Scottish screen academy. The money funds pilots, but they are determined over the spending review period, so it will be decided at the spending review whether any of the items that were funded by the flexibility will continue as Government policy. The flexibility is used for such developments.

Richard Baker: I want to ask briefly about finance. Already in the financial memorandum, we have seen the estimated costs rise from £15 million to £17 million per annum. How can you be confident that your estimates of future numbers of liable students are accurate? The costs have already been revised up, so is it possible that in future the potential lost income could be much higher than £17 million?

Chris McCrone: The £17 million estimate is based on the figures for the 2007-08 financial year and is the best estimate available. We think that it reflects the steady state of the graduate endowment. There is no expectation that more than £17 million will be due next year.

Richard Baker: It is the "best estimate", so in theory it could go up.

On the approach to the bill, a number of us are concerned about why the issue has been considered in isolation. The policy memorandum talks about a more general approach to student support. Why has the bill been considered in advance of the Government's other pledges, such as that on removing all graduate debt?

Alex Young: The bill is part of a wider raft of potential work on student debt. Obviously, the spending review will determine where we go with other student debt proposals.

Richard Baker: So we will know from the spending review announcement what the rest of the Government's policy on graduate debt will be.

Alex Young: That is perhaps a question for the cabinet secretary to answer.

Richard Baker: It was a question about process.

The Convener: I remind Mr Baker that there is a distinction between the questions that we can put to Government officials and those that we can put to the minister. We should not stray into areas of Government policy, for which the minister is accountable. I ask you to reflect on that carefully when you put questions to the officials.

Richard Baker: I accept that, convener, and I apologise.

The Government estimates that the average student debt is £11,000. Where does that figure come from? Is that question in line, convener?

The Convener *indicated agreement.*

Richard Baker: Has there been a breakdown of how that debt forms? For example, what percentage of it results from the graduate endowment—for which poor students are not liable anyway? How much of the debt is credit card debt? That could be affected by increasing the young students bursary, to make people less reliant on credit—although that is not a question for you.

Alex Young: I am not aware of the breakdown of the figure, but it comes from the Student Loans Company.

Richard Baker: So there has been no breakdown.

Alex Young: Not that I am aware of, although the Student Loans Company may be able to provide more information.

Elizabeth Smith: You gave the impression that, when you took evidence from people about the principle of the bill, the overwhelming majority were in favour of it. However, will you say a little about the concerns of those who were not in favour, who were probably a small minority? Were those concerns about the fact that other options had not been considered?

Alex Young: Nobody was not in favour of the principle. The additional people were those who did not answer the question whether the endowment should be abolished and those who thought that it was inappropriate for them to respond to that question.

Elizabeth Smith: Can you remind us how wide the net was when you took evidence?

Alex Young: We consulted widely and received 44 responses to the consultation. We also offered and held face-to-face meetings with several organisations.

Elizabeth Smith: In any of those meetings, did the question of the funding of higher education

arise? That is a separate issue, but it is nonetheless connected, because the bill will take money out of the sector and there is concern about whether money will go back in for teaching and research. Did anyone comment on that?

Alex Young: As you can imagine, some higher education institutions raised a general point on that.

Elizabeth Smith: Which institutions raised that issue?

Alex Young: That is contained in the consultation responses. I cannot remember which institutions raised the issue. However, it is fair to say that they were satisfied that the bill will not lead to a reduction in general university funding.

Elizabeth Smith: What about the effect on the numbers who take up further and higher education places?

Alex Young: Do you mean who commented on that?

Elizabeth Smith: Yes.

Alex Young: The student organisations were heavily in favour of the bill because it will potentially attract more students.

Ken Macintosh (Eastwood) (Lab): I return to the issue of widening access and participation. Does the Government have figures on how student access and participation have increased or decreased over the years?

Alex Young: Figures have been published on widening access, which I have in front of me. As part of the general higher education statistics publication, there are figures on widening access. For example, figures are held on entrants from deprived areas. I am not sure whether you want me to quote them to you now.

Ken Macintosh: I am interested in whether the figures support the theory that the endowment has been a barrier.

Alex Young: The figures that I have in front of me cover only 2005-06. From the table, it would be impossible to say what happened in the intervening years.

Ken Macintosh: Do you have figures that go further back in time?

Alex Young: I am sure that there will be figures from further back, but I do not have them in front of me.

Ken Macintosh: Do the figures show a decrease? Is participation decreasing or increasing?

Alex Young: Is participation—

Ken Macintosh: Are we managing to widen access to and participation in higher education, or is participation decreasing?

Alex Young: As I said, I cannot tell that from the figures in front of me, as they are from 2005-06.

Ken Macintosh: The figures are from just one year.

Alex Young: Yes, the ones in front of me are, but I am happy to provide more figures should you require them.

Ken Macintosh: Would that be all right, convener?

The Convener: If Scottish Executive officials are happy to do that, it would be helpful.

Ken Macintosh: The figures would be particularly welcome in helping us to see what the trend in widening access has been. Obviously, it would be particularly beneficial to go back to the period before the introduction of the graduate endowment. I am not sure whether that would be possible, but, if so, it would be helpful. Ideally, we should go back to pre-1997 figures, before tuition fees.

Alex Young: We will see whether the figures are available.

The Convener: Thank you.

Jeremy Purvis: My question follows on from that point. Just so that we are clear, the figures from which you are quoting are to be found in "Students in Higher Education at Scottish Institutions 2005-06", which the Government published in May 2007. You would have assessed the figures in drawing up your policy memorandum, which is explicit about the graduate endowment being a barrier. It does not say that it is only part of the problem; it is explicit. Paragraph 12 says that

"The policy's failure to contribute to widening access is also clear."

You have to hand only the 2005-06 figures for Scotland-domiciled entrants from deprived areas to higher education. You cannot provide the figures for previous years, and yet you assessed them as part of your consideration in drawing up the policy memorandum. Is that not the case?

Alex Young: That paragraph goes on to talk about the

"average loan debt for a student"

and the overall burden of student debt, which will be reduced by students not paying the graduate endowment fee.

Jeremy Purvis: I will come on to that in a moment, but I would be grateful for an answer to my question. Before you drew up the policy

memorandum, did you, or did you not, analyse and interrogate the figures from before 2005-06 for Scotland-domiciled entrants from deprived areas to higher education?

Alex Young: Yes, but I do not have those figures in front of me right now.

Jeremy Purvis: If you analysed the figures, what did the information tell you?

Alex Young: As I said, I do not have the information in front of me.

Jeremy Purvis: You cannot recall your interrogation of those figures.

Alex Young: I personally did not interrogate them.

Jeremy Purvis: I wonder whether you might be able to speak to the person who did and come back to the committee with the information.

Alex Young: Yes.

Jeremy Purvis: On age participation, I note that the policy memorandum says—as we all know—that students who finished their courses in 2004 became liable for the graduate endowment in 2005. What is the accurate baseline year from which we can consider the impact on the age participation rate? One would think that the year when students became liable would be the year in which you could measure realistically the impact of the graduate endowment on the on-going burden, as you put it, of debt on graduates and their families and on students' decisions whether to apply to university. Would that not be the appropriate baseline year from which to look at the impact on the age participation rate?

Alex Young: Yes. That was the year before students started paying the graduate endowment fee—they started to pay it in 2005-06.

Jeremy Purvis: So you would have looked at the impact from 2004-05.

10:15

Alex Young: Yes, but I presume that from 2001-02 people knew that they would become liable in future.

Jeremy Purvis: Right. What baseline did you use to consider the impact? You seem a bit unclear.

Alex Young: The age participation index for 2001-02.

Jeremy Purvis: Before graduates started to pay the fee.

Alex Young: Yes. It is obvious that there might have been other factors, but we used the index for 2001-02.

Jeremy Purvis: Why were participation rates for that year, when students first learned that they would have to pay the fee, up nearly 3 per cent on 1999?

Alex Young: I do not know. We would need—

Jeremy Purvis: You quoted the figures to the committee.

Alex Young: Do you mean the 51 per cent figure?

Jeremy Purvis: Yes, the 51.5 per cent figure. Do you have the statistics publication notice "The Age Participation Index (API) for Scotland 2005-06" to hand?

Alex Young: Yes.

Jeremy Purvis: The notice was published in June. According to table 1, the total age participation rate was 48.9 per cent in 1999-2000 and 51.5 per cent in 2001-02. Why was there an increase, when students knew that they would have to pay the graduate endowment?

Alex Young: I am not sure. Multiple factors are involved in students' decisions.

Jeremy Purvis: Am I asking the right person? Your team drew up the policy memorandum, did it not?

Alex Young: That is correct.

Jeremy Purvis: You said in paragraph 12 of the policy memorandum:

"The policy's failure to contribute to widening access is also clear."

There is no doubt in the policy memorandum, but now you cannot say why the age participation index went up by nearly 3 per cent. You might want to reflect on that and come back to us.

Alex Young: Okay.

Jeremy Purvis: Why, if the policy is a "failure", did the age participation index go up by 0.7 per cent between 2004-05 and 2005-06? Indeed, participation by female students went up by nearly 2 per cent in that period.

Alex Young: Other factors are probably involved in that increase.

Jeremy Purvis: What are they?

Alex Young: Any number of factors could affect whether students want to attend university.

Jeremy Purvis: Is it true that the evidence in your policy memorandum of a barrier to entering higher education is based on the age participation index?

Alex Young: The evidence is based on the age participation index and on average student debt.

Jeremy Purvis: You just said that any number of factors could contribute.

Alex Young: Other factors could contribute.

Jeremy Purvis: Why did you not say that in the policy memorandum? You said in the policy memorandum:

"The policy's failure to contribute to widening access is also clear",

and you cited the age participation index as evidence.

Alex Young: We would be quite happy to take another look at the policy memorandum if the committee thinks that that is appropriate.

Jeremy Purvis: Do you think that the policy memorandum is still valid?

Alex Young: Yes, it is still valid. There is evidence that the age participation index has fallen and there is evidence of average student debt.

