

EDUCATION, LIFELONG LEARNING AND CULTURE COMMITTEE

Wednesday 30 April 2008

Session 3

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EDUCATION, LIFELONG LEARNING AND CULTURE COMMITTEE 10th Meeting 2008, 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)
Ted Brocklebank (Mid Scotland and Fife) (Con)
Hugh O'Donnell (Central Scotland) (LD)
Shirley-Anne Somerville (Lothians) (SNP)

*attended

THE FOLLOWING ALSO ATTENDED:

Ted Brocklebank (Mid Scotland and Fife) (Con)

THE FOLLOWING GAVE EVIDENCE:

Anne Bonnar (Scottish Arts Council)
Greig Chalmers (Scottish Government Europe, External Affairs and Culture Directorate)
Ken Hay (Scottish Screen)
Dr Richard Holloway (Joint Board of the Scottish Arts Council