Jeremy Purvis: In the year that you took as a baseline there was an increase in the age participation index, but you do not know why that was the case. In 2005-06 there was another increase, but in the intervening years there was a decrease. You do not know why there was a decrease, but in the policy memorandum you cited the decrease as evidence of the impact of the graduate endowment.

Alex Young: As I said, we would be quite happy to take another look at it if you think that that would be appropriate.

The Convener: Before you make that commitment, may I counsel you on what you can and cannot do? It is my understanding that you cannot amend the policy memorandum. If you were to give that commitment—and such a commitment should be made by the minister—my understanding is that we would have to start this process at the very beginning again, and the Government would need to consult on a new bill proposal. You cannot change the policy memorandum now, just because a committee of the Parliament has, in its early evidence taking, highlighted discrepancies—some of which should have been thought through before you came to the Parliament in the first place.

Mr Purvis, can you make these your final questions?

Jeremy Purvis: Yes.

The Scottish Government states clearly in the documentation that has been supplied to committee members that there would be nil impact on the Government's budget as a result of the change. Can you explain why that would be the case?

Chris McCrone: The reason why there is nil impact is that when the graduate endowment was first brought in at the spending review in 2004, the budget was set at zero. The Government allowed for the cost of all loans, apart from graduate endowment loans, and when the income from the graduate endowment was introduced, expenditure on student loans was also increased above the amount required to match the graduate endowment income, because at that time it was unclear how much income the graduate endowment would raise each year. It was prudent to have the budget set at zero—that is, income matching expenditure—so that any income that was gained would give flexibility in that spending review period, as opposed to being applied and then not being gained, which would have put pressure on the other higher and further education budgets and student support measures, which would have to make up for the deficiency.

Because income equalled expenditure and therefore there was a nil baseline, we have a degree of additional flexibility to release what was actually budgeted for student loans by the Government: every pound of graduate endowment net income gained released a pound of the amount of income. That is why there will be no loss of baseline when the abolition is introduced in this spending review period.

Jeremy Purvis: Is there any further flexibility within that—for example, if the provisions of the bill were amended to extend its scope to cover previous students who are still liable for the endowment? Would withdrawing their liability fit within the flexibility that exists within the budgeting process?

Chris McCrone: No, that would not fit. As I said earlier, the income is taken in the year in which it is earned, so repayment of that income would incur a direct cost to the Scottish Government of the full amount.

Jeremy Purvis: That is helpful—thank you.

Aileen Campbell: My question is supplementary to Jeremy Purvis's previous line of questioning. I am interested in some of the evidence that you took during the consultation, particularly from the student bodies, whose members are directly affected by the graduate endowment. Can you say a bit more about the benefits of abolishing the graduate endowment that were included in the consultation responses, and how the respondents considered that the measure will positively impact on students' lives?

Alex Young: Their general line was that the measure will reduce overall student debt and will potentially open up access to more students. They did not really go any further than that; they were

just—understandably—happy that debt would be reduced.

Aileen Campbell: So they see the measure as a key element of relieving the debt burden.

Alex Young: They see it as a contributing factor to relieving the debt burden.

Rob Gibson: I want to establish some ballpark figures. It appears that the graduate endowment costs at least £2,000. If it is paid off by a loan, that will be at the going rate of interest. That makes the graduate endowment about a fifth of total student debt, which is around £11,000. Is that correct?

Alex Young: Yes, I think so.

Rob Gibson: In your review, was there any inference that poorer, part-time and older students were being particularly badly hit by having to make the repayments?

Alex Young: I am sorry—do you mean during the consultation?

Rob Gibson: Yes.

Alex Young: There are certain exemptions from the graduate endowment fee: certain groups do not pay it anyway. Some comments were made about part-time students. In any case, we are conducting a review of funding for part-time students.

Rob Gibson: There is always a threshold for such things. During the summer, the Universities and Colleges Admissions Service produced an important report for the whole of Britain that shows the drop-out rates in science, languages, maths and so on. That is particularly relevant for the categories that I have been discussing. I posit that, in Scotland, those rates must be taken into account in any assessment of overall student debt. Is that correct?

Alex Young: I am sorry—what is the question?

Rob Gibson: When we are talking about attracting students, widening access to university and so on, the possibility of falling within the mischief—as they say—of graduate endowment law is a deterrent, as it is an important part of student debt overall.

Alex Young: Yes.

Ken Macintosh: I want to clarify the issue of part-time students. Is it true that part-time students do not pay the graduate endowment?

Alex Young: That is correct, yes.

Ken Macintosh: Is it true that you have received evidence that, by abolishing the graduate endowment, you are in fact widening the gap between part-time students and full-time students?

Alex Young: Some comments about part-time students were made during the consultation. However, we are undertaking a review of support for part-time students.

Ken Macintosh: The bill does not help part-time students in any way, does it?

Alex Young: Part-time students do not pay the graduate endowment anyway. The bill means that nobody will pay the graduate endowment fee, so everyone will be in the same position.

Ken Macintosh: Therefore, the bill will be no help for part-time students, as they do not pay it in the first place. Is that correct?

Alex Young: Yes.

Richard Baker: Following on from Mr Gibson's questions, it is right to say that only half of students were liable for the endowment and that students from poorer backgrounds were exempt.

Alex Young: That is correct.

The Convener: That concludes our evidence taking from you this morning. I thank you for your attendance, but I point out that this is the beginning of a process of engagement involving the committee, the Scottish Government and officials. I hope that, when you come before the committee on future occasions, you are better prepared and have a full understanding of the policy memorandum. I do not think that it is helpful if bill team members do not have a very clear understanding of what has been written in the policy memorandum.

10:29

Meeting suspended.

10:32

On resuming—

The Convener: I welcome our second panel of witnesses: Graham Philp is finance and fraud team leader and Audrey Clark is customer services section leader at the Student Awards Agency for Scotland; and Ralph Seymour-Jackson is chief executive of the Student Loans Company. Thank you for joining us this morning. Unless you want to make a brief opening statement, we will go straight to questions, which I will start.

As the panel will be aware, the policy memorandum to the bill cites the failure to encourage additional students, especially those from deprived backgrounds, to enter higher and further education as one reason for abolishing the graduate endowment. From your professional dealings with the subject, do you agree that the graduate endowment has reduced the number of

students entering higher education? Will the bill make a difference to that?

Audrey Clark (Student Awards Agency for Scotland): I am sorry, but I do not think that we can comment on that.

Ralph Seymour-Jackson (Student Loans Company): I agree. Our role is to administer student loans according to policies that have been set by the Scottish Parliament. We can comment only on that.

The Convener: Do you have any anecdotal evidence that students raise the additional burden of the graduate endowment as an issue when they contact the Student Loans Company when they are encountering repayment difficulties or when they want to postpone repayment because they are unable to find employment? Are you not in a position to tell us that either?

Ralph Seymour-Jackson: I can certainly say that, if students were asked whether they would prefer to receive everything as a Government grant rather than as a loan, they would say yes. However, the division between how much should be paid directly in grant and how much should be paid by student contributions through loans is a legitimate decision for Parliament rather than for us.

Elizabeth Smith: Is it a fair assessment to say that you anticipate that your job will become easier if the bill successfully proceeds through Parliament, because some of the administrative pressures that you have undoubtedly faced in the past will be removed?

Audrey Clark: We have customer services staff who deal with the graduate endowment. They will just be redeployed within the agency, so our job will not become easier, as such; there will be no major change in that respect.

Elizabeth Smith: How will that redeployment take place? Are you confident that those staff will be redeployed successfully in other areas?

Audrey Clark: Yes, we have on-going vacancies.

Ralph Seymour-Jackson: From the Student Loans Company's point of view, we are talking about a small reduction in workload. We will still need to administer all the other student loans for Scottish students. Although there will be a small reduction in the burden on us and in the accompanying costs, I foresee no staffing issues in accommodating it.

Rob Gibson: How would you describe the job of recovering the graduate endowment fee? Has it been difficult to get people to decide whether to pay in cash or through loans, for example? Has it

been a greater burden than the work that you do in administering student loans in general?

Audrey Clark: From a customer service angle, the processing of the loan is basically the same. We get a lot of complaints—we have to deal with people who are not happy that they have to pay the graduate endowment. However, the fact that people are now more understanding of its existence and their liability to pay it makes the administration side of things slightly easier.

Rob Gibson: Has the involvement of HM Revenue and Customs made it easier to track people down in recent years?

Ralph Seymour-Jackson: That is a question for me to deal with. Using HM Revenue and Customs as the prime collection method certainly makes things easier. It means that we do not have to ask graduates to set up direct debits and so on, because deductions are made directly from their pay when they are in normal salaried jobs. The fact that repayments change in real time—if someone's salary drops in one month, their repayment also drops—definitely removes some of the issues that arose under the old loans scheme, whereby the use of flat monthly repayments meant that if someone's income suddenly dropped, they could genuinely find it difficult to make a repayment. The use of HM Revenue and Customs has provided a better way of administering collections and has removed the problem of people's incomes fluctuating and their loan repayments not fluctuating, which arose under the old scheme.

Rob Gibson: The Scottish Parliament information centre briefing mentions a gross graduate endowment fee income of £23.4 million in April 2007. Is the debt recovery figure of about £1.95 million roughly what you would expect or is it lower or higher than you would have hoped?

Ralph Seymour-Jackson: To explain that, I will have to delve into the bowels of how the income collection repayment mechanism works. It must be understood that a graduate has a flat liability to repay, which is not linked to a particular product. In effect, they must make a repayment of 9 per cent of their income that is in excess of £15,000, which goes towards repaying all their debts. Alongside a graduate endowment loan, a graduate might have a maintenance loan to repay. If you look at a repayment for a particular product, you get only a partial view of the situation. As far as I am concerned, the figures are what we would expect, but working out what we would expect is quite a complicated process.

Ken Macintosh: Have the debt recovery figures risen over the years? What is the trend? As regards the proportion of the total amount that

students owe that you recover, are the figures going up or down? Is there a perceivable trend?

Ralph Seymour-Jackson: There are two aspects to that. Debt recovery, which has already been discussed, is handled by SAAS.

Graham Philp (Student Awards Agency for Scotland): The number of cases that go to our debt recovery team to be handled by our solicitors remains fairly static year on year: we have not seen it increase or decrease. This year, we have tried to ascertain liability with the institutions before we pass cases to our debt recovery team, which is why we are slightly behind our normal timeframe for passing cases to the team. The 949 cases that were mentioned earlier have not been passed to the team because we are still speaking to the institutions to ascertain whether those students have graduated and are therefore liable.

Ken Macintosh: When the graduate endowment was introduced, did it have a marked impact? Did your debt recovery problems increase?

Graham Philp: The number of cases going to the debt recovery team obviously increased, but we have the capability to handle them.

Ken Macintosh: I am just trying to work out whether the endowment is part of a trend of growing debt or whether there is a particular problem with it. You said that the number of cases going to the debt recovery team has been static. Did the graduate endowment cause an increase in such cases, or did it just top up the numbers by one or two?

Graham Philp: Our debt recovery department deals with people who have withdrawn from their course but have been paid maintenance, which we have to recover. There has been an increase in the department's workload because of the graduate endowment, but the level of graduate endowment cases that have been passed on year on year has remained about the same.

Ken Macintosh: Right.

Aileen Campbell: Can you tell us the exact costs involved for both organisations? We were given the figures of £225,000 for one-off operational costs for SAAS and £63,000 for the Student Loans Company for the process of abolishing the graduate endowment. How will any savings that you make be redeployed?

Graham Philp: The £225,000 is purely a write-off for our information technology system that was developed for the graduate endowment. Any savings are going to be used for other projects, such as providing greater information to our institutions and school leavers about the student support that is available.

Jeremy Purvis: I want to ask about the students who are not going to have their liability cancelled but who have deferred their endowment charges on to their loans. How many students are involved? The Government did not ask you that question, so I thought that I would.

Ralph Seymour-Jackson: Over the past three years—2005, 2006 and 2007—about 13,000 students out of 23,000 have elected to meet their graduate endowment liability via a loan.

Jeremy Purvis: That is more than half.

Ralph Seymour-Jackson: Yes. I am wary of doing mental arithmetic, but I think that you are right.

Jeremy Purvis: What would be the implications for your organisations if those students' liabilities were removed as well?

Ralph Seymour-Jackson: That would be a much more complex project for us. In broad terms, turning off the process that creates new graduate endowment loans would be relatively simple for us, so the implementation costs would be quite low. However, writing off all liabilities would be more complex. In particular, there would need to be a clear definition of what we would write off. If somebody evaded their liabilities by going to work overseas and did not repay their debt, would we write off what they should have repaid to put them on the same footing as someone who had repaid their debt? The definition of what should be written off would be complex: we would have to apply complex tests to work out what to write off. It would be a doable project administratively, but it would be much more complex and time consuming than the current one.

10:45

Audrey Clark: The same applies to SAAS: it would be a huge administrative task, on which we would need to work with the SLC.

Jeremy Purvis: What would it involve? Would it simply require an extension of the process that you are going to have to carry out or would it be different?

Ralph Seymour-Jackson: We will have to ensure that we do not create new graduate endowment loans. It is relatively simple to close the door on the process and not let any more people through. However, writing off would mean looking back at the history, which would involve much more work.

Jeremy Purvis: Forgive me, but the SLC submission said that you will need to put in place project management, system testing, and training and support. It also said that you will have to change your IT system and work differently with

SAAS; update communication materials that you issue to higher education institutions and stakeholders; and contact students who have already requested the graduate endowment. Would writing off liability be an extension of those processes?

Ralph Seymour-Jackson: Yes, but I am telegraphing to you that it would not add 50 per cent to the cost; it would cost much more and involve much more work. The areas of activity that you highlighted would remain the same, but each would require many more man days of work.

Jeremy Purvis: I have a further brief question. You may have heard earlier questioning about students facing debt recovery. There was slight confusion about the number of students involved. A figure of £1.95 million was quoted for the total debt recovery. Do you have information about those students and about whether that figure is accurate? You will have heard what the Government said.

Ralph Seymour-Jackson: SAAS operates that process.

Graham Philp: We agree with the Government on that point. We are not 100 per cent sure whether the students are fully liable. We have had no contact with them whatsoever; they have not responded to any of our letters. They may not be liable to pay the endowment debt.

Jeremy Purvis: Are they not liable because you will write off the debt or because they should not be liable?

Graham Philp: They should not be liable.

Jeremy Purvis: Right. So you cannot contact them, but they should not be liable anyway, and you have made errors to the tune of about £2 million.

Audrey Clark: No. They may meet one of our exemption criteria, but they have not told us whether that is the case. Until they do so, we do not know.

Jeremy Purvis: But is it prudent to take out the figure for the anticipated income, or is it prudent to retain that figure because the students may be liable?

Audrey Clark: But they may not be.

Jeremy Purvis: So what is the most prudent thing to do? You can anticipate what the potential income would be, but if it is not going to come to the Government you can cancel it. You either include the liability of those students or you do not. What kind of category do you put them in? Do you estimate the liability as income that you are not likely to receive, or do you still have it on your books as potential money because current

information tells you that that liability money may come in?

Graham Philp: Prudence requires that we do not include those students until their liability is realised, so we will exclude them.

Richard Baker: Correct me if I am wrong, Mr Philp, but in response to questions from, I think, Ken Macintosh you talked about an increase in debt recovery. The questions were on the graduate endowment, but I think that you spoke about students who had withdrawn from their courses. I think that I am right in saying that such students would not be liable to pay the graduate endowment, so that would not affect their debt situation.

Graham Philp: No. I was talking about our debt recovery team's normal daily work. Their main workload deals with people who have been overpaid because they have withdrawn from their courses. That is nothing to do with the graduate endowment, which is an extra part of the workload.

Richard Baker: That is helpful clarification.

In your submission, you say that the figures on page 2 are different from those used in earlier announcements by the Cabinet Secretary for Education and Lifelong Learning. To what extent are they different?

Graham Philp: The cabinet secretary asked me to prepare a paper on that, which I am in the middle of doing. The figures changed slightly because some students responded and some who were in debt recovery opted to pay in full or take out a student loan. The numbers change on a daily basis as students contact us, so we expect some movement in them over three months.

Jeremy Purvis: As we are deliberating this matter, it would be helpful if you furnished us, through the convener, with that paper.

The Convener: I hope that Mr Philp can supply the committee with his paper once he has supplied it to the cabinet secretary, who should have first sight of it.

There are no further questions, so that concludes our evidence taking. Thank you for your attendance.

I suspend the meeting briefly to allow a changeover of witnesses.

10:51

Meeting suspended.

11:03

On resuming—

Subordinate Legislation

Protection of Charities Assets (Exemption) (Scotland) Amendment Order 2007 (Draft)

The Convener: I reconvene the meeting. We move to the second agenda item, which is consideration of two affirmative instruments. The first is the draft Protection of Charities Assets (Exemption) (Scotland) Amendment Order 2007. Members have been supplied with a copy of the order and a cover note.

I welcome to the committee the Minister for Schools and Skills, Maureen Watt, and invite her to speak to and move motion S3M-558.

The Minister for Schools and Skills (Maureen Watt): The draft order is to be made in exercise of the powers conferred by sections 19(8) and 19(9) of the Charities and Trustee Investment (Scotland) Act 2005. The 2005 act makes provisions in respect of the assets of those who are removed from the Scottish charity register and enables the Office of the Scottish Charity Regulator to apply to the Court of Session to approve a scheme to transfer those assets to a specified charity.

Section 19(8) of the 2005 act allows the Scottish ministers to exempt named bodies, by order, from those requirements in order to protect Government money that is invested in those bodies and to help to ensure that they can continue to carry out their function if they lose their charitable status. All further education colleges and higher education institutions are charities and are exempt from the requirements under the Protection of Charities Assets (Exemption) (Scotland) Amendment Order 2006.

The draft order adds the Scottish Agricultural College to the list of bodies that are included in the 2006 order. The draft order also makes a number of changes to the list of higher education institutions and colleges to reflect changes that have taken place since the introduction of the 2006 order. Lauder College is changing its name to Carnegie College, to reflect the connection between the community that the college serves and Andrew Carnegie, who is, of course, one of Dunfermline's greatest sons.

Jewel and Esk Valley College is changing its name to Jewel and Esk College. It currently brands itself simply as Jewel and Esk College in marketing and recruitment and is now widely referred to by that title. The order also reflects a minor change in the name of Oatridge Agricultural College to Oatridge College, which the college considers better reflects the wide range of land-

based industries that it supports, including horticulture, green keeping, horse management and countryside management.

In respect of the higher education institutions that are listed in the 2006 order, changes are being made to reflect the award of the title of university to Queen Margaret University and the fact that its governing body is now called the university court. The name of the Robert Gordon University's governing body has been changed to the board.

The order inserts the University of Paisley's new name, which is the University of the West of Scotland. As the committee will recall from its meeting on 24 October, that name change is being effected by the University of the West of Scotland Order of Council 2007. The order of council was made subsequent to a resolution of the governing body of the University of Paisley and the Privy Council's consent to the change of name on 18 July 2007.

I move,

That the Education, Lifelong Learning and Culture Committee recommends that the draft Protection of Charities Assets (Exemption) (Scotland) Amendment Order 2007 be approved.

The Convener: Standing orders allow us to have a debate of up to 90 minutes on the order. I do not want to close down an opportunity for committee members to speak, but I have a sneaking suspicion that it is not going to take us nearly 90 minutes. I remind members that this is not an opportunity to question the minister: it is a debate. Members will be allowed to make contributions, after which the minister will be called on to wind up the debate. I hope that she will take that opportunity to answer any points that have been raised.

Ken Macintosh: We all welcome the draft order. When will the Government address how to protect colleges from losing their charitable status? Does the minister intend to achieve that through a statutory instrument?

Mary Mulligan: I welcome the name changes—particularly that from Queen Margaret University College to simply Queen Margaret University, which recognises that institution's new status. Another university in Lothian region is welcome.

The minister said that the name change from Oatridge Agricultural College to Oatridge College was made to reflect the broader range of courses that Oatridge provides. I welcome that, but I would be concerned if that affected any of the specifically agricultural courses that are provided there. I look for reassurance that that will not be the case.

Maureen Watt: I suspect that Ken Macintosh's point about protecting colleges from losing

charitable status relates to publicity in the summer about John Wheatley College. The Cabinet Secretary for Education and Lifelong Learning is working on that situation with civil servants and will introduce legislation if it is required. She intends to make an announcement towards the end of the year.

Oatridge College's name has already changed; the draft order will just tidy the legislation. I share Mary Mulligan's concerns. I recently had a private visit to the Scottish Agricultural College at Auchincruive. As a farmer's daughter, I want to ensure that agricultural courses continue, but that is obviously up to the college and the funding bodies. On my visit to Auchincruive, I was reassured that all the courses that are necessary for the changing world of agriculture—to deal with the highly mechanistic tractors that are used and so on—are still available. If the member wants me to respond on anything specific, I am prepared to do so.

The Convener: The question is, that motion S3M-558 be agreed to.

Motion agreed to.

That the Education, Lifelong Learning and Culture Committee recommends that the draft Protection of Charities Assets (Exemption) (Scotland) Amendment Order 2007 be approved.

Fundable Bodies (Scotland) (No 2) Order 2007 (Draft)

The Convener: The third agenda item is also subordinate legislation. Members have a copy of the draft order and a cover note in their papers. I ask the minister to speak to and move motion S3M-559.

Maureen Watt: I am pleased to have the opportunity to move the motion. The order is to be made in exercise of the powers conferred by section 7(1) of the Further and Higher Education (Scotland) Act 2005. As required by that act, the Scottish Further and Higher Education Funding Council has approved or proposed the changes that the order will make.

The funding council may fund only those institutions that are listed in schedule 2 to the 2005 act. The purpose of the order is to reflect recent changes that have taken place since the Fundable Bodies (Scotland) Order 2007 was made in March and to allow the funding council to continue funding the institutions under their new names. The order provides for three name changes: Carnegie College, Jewel and Esk College and the University of the West of Scotland. I outlined earlier the background to the name changes that have been made by those institutions.

I move,

That the Education, Lifelong Learning and Culture Committee recommends that the draft Fundable Bodies (Scotland) (No. 2) Order 2007 be approved.

The Convener: If no member wants to contribute to the debate on the order, the minister will not need to make any concluding remarks.

Motion agreed to.

That the Education, Lifelong Learning and Culture Committee recommends that the draft Fundable Bodies (Scotland) (No. 2) Order 2007 be approved.

The Convener: I thank the minister for her attendance this morning. I will now suspend the meeting to allow her and her officials to leave and our next witness panel to join us.

11:16

Meeting suspended.

11:18

On resuming—

Scottish Broadcasting Commission

The Convener: We move to agenda item 4, which is to take evidence on the Scottish Broadcasting Commission. I am pleased to welcome Blair Jenkins to the committee. As members know, Mr Jenkins chairs the commission. Thank you for joining us. Would you like to make a brief introductory statement before we move to questions?

Blair Jenkins (Scottish Broadcasting Commission): Thank you, convener—I will try to keep my statement brief.

The committee was given a copy of the outline of the remit and scope of the commission as we set out on—as I think members will agree it is—important work on behalf of Scottish broadcasting and television production and, almost most importantly, on behalf of Scottish audiences. That is crucial.

It is interesting that it will, although we are now more than 50 years into the age of television, be the first time Scotland has allowed itself to have a proper considered review of television and broadcasting in this country and what we want from it: expectations are high. Members will appreciate that we were set up in a context that presented a number of challenges for Scottish television and broadcasting and, crucially, a number of exciting opportunities. It is important that people do not focus on one but not the other and that we take account of both. There are undoubtedly great challenges ahead, but there are also great opportunities.

I will touch briefly on those opportunities. The committee will have seen that we propose to begin our work by considering the economic development issues around television production in Scotland. We think that they are at the heart of the creative industries. It is now widely recognised internationally that the creative industry sector is, in a truly successful economy, not a passenger but a driver, so we begin our work in a mood of great optimism. We are looking forward, and we are trying to think big about the exciting prospects that lie ahead. We are keen to engage as widely as possible and to talk to as many people as possible about this important work. In that context, I very much welcome my being allowed to talk to the committee today.

The Convener: There is an interest in this subject not only in wider civic Scotland, but here in the committee and in Parliament more widely. We have been joined this morning by Ted Brocklebank

and Malcolm Chisholm; neither of them are members of the committee, but they have an interest in this area.

I will start with some general questions about the remit of the Scottish Broadcasting Commission and the areas that you plan to consider. I noticed that your remit states that you will

“Make recommendations for Scottish government action in those areas that lie within the scope of the powers currently devolved to the Scottish Parliament”.

In layman’s terms, what does that mean? Which areas will you be considering?

Blair Jenkins: My understanding is that that part of the remit refers to the economic development function in relation to television and the broadcasting sector, which is, as I understand it, already a devolved responsibility. The Scottish Government already funds various public bodies in Scotland to help develop the screen industries—most notably, Scottish Enterprise and Scottish Screen. I think that Scottish Government funding also goes to the industry training body, Skillset. We will look primarily at those in relation to economic development issues.

The Convener: Will you confine yourselves to those areas, or will you make additional recommendations that might not fall within Parliament’s remit?

Blair Jenkins: We are likely to talk about the broadcast services that are provided for audiences in Scotland. Broadcasting, in that sense, is currently a reserved issue. Another part of our remit asks us to

“Focus attention on issues where other organisations have responsibility and encourage action to address these issues”.

That is where we might get into the sort of territory that the convener described.

You will have seen from our submission that we are essentially proposing a three-phased approach—which is, in some ways, for the purposes of manageability—whereby we will divide our work into the economic imperative, the cultural imperative and the democratic imperative. That seems to the commission to be a logical and sensible way forward, albeit that those areas overlap.

In the economic phase, we will be considering the potential for developing the creative content sector in Scotland. That concerns how we grow the level of production for the United Kingdom television networks, how Scottish companies will get on to the new emerging digital platforms, and how they will address the huge emerging opportunities in international markets.

On the cultural imperative, we will be considering the range of services and programmes that are currently provided to audiences in Scotland. Are they meeting needs? Do people want changes or enhancements? There is also the imminent digital switchover, which will create the capacity to offer new and different services. We will get into those matters in that phase of the commission's work.

The final phase of our work will be to examine the crucial area of broadcast journalism and the democratic importance of broadcasting—that is a fairly central function of broadcasting.

Rob Gibson: What methods will you use to engage stakeholders? I note the general call for evidence on the website and so on, but do you have any particular plans to get to different parts of the country?

Blair Jenkins: We will do that. We might get some interesting suggestions from members of the public in the first phase, when we will consider economic development, but it is likely that their views will come more strongly into play when we move into the cultural and democratic phases of our work. In the first period, engagement is much more likely to be with the key industry stakeholders.

Obviously we will talk to broadcasters such as the BBC, ITV, Channel 4 and Channel 5, and we will involve the Office of Communications. We would also talk to bodies such as Scottish Enterprise and Scottish Screen. We need to understand why there has been such a steep decline in network production in Scotland; that is, and has been, of great concern within and outwith the industry this year. We want to get behind some of the data and understand in more depth what lies behind the figures.

Currently, in terms of the commission's evidence taking from the various bodies, we are in discussion with the BBC's director general, Mark Thompson, and Channel 4's chief executive, Andy Duncan. We want to try to get those bodies to give evidence early. Part of the process is taking evidence, but we also hope to be able to involve people in our discussions. We want there to be as many ways as possible for people to access the commission.

Rob Gibson: What interest is there in the focus that you might get from people if meetings were to be held in the area that I represent, which is the Highlands and Islands? Also, will you undertake structured opinion surveys of people across the country?

Blair Jenkins: Rob Gibson is right to ask that important question—Scotland is not only the central belt. Coming as I do from Elgin, I am deeply aware of that. Much as I love this part of

the country, people who live in Glasgow can at times be as focused on that city as people who live in London are on their city.

It is important to recognise that there is more than one Scotland—we must recognise the rural and urban differences around the country. As we enter the second phase of our work at the beginning of the year, we will enter a programme of public meetings around the country. We will go to different parts of Scotland and get away from Edinburgh and Glasgow. For historical reasons, the industry is largely concentrated in the central belt—indeed, it is overwhelmingly concentrated in Glasgow—but, it is very important for the commission to get the views of the public. We need to go round Scotland to get the appropriate geographical diversity in our work.

Rob Gibson: I wanted to make the point and for you to take it on board. I hope that news gathering and current affairs teams will gather information from further and wider. The tendency has been for them not to be as responsive to things that happen at a distance from Glasgow. One example is the major flooding that we saw between Inverness and Orkney in October 2006—the level of coverage was low because the flooding happened far away from the central belt. If it had happened between Glasgow and Edinburgh, we would have had wall-to-wall coverage, given the effect that it would have had on the central belt. Will the commission consider resources being given in that direction?

Blair Jenkins: Rob Gibson is absolutely right. I am aware that the BBC plans to expand the number of journalists and camera crews that it has based around Scotland—you will probably be aware of that—for precisely the reason that you gave. If broadcasters have crews only in the urban centres, it is sometimes difficult to get them out to other parts of Scotland. You are right that it is important that news and current affairs do not have a Glasgow-centric or Edinburgh-centric view of Scotland.

I honestly believe that an interesting story—on flooding or anything else—will be heard. The story could be on an issue as much as an incident. If there is an important issue in the north or south of Scotland, the story is a national story. It is of great interest to people in the more populated parts of Scotland.

Rob Gibson: Thank you.

Aileen Campbell: Good morning. In your opening remarks, you said that this health check—I will call it that—of Scottish broadcasting is long overdue. You also mentioned network decline. It would be interesting, and good, for the committee to hear how you characterise the current state of Scottish broadcasting, if you can do that in this short session.

Blair Jenkins: There is a lot of talent around. I do not want to prejudge some of our work. Indeed, I am not sure that we fully understand as yet exactly why things have gone wrong. We need to get behind the data to do that. The industry regulator, Ofcom, is hard-working and produces masses of data—almost more than anyone can cope with. Sometimes, we have to get behind the numbers to understand what is going on and the underlying reasons for what is going on.

There are some fantastic creative talents in Scotland. As I have said elsewhere, our aspiration should be to create world-class content for world-wide audiences. I absolutely believe that. We have the talent to do that but, at the moment, not all of it lives and works in Scotland. Historically, in order to achieve maximum opportunities in the broadcasting industry, people have had to relocate to other parts of the United Kingdom. If Scotland can get on to the right footing and get the creative industries based here—where we would like them to be—we can make talent return; we will attract back to Scotland people who have learned and succeeded elsewhere.

11:30

The current picture in Scottish broadcasting is mixed. There are some encouraging signs and areas in which we have strength. For example, we have strength in factual programming.

An area that is of particular concern in which we need good news and positive steps from the broadcasters, is television drama: drama is key. It is one of the high-value genres and it is the genre in which the intellectual property that is associated with the programming has most value. It leads into the new opportunities that are emerging globally to exploit content in different markets and on different platforms. If one were looking for an early sign of good faith from the recent announcements and promises that have been made about improving the level of network production from Scotland, some good news about drama being commissioned out of Scotland would be very welcome.

Jeremy Purvis: You say that there is a plethora of information. SPICe has helpfully given us information from Ofcom's research, which tells us that total commissioning from ITV1 and BBC nations and regions has fallen overall throughout the United Kingdom, but has fallen more slowly in Scotland, Wales and Northern Ireland than in England. The rates of decline are 2.8 per cent and 4.6 per cent per year respectively. When we interrogate the fall in Scotland, Wales and Northern Ireland, we find that commissioning in Scotland in the five years to 2006 fell by only 0.6 per cent.

You have said that the commission must decide what went wrong, but those figures do not show the dramatic fall that we are led to believe has happened. What baseline information is the commission taking as its core evidence that something has gone wrong?

Blair Jenkins: The data on network production can be confusing and are often open to interpretation. It is beyond dispute that there was a substantial falling off in network programme production out of Scotland across the networks in the period that you are talking about. The steepest decline seemed to be with the BBC, but there was also a decline in commissioning in ITV and in Channel 4 at a fairly low level—Channel 5 does not carry much of an obligation in any case.

When we look at the total picture, we have to get behind the data and see what is going on. For instance, I think that BBC Scotland launched "River City" in that period. It is obviously a high-cost item and represented a substantial increase in programming investment into Scotland. However, the major Ofcom report that appeared earlier this year reported that over the five years 2001-06 there had been a 45 per cent decline in spending in current affairs in Scotland and a 27 per cent decline in spending on news in Scotland. Those are surprising figures. Even people who intuitively assumed that there had been a downturn found an almost 50 per cent reduction in spending on current affairs to be incredible in the first decade of devolution when, as I am sure you agree, there is undoubtedly a strong, healthy and vigorous debate going on in all sorts of policy areas in Scotland. Television is overwhelmingly still the main source of information and news for most people, so it seems to be counterintuitive—to put it at its mildest—to be running down the availability of broadcast journalism, as the figures suggest happened, at such a time.

Jeremy Purvis: Absolutely. The Ofcom figures show that news investment fell by 27 per cent but non-news investment went up by 22 per cent. That is the context.

Blair Jenkins: I would not suggest that those figures explain the situation entirely. Comedy is done to a high standard in Scotland and it is an expensive item. The same is true for documentaries. One of the interesting things about the decline in news and current affairs investment here is that it was unique in the UK. It was completely out of step with what happened in Wales, Northern Ireland and the English regions, which did not experience corresponding falls of anything like that scale.

Jeremy Purvis: Will the commission make recommendations as to what the correct spending level should be?

Blair Jenkins: We would certainly like to see movement in the right direction, if I may put it that way. I imagine that the commission will not want to micromanage on anyone's behalf the exact spending levels that would be appropriate in particular television genres, but it will be important to look for broad trends to understand what is happening.

I should have said in answer to your earlier question, as it is perhaps relevant to this question as well, that the commission has asked for—surprisingly, it was not readily available—a robust economic survey of the current value of television production in Scotland. One outcome of that work will be a robust and reliable baseline figure for 2006, which is the year for which we have a complete set of data. That should give us a benchmark or baseline for key measures such as turnover and employment, against which I hope and expect progress will be monitored—not by the commission, as we will have disappeared—in the years going forward. The industry, or Scotland plc if you like, will then be able to monitor those key performance indicators to ensure that they are moving in the right direction.

Jeremy Purvis: Will the commission consider, and make recommendations on, how the sector in Scotland is financed?

Blair Jenkins: I am sure that we will consider that as people are bound to provide evidence on it. We have already identified the need to ask questions about the emerging view in the United Kingdom that ITV will not be a provider of public service broadcasting post digital switchover. That case has certainly been argued by ITV at network level and, to some extent, by the various regional parts of ITV. Clearly, it would be a matter of concern if Scotland was left in a position in which the BBC was the only supplier of public service broadcasting. Ofcom has identified Channel 4 as an alternative provider of public service broadcasting at UK level, but Channel 4 has no remit to supply programming to Scotland only or to Northern Ireland or Wales—it has no regional or national remit of that kind, so there is a debate to be had on that.

Ofcom has just begun a public service broadcasting review, which will take the best part of the next 15 months to conclude. It is important that we have a strong debate in Scotland about how we will secure diversity of supply in public service broadcasting. In my view, it will be in no one's interests—including the BBC's—for the BBC to become a monopoly supplier of public service broadcasting in Scotland.

Jeremy Purvis: In what year is digital switchover expected to take place and will that be when all areas in the United Kingdom have switched?

Blair Jenkins: 2012 is the UK date. I think I am right in saying that 2011 is when switchover will conclude in Scotland. Switchover will begin before 2010 in the Borders region, but it will start in 2010 or 2011 in central and north Scotland.

Jeremy Purvis: In my constituency, it will begin next year.

In that context, how will the commission feed into the proposed changes in ITV, which will be a very live process? When Michael Grade made his announcement, I asked the First Minister at First Minister's question time how the Scottish Government would represent my constituents' interests in public service broadcasting in ITV, and the First Minister recommended that I write to you. What will you do about it?

Blair Jenkins: There was never any doubt that the future of Border Television would come into the commission's discussions—it was always going to be an issue. Whether the current model and the current geographical arrangements for Border Television are appropriate now and in the future was always going to be part of the debate. In the light of ITV's proposals for changes to the map as it affects ITV's output in the rest of the UK, it is even more likely that we will receive many representations about the future of Border Television.

On the solution, which I think Jeremy Purvis's question invites me to offer, we need to await evidence. I am in no doubt that we will get a lot of evidence on the issue, but I suspect that not all of it will be from the same point of view.

Jeremy Purvis: I asked because it looks as if Ofcom might well have made decisions by the time your anticipated report is produced, so I do not know how you will be able to feed in your findings. As I understand it, you have no formal locus in the process, so I am curious as to why the First Minister would ask me to write to you, to ask you to write to Ofcom. What else are you going to do?

Blair Jenkins: I thought that you said that it was Michael Grade who had asked you to write to us.

Jeremy Purvis: No, it was the First Minister. I have already written to Michael Grade.

Blair Jenkins: As you know, ours is an advisory commission. In due course, we will come up with recommendations and offer advice to ministers. Part of the work of the commission is clearly to be engaged on an on-going basis with key bodies such as Ofcom. We have already had substantial dialogue with Ofcom and we shall take evidence from Ofcom representatives. They are of the view that we will have a continuous dialogue and that we will feed into their process. Ofcom is now

heavily focused on some of the issues that are emerging in Scotland.

Jeremy Purvis: When will I, as a parliamentarian, get an indication of what you are saying to Ofcom on behalf of my constituents?

Blair Jenkins: I am not sure that that would be our role. I do not know exactly what the timetable is for approval or refusal of ITV's proposal for changes to the licences that it controls, but I do not think that that decision is imminent and I believe that it is still subject to extensive review by Ofcom. During that process, there should be substantial opportunities for you, your constituents and, I hope, the Scottish Broadcasting Commission, to feed into that process. I certainly see it as part of the role of the commission, having taken a lot of evidence, to advise ministers and Parliament on the views that they might wish to take on the future of that licence.

Jeremy Purvis: I turn to other matters that are slightly more urgent. I acknowledge the work that Ofcom will be doing leading up to the next franchise discussions—I have no doubt that you will consider how those franchises are configured in Scotland. Part of that consideration will concern cross-border provision and cross-border relationships. I see that your remit is Scottish, but my constituents get cross-border broadcasting. I am not entirely sure how your commission fits into that.

Blair Jenkins: You will be more aware than I am that there has always been a bit of a debate in the different parts of the Border Television area about whether the current arrangement is right and whether it best suits audiences on both sides of the border to have the Border Television licence exist as it does currently. Although I do not expect to have any say in, or influence on, what happens to the part of the Border Television region that is south of the border, there is clearly a Scottish interest in the service that is provided to people living on the Scottish side of the border within the Border Television transmission area.

Jeremy Purvis: Part of your consideration will focus on the economic affairs that you are discussing at the moment. What relationship will you have with Scottish Enterprise and the local enterprise companies, in the light of the impact that the forthcoming culture bill could have on their role? It seems that there are to be two parallel processes: we are to be presented with a bill that will have an impact on Scottish Screen and on the role of Scottish Enterprise's creative offices, and the Government made an announcement about the enterprise network and the reform or abolition of the local enterprise companies; and Parliament will also continue to consider that process of reform, although you will also be taking evidence

on it, so when you make your recommendations, it will be post legislation.

Blair Jenkins: On creative Scotland?

Jeremy Purvis: On creative Scotland and on any changes to the structure of the enterprise network.

11:45

Blair Jenkins: I take the point. Jeremy Purvis is right to say that some structural decisions about support agencies seem, if not to have been taken, to be in the offing, if I can put it like that. As you know, we have been asked to define a strategy for the industry. In some ways, getting the creative sector's vision and strategy right is more important than structural issues. Of course, in that context we are talking about public funding mechanisms. There are opportunities to learn from other parts of the UK and other countries about how we design public funding mechanisms to make them of most assistance to development of the sector.

It is possible to do what we have been asked to do and to identify key areas of concern, in which there is currently not the most perfect fit between the measures that are being taken and the action that is required. We can certainly make our views clear on that. In taking evidence from Scottish Screen, Scottish Enterprise and other bodies, we intend to arrive at a view on the best actions to deliver the best outcomes.

Jeremy Purvis: My point is that you will take evidence at the same time as we do: there will be two parallel processes, which seems to be extremely odd, because we might reach different conclusions. You might take a strategic view just after Parliament has legislated. The Education, Lifelong Learning and Culture Committee will consider the forthcoming culture bill—key components of which will be the creative sector, the electronics sector and broadcasting—in the absence of your vision of the strategic direction for the future in Scotland. It seems to be odd that we will take evidence from a minister who will subsequently receive recommendations from the ministerial advisory committee that has been set up.

Blair Jenkins: Some of what you are saying might be more appropriately put to ministers than to me, in all honesty. I am clear about the brief that we have been given, the questions that we will ask and the outcome that we will try to deliver. We will be in dialogue with all relevant bodies, including the component parts of what will become creative Scotland and various public bodies. The best answer that I can give is that we will take account of those people's views and try to learn from their experience—they have about 10 years' experience of fairly substantial public investment

in the screen industries in Scotland—so that we can find the most intelligent design for measures to take us forward. We will do that through dialogue and communication.

Members have probably seen our timetable, which is challenging. We aim to complete the economic phase of the commission's work by the year end and to produce at least interim findings in January. I do not know how that sits with the committee's timescale.

Jeremy Purvis: We can get advice on that, but I think that publication of your interim findings will come neatly after the enterprise networks have resolved all their internal machinations. The initial task of directing the enterprise networks will be done by the end of November; local enterprise companies will be wound up and the new regional advisory boards put in place around the time when you publish your interim findings. Publication of the interim findings of the commission's cultural phase might fit perfectly with the conclusion of Parliament's consideration of the forthcoming culture bill—so your findings on the economic and cultural phases will miss both reform of the enterprise networks and parliamentary consideration of the bill.

I do not know whether there is scope for you to pause during the parliamentary process, so that you can be informed by it or feed in evidence to the committee. Part of your remit is to recommend areas for debate in Parliament, but the debates will have taken place by the time you report your findings.

Blair Jenkins: It would be good if processes could be properly aligned. You mentioned the proposed changes at Scottish Enterprise. We are at an early stage of taking evidence—we are still lining up evidence and planning when we will take it—but I understand that it is proposed that the business development function in relation to the creative industries will move to creative Scotland.

Jeremy Purvis: That is my point, Mr Jenkins. The Parliament will decide that.

Blair Jenkins: Yes. I do not see the commission having any role in instructing that process. That seems to be a decision for the Parliament. The process is already in train.

Jeremy Purvis: What will happen if you come back and say that, on the basis of the evidence that you have taken, that might not be a great idea—or will you not be making a recommendation? We will probably find out what happens. I think that I have made my point.

Finally, when the First Minister announced the establishment of the commission, he said that he was looking for a greater Scottish window on the world. Will the commission say what that means

for Scottish broadcasting? What is the Scottish window on the world?

Blair Jenkins: I am not sure that it would be good for me to try to interpret exactly what the First Minister meant by that expression, but I will say what I understand by the phrase. Broadcasting and television production in general are two-way processes. I am talking about conventional broadcasting, although we ought to move on to discuss the new and emerging platforms, which are interesting. Clearly, television has been one of the primary means by which people in Scotland have learned about other parts of the world. It is a window in that it provides people with the opportunity to see what is happening in other parts of the world. Conversely, it provides an opportunity to get the best Scottish content to other countries and overseas markets. That is the sense in which television is a window and a two-way process. I think that that is what the First Minister meant.

Mary Mulligan: Before I ask the question that I was going to ask, I want to ask a question that follows on from Jeremy Purvis's questions. If the committee and the commission find themselves taking evidence in parallel, with the committee taking evidence on the culture bill and the commission taking evidence on broadcasting, what are the advantages of having the commission? What will the commission do that the committee could not?

Blair Jenkins: The commission will focus entirely on Scottish broadcasting and television production. The landscape is fast changing and complex. A great many things are happening and it has become hard for people inside the industry, let alone outside it, to keep up with the pace of development.

I think that you are primarily referring to the economic phase of our plan. Various issues deserve a lot of examination in that phase. A key question is what is wrong at the broadcaster end of the supply chain. What is it about UK networks' commissioning structures and processes that seems to exclude to such a large extent the Scottish production community? When there is market failure—which I think there is—one instinctively assumes that something is wrong at both ends of the supply chain. It would be foolish to think that the problem lies entirely with the people who make commissioning decisions in London. There are probably things in the sector in Scotland that need to change and improve.

Some issues are long standing—a lot of history is attached to them. I said recently that, in many ways, our work will try to solve in around 25 weeks issues that have been around for 25 years. That is one way of looking at things. I do not underestimate the scale of the challenge. There

are problems with how commissioning works at the UK level that I have thoughts about and which I would be happy to go into if members want me to. There are definitely problems at that end but, equally, the sector in Scotland is not fully aligned to the needs of the networks and the market, so there must be changes in that respect. There is scope for new thinking and ideas. One thing that we have told people we will not produce is a philosophical discourse on broadcasting and culture more generally. We intend to, and hope that we will, produce something more in the nature of an action plan or a blueprint that says what we can progress. We want to make recommendations that will transform the industry in Scotland and take it to a different level. In that context, the BBC's recent announcement on network production was obviously very welcome.

Mary Mulligan: My question is, in the nicest possible way, about the commission's reason for being, should it transpire that your view on broadcasting differs from that which the committee comes up with when it takes evidence on the culture bill.

Blair Jenkins: We are focusing particularly on television and broadcasting, whereas the committee will have a wider focus. To return to what I said at the outset, given that, more than 50 years into the television age, we have not had a proper and thorough review of television and broadcasting in Scotland, it is overdue that we should afford ourselves the luxury—or necessity, I would say—of examining the issue properly. It is important to know what people in Scotland want, whether they want something different from what they now have and whether they are happy with the services that they get.

It is also important that we consider how we grow the industry to its appropriate level and the level that I think it can attain. For example, the BBC recently announced what sounded like a pretty firm commitment to increase dramatically network production in Scotland. If we take that at face value, and depending on what we read, that could mean £40 million or perhaps even £50 million of additional investment in Scotland. Obviously we will try to get to grips with the numbers, but that is potentially transformational of the creative industries in Scotland. We need to understand much more about how that will be achieved and what the stepping stones are between where we are now and where the BBC says that it would like to be or where we would like it to be. We must also understand the wider benefits for the creative sector in Scotland and the wider creative industries in Scotland.

There are many meaty and challenging issues and I have identified a couple of them. The questions of public service broadcasting and

economic development are interesting for Scotland. The digital switchover will present opportunities, as it will provide capacity to allow for the provision of new programmes and services that current capacity constraints do not allow in Scotland. There are many policy areas that merit the kind of detailed and focused investigation that the commission will carry out.

Since the commission was announced, whenever I have spoken to people in the industry—whether they are in independent production, in the broadcasting system, in the support agencies or elsewhere—the overwhelming universal reaction has been, “Thank goodness. It's about time, overdue and vitally necessary.”

Mary Mulligan: I will get back to my assigned question. Will the commission seek evidence from outside the United Kingdom?

Blair Jenkins: Yes. It would be a waste of the opportunity to learn properly and define a forward vision for broadcasting and television in Scotland if we did not hear from other people or understand other countries' experiences. You will be relieved to know that that will not involve the commission travelling to other countries, given that a television studio in Toronto looks pretty much like one in Glasgow—there will be no passport requirement for anyone on the commission. However, we intend to invite people from other countries that have relevant experience or that have succeeded in developing their creative content sector. Almost every economy that I can think of is trying to do that and to learn from others. There are obvious examples of success and of where things have not worked quite so well. However, it is generally agreed that it is important to get the matter right. It is important for Scotland that we get it right. As the Parliament has demonstrated in many other fields, it is good to learn from what has happened in other countries.

Mary Mulligan: If a commission on broadcasting cannot set up discussions across the miles without physical travel, we are in difficulty.

Do you have any countries in mind when you say that we can learn lessons from other places?

Blair Jenkins: I am open-minded on that and I hope to hear people's suggestions on it during the evidence stage. When the First Minister announced the setting up of the commission, I think that he mentioned Canada. There are interesting parallels with Canada, which has taken interesting initiatives to protect indigenous production. Canada is adjacent to the most powerful television-producing country in the world, so it faces particular challenges. Lessons can be learned from Canada, but I am aware of interesting developments in European countries, such as Germany and Spain, and Australia is also

interesting. I do not want to limit the list at this point. Many people in Scotland, particularly in the academic community, have the connections and expertise to point us to countries from which we can learn.

12:00

Aileen Campbell: We have been talking about different countries from which you might gather evidence. There might also be areas within countries that have distinctive needs and requirements. Catalonia, for example, might be using different ways of developing broadcasting. Will you consider countries such as Catalonia, which are a bit more similar to Scotland, as well as nation states?

Blair Jenkins: Spain and the various nations within it are interesting. Countries with federal systems of government have had to examine closely how broadcasting is managed. Different countries have come up with different solutions. That has been an issue in a great number of countries that I am sure you and I could both think of. Australia, for instance, has a model of broadcasting that is very different from the UK's, although its public service broadcasting was initially based on the BBC. Canada is different again. We can learn from how other countries have dealt with the need to balance national broadcasting—on a UK level, in our terms—with broadcasting that satisfies the component parts of the nation state.

Christina McKelvie (Central Scotland) (SNP): I recently visited some of the digital media organisations that are based at Pacific Quay. Yesterday, we visited Cumbernauld College, which showed us its courses and some of the equipment that it is using to deal with the new broadcasting technology. As a consequence of the changes that have taken place and the impact of broadband, multimedia and the launch of the new digital channels, will the commission consider the role of the creative industries as key to fostering a successful broadcasting sector in that context?

Blair Jenkins: Definitely. There are undoubtedly great opportunities with the new digital platforms and from what is happening in the multimedia world. Interestingly, the new digital platforms enable us to bypass many of the traditional gatekeepers in broadcasting. Although networks such as BBC, ITV and Channel 4 will remain key primary funders of creative content production, it is now technically and editorially possible for producers to put their programming out there and access global markets without going through a gatekeeper. The trick is how to make a business out of that, which is what everyone is trying to resolve at the moment. Many of the big companies and the smart minds are trying to figure out how to

make money from putting content out in that way. The emerging model appears to be advertising funded. That seems to be what is working and what will probably be taken forward.

It is important to have a critical mass of activity in what might be termed traditional television production, where the talent and the business acumen can be generated and developed. That then allows spin-offs and start-ups to be made, with people doing their own thing. As is shown in other parts of the world, we need to have a critical mass of traditional generation of intellectual property in high-value areas such as drama and entertainment. Then, the niche things spin off, and younger people can set up their own businesses. There is not enough of that going on in Scotland.

I was in America the month before last. I heard that in the first six months of this year 400 internet companies started up in San Francisco with venture capital. San Francisco is not all that much bigger than Glasgow, but I suspect that, if we had about 40 such start-ups, we would probably feel that we were doing rather well. That would of course be a very challenging choice of city to benchmark ourselves against in this sector, as it is located in the most successful hub area in the world. However, we have an opportunity to generate much more activity of that kind. Lots of people are now developing production skills in multimedia and they have lots of good ideas. We need more activity and a joining of forces between people with the traditional narrative and creative skills of traditional broadcasting and television production and the people with the technical skills, the new ideas and the new models for what people might want.

The new technology does away with geography as a limitation. There is no reason why the next internationally successful idea on the internet could not launch out of Scotland. The question that we have to ask ourselves is this: if not, why not? What are we not getting right to generate that activity? That is where the cultural and economic imperatives join together.

Christina McKelvie: I was heartened to see the development at Film City Glasgow in the old Govan town hall, with editing and sound recording facilities like those for the big movies that are out now. It was good to see that coming out of Govan town hall. There is a lot of potential for that business, as it is in a growth industry.

The other committee members who were at Cumbernauld College yesterday were probably heartened to see that the colleges have embraced the market through training young people, getting them involved and getting creativity into the system. You have answered my question in the sense that, if we can tie up the traditional with

young people and the creative minds coming out of the digital market, that will be exciting.

Blair Jenkins: I think so, and you raised a good point that we have not touched on so far. Higher education in Scotland will have a key role in providing the training and skills base that we will need if we are to generate the successful creative industries that we want in the future.

The point addresses some of the questions that I have been asked so far. I do not want to sound too judgmental as we begin our work, but I do not have a sense that up to now Scotland has had an overarching, strategic plan for developing the creative content sector in Scotland. It has been fragmented and unco-ordinated, and to some extent it has been allowed to develop by chance. The sector is too important for that—we need a much more strategic, co-ordinated and focused way forward. I hope and intend that that will be one outcome of the commission.

Christina McKelvie: On that point, will the commission make an assessment of current public sector approaches to fostering the creative industries, for example in Scottish Enterprise, and how they compare to practice across the United Kingdom and internationally?

Blair Jenkins: I know that Scottish Enterprise is conducting a similar exercise at the moment, but you are right that we will consider that in order to fulfil the part of our remit that is to investigate the current condition of the sector. To understand how we got here, we need to examine what has been achieved hitherto from the substantial public investment that has already been made, not with a view to asking why particular things have not happened but with a view to getting it right in the future. That is an important part of our work.

Ken Macintosh: I am speaking personally, but I am sure that I am not alone in wishing you well in generating ideas to boost broadcasting and production and the creative industries in Scotland generally. We would all welcome that. However, I have some anxiety about other issues to do with the control of broadcasting and, in particular, the Scottish Government's policy. What is your understanding of the Scottish Government's policy on broadcasting?

Blair Jenkins: In all honesty, I could not say any more than what I think was in the manifesto. For example, I know that the present Government supports devolved broadcasting. However, it is not part of the commission's role to implement Government policy on broadcasting. It has been set up as an independent commission, and its membership reflects that status.

It is important that we proceed in that independent way, with the energy, integrity and intelligence that the members of the commission

have, and arrive at independent conclusions. I have no doubt that in due course we will receive representations from all the political parties on the appropriate policy for broadcasting in Scotland. That will form part of the evidence that we take and will no doubt influence our considerations, but there are many other bodies to consider as well.

Ken Macintosh: I am encouraged by those remarks. As part of your remit, will you consider legislative control over broadcasting?

Blair Jenkins: I have been asked about that, and my view and the commission's view is that the correct approach will be to consider the three areas that we have outlined: the economic, the cultural and the democratic. That is a good way of analysing the key issues, challenges and opportunities facing Scottish broadcasting. We have to define a vision and a strategy for going forward in each of those areas, and then consider the extent to which that can be delivered under the existing framework. It is appropriate to examine the framework and the structure at the end of the process. We could argue for a change in the existing framework—whether that is the political, legislative or regulatory framework—only based on the evidence that has been collected in the other phases of the work, and on the perceived difficulties, if there are any, in implementing that vision for Scottish television and Scottish broadcasting. Vision and strategy should be examined first, and then structure at the end of the process.

Ken Macintosh: You have already answered my next question about the regulatory framework. At this stage, without prejudging the evidence that you will hear—because you are just starting work on it—can you think of ways in which the shifting of legislative or regulatory control from the current framework would by itself generate commissions, particularly network commissions, or increased production in Scotland? I am not sure how it would do that.

Blair Jenkins: Speaking personally, I cannot see a direct connection between the issue of whether broadcasting should be a reserved or a devolved matter and network commissions. I think that UK networks pay attention to the political dimension in Scotland and to the interest that is being taken by politicians in what happens in broadcasting in Scotland, so the political process in Scotland may have an indirect influence on the views and behaviour of UK networks, but I cannot see any connection between network commissions and a change to the existing arrangements.

Ken Macintosh: I am sure that there is no link between Mark Thompson's announcement that 9 per cent is the floor for productions and the creation of the commission. It is good that you are

gingering up the scene, but the public debate often revolves around issues such as the so-called Scottish Six. Do you intend to reopen that sort of debate, which is more about editorial content and control than about boosting the creative industries in Scotland?

Blair Jenkins: I think that you understand that there is no avoiding the issue of how network news is delivered in Scotland, because it has been an issue for a long time. There are strong views on it—I have said elsewhere that the Scottish Six label is no longer helpful, because it has become a totemic label on which people took quite entrenched positions that they are probably unlikely to budge from. It is important that we stay open-minded about this. There is no doubt that there are challenges nowadays in producing UK television news bulletins that are appropriate, accurate and relevant for the whole of the UK. That is an editorial challenge, and I have many friends and former colleagues in senior positions in the BBC who will concede that it is becoming ever more of a challenge.

Without prejudging the evidence, I think that people will always disagree on this issue. It might be that it is best resolved by providing people with a choice, although there are issues with doing that—for example, to do with affordability. I expect that the subject will form part of the evidence that we hear when we get into the democratic phase of our work. It is a good debate to have—the issue has been discussed in other parts of the UK as well. It is important that people get accurate, relevant and appropriate news. It is becoming a challenge to provide that.

Ted Brocklebank (Mid Scotland and Fife) (Con): I draw members' attention to the "Register of Interests of Members of the Scottish Parliament", in which I confirm that I am a shareholder—albeit these days an embattled and impecunious one—of the Scottish Media Group.

Having said that, I welcome Mr Jenkins—you come to this committee with a tremendous background, having headed up the BBC and ITV news in Scotland, so you know what you are talking about. I was going to ask you to talk about the so-called Scottish Six, which has come to symbolise the Government's attitude to broadcasting, but you have already addressed that fairly extensively, so I will move on.

Is it possible to consider not only a news bulletin produced from Scotland, but a Scottish digital channel that represents the whole of Scottish broadcasting?

12:15

Blair Jenkins: I know that Ted Brocklebank has expressed a view on the issue elsewhere and has

suggested the creation of a Scottish digital channel. There is no doubt that one of the opportunities that the switch to digital affords is that technically and editorially it will be possible to create dedicated Scottish channels that would be available to almost everyone—if not absolutely everyone, depending on take-up and the platforms for which people eventually opt in their homes. I am sure that we will get a lot of evidence on the subject, because people have felt for some time that a Scottish digital channel would be appropriate. However, I do not want to rush to judgment on the issue.

We can see how the proposition could be implemented technically, but we need to understand, editorially, what the proposition would be and how it would be sustained financially. One of the challenges for any new channel and for existing channels is to maintain enough revenue to support programming. If an entity such as ITV is, to some extent, pleading poverty and saying that in future it may not be able to afford the services that it currently provides, having enough income to support their ambitions will be an acute challenge for new niche channels.

One or two members have alluded to the fact that broadband take-up is increasing at a very fast rate. We can hope that broadband will become an almost universally available utility in Scotland. That offers the opportunity of getting high-quality audio-video content to people. I hope that, as more of that content is created in Scotland—which we hope will be the case—it will be universally available and will get to all parts of Scotland and all the people who wish to access it. The idea of a dedicated English-language Scottish television channel is attractive to many people and will form part of our considerations.

Ted Brocklebank: Good. Earlier you said that there is a lot of talent around. On the surface, that appears to be a slightly odd statement; it is certainly at odds with what Michael Grade and Mark Thompson were quoted as saying at a recent Ofcom conference. Basically, they claimed that money follows the talent and that the talent is now somewhere else—I do not want to put words into their mouths—and not here in Scotland. How did you react to that claim?

Blair Jenkins: I thought that Michael Grade and Mark Thompson were wrong. I should elaborate on that statement. They probably feel that they were reported in a slightly harsh way. I was at the event in Cardiff, where Michael Grade made the point almost as starkly as has been reported. Mark Thompson did not say that there are no ideas in Scotland, but that he has been disappointed by the quality of those that have come through recently.

Ted Brocklebank: The report in *The Herald* stated that even Ken MacQuarrie, the BBC's Scottish boss, accepted that there had been a lack of strong network ideas from BBC Scotland.

Blair Jenkins: That is right. Earlier I said that there were issues relating to the supply from Scotland, as well as to the attitudes of commissioning editors and channel controllers in London. However, I do not think that it is true that there is no talent in Scotland. Broadcasting and commissioning of programmes has been a highly centralised activity in the UK. In the broadcasting industry there has been an incredible concentration of money, jobs and power in London. There is no doubt that, if nothing else, it is more convenient to commission from the guy in the corner than from the guy in Aberdeen. That is one of the issues that we face going forward. A proper degree of scepticism must be applied to the question whether such issues will be addressed on a voluntary basis. The industry has waited a long time for behavioural change. While commissioning from Scotland is seen as optional and as subject to individuals' whims, it will be an uphill struggle.

Ted Brocklebank: As a supplementary to that, would you agree that the Scottish independent sector has been particularly badly served? There are probably more independents in this part of the United Kingdom than there are in comparable areas south of the border, but it seems that far less of their output appears on the screen. Is that because, with the brave exception of Channel 4, there are no network commissioners here in Scotland?

Blair Jenkins: The absence of network commissioners in Scotland might be an aspect of the problem, but I am not sure that simply having network commissioners in Scotland would fix it.

Scotland has gone backward as other parts of the UK have come forward. To some extent, that has been the result of intervention. For example, there is no doubt that the recent great growth in the north-west of England is substantially to do with the huge intervention that the BBC has made in that part of the UK.

My view on the Scottish independent sector is that, although it is not perfectly formed—it would not say that it was—it contains many companies that have ability and talent and which are, I think, capable of growth. If we can get the UK networks to where we would like them to be—in other words, if we can get them to commission a much larger share of their schedules from Scotland—I think that the growth will be primarily in the independent production sector in Scotland. Some of our existing companies will grow and we may find that companies from other parts of the UK will relocate to Scotland because they will see it as an

exciting place to be and one where there is a lot going on and a good buzz.

As I said earlier, it is crucial that start-ups emerge and we need to think about how we encourage that. In Scotland, the start-up level in the sector has been low for many years. To be honest, starting a new business is difficult enough, without having to overcome the geographic and other disadvantages of being located in Scotland when one is pitching to the UK networks. Quite a lot of people who have started their own businesses—some of whom I know quite well and some of whom the committee will know quite well—have done so in London or in other parts of the UK. It would be a good thing for all of us if, collectively, we could begin to reverse some of those trends.

Malcolm Chisholm (Edinburgh North and Leith) (Lab): Thank you for allowing me to participate, convener.

We share your view of the problems that we face; it is on the analysis of their causes and on what can be done about them that people may differ. You covered part of my question in response to Ted Brocklebank. The sad decline in the proportion of network production in Scotland has been highlighted. Are you confident that the situation as regards the BBC will improve because of what Mark Thompson has said, or are you sceptical about that? More generally, what is your analysis of the sharp decline that has taken place over the past few years? What are the causes of it?

Blair Jenkins: That is a good question. We must take at face value what Mark Thompson said, which, to me, seems to be a pretty watertight commitment. I think that he is an honourable man, who would not have said what he did lightly or without considering it first. It appears that he gave a pretty unbreakable commitment that we will move from a position in which about 3.5 per cent of BBC network commissions come from Scotland—that is the 2006 figure—to one in which the figure will be closer to 9 per cent, which he said would be a floor, not a ceiling. To me, that looked like a guaranteed minimum.

I alluded to the fact that we need to understand how that will be delivered, and the commission will wish to ask the BBC about that when we come to take evidence from it. We need to know how we will get to that point from where we are now. We are talking about a substantial injection of funding into the Scottish creative economy. We would want to find out what the stepping stones are—if I can use that metaphor—for getting from where we are now to that increased level of production.

At the event in Cardiff at which the remarks, to which Ted Brocklebank alluded, about there not

being enough talent or ideas were made, Mark Thompson was quite categorical. When he was asked directly about the issue, he said that he could not give any guarantees about growth in production in Scotland, so it was most welcome that, come September and the opening of Pacific Quay, he had changed his position and said that he could offer a guarantee, whereby Scotland's share of production would be much closer to a proportionate share. We must work with the BBC and other broadcasters to ensure that we have the right talent base and the right business base, and we must do everything else that we can to get the sector to where we would like it to be.

Malcolm Chisholm: You were asked about seeking evidence from outside the UK. It is also interesting to look at evidence from within the UK, and the situation in Wales seems to me to be the closest parallel to what is happening in Scotland. Cardiff has been regarded as a beacon of success within the BBC, so are there lessons to be learned from what has happened in Wales to inform the debate?

Blair Jenkins: Definitely. The arrival of "Doctor Who" and its various spin-off programmes has transformed the Welsh sector. That was driven by an intervention; there was a decision to base "Doctor Who" in Cardiff and to develop the drama facility outside the city there, and that has been a great boost to the creative sector in Wales.

Having a sustainable drama production base in Scotland is absolutely crucial to growing the creative industries. It is something that people have tried to establish and build on over the years, but we have never got there. With the BBC money acting as a catalyst for change and a stimulus to the whole sector, and with money also coming in, I hope, from the other networks, there should now be an opportunity to grow not just one drama production company but several such companies, to create a vibrant and sustainable drama base, which will have obvious benefits for film, theatre and the creative industries more widely.

Malcolm Chisholm: I had better not push my luck, as I am a visitor to the committee, so I shall ask only one final question. Your answer has led us into the territory that I was going to ask about. Drama is central, and in that sense, film, theatre, radio and television are all closely connected, so to what extent will you look beyond TV and radio? That is linked to Jeremy Purvis's question about the extent to which, if you are looking at the creative industries more generally, you will be in the territory of creative Scotland and the content of the culture bill.

Blair Jenkins: We will not be investigating the broader creative industries. That is not part of our remit and it would be inappropriate for us to do that. I am an optimist by nature, but I think that the

work plan that we have set ourselves, focusing on television and broadcasting, will be challenging enough in its complexity and depth, and I do not want our inquiry to range too widely. One of the challenges for any commission is to set the parameters of manageability; you do not want to go too narrow or too wide. Our focus should be on the development of the television and broadcasting sector in Scotland, in the knowledge that it will inevitably have a beneficial effect on the broader creative sector and the creative industries.

I have no doubt that we will take evidence from cultural bodies that wish to make explicit the potential benefits of having a television drama base in Scotland. Theatre will obviously benefit from the kind of growth that we anticipate in television activity in Scotland, with more opportunities for writers and actors, and film will also be a beneficiary. I am sure that we will take that kind of evidence, but I do not see the commission making recommendations in those areas. To do so would be to stray outside our remit, which, as I said, is challenging enough.

Jeremy Purvis: I probably ought to know the answer to this procedural question, but will your evidence sessions be held in public?

Blair Jenkins: No. They will be on the record and we will record them and quote from them, but we do not propose that the sessions will be public in the same way in which this committee is now meeting in public. We discussed that at the first meeting of the commission, and the view was that the disadvantages outweighed the advantages. Meetings take on a different hue and tone, and can become less productive, if they are conducted in that way. However, the meetings will certainly be on the record and we will record them and make reference to them.

Jeremy Purvis: I am quite surprised by that answer. Holding meetings in public allows them to be transparent, without there necessarily having to be public involvement. It is one of the principles of this Parliament that our deliberations are held in public. Given the significance of your work as an independent investigative commission, established to conduct an inquiry and to make subsequent recommendations to ministers and to Parliament, I am taken aback to hear that the evidence sessions will not be held in public. As this committee will be considering similar issues, it would be helpful for us to know what is said at the commission's evidence sessions.

12:30

Blair Jenkins: The commission has taken the view that the meetings should certainly be on-the-record meetings. You will know that other

commissions have not taken evidence in public in the way that you describe.

Jeremy Purvis: The Holyrood inquiry did.

Blair Jenkins: To be honest, I do not think that the Scottish Broadcasting Commission is anything like the Holyrood inquiry. I certainly hope not. That is not the remit that we have been given. We are not an inquiry of that kind; we are an advisory commission. You know that a large part of my background is in broadcast journalism, and although I can see the theatrical appeal of meetings that might or might not become adversarial, it does not necessarily help the work of the commission to hold those meetings in public.

I think that we will have more productive meetings and will find it easier to get to the heart of the issues—some of which will be sensitive, particularly when we are talking to independent production companies about their issues with UK broadcasters—if the meetings are on the record so that we can make reference to the evidence given at them, and I have no doubt that the transcripts of those meetings could be made available in due course. However, I do not see an obvious benefit to the process or the outcome from holding those meetings in public.

Jeremy Purvis: We have a difference of opinion.

The Convener: That concludes the committee's questions to you, Mr Jenkins. Thank you for attending. We look forward to engaging with you in future.

Blair Jenkins: You may wish me to come back to update you at various stages of the commission's work, and I will be happy to do that. Thank you for giving me the opportunity to come here today.

The Convener: That concludes the meeting.

Meeting closed at 12:32.

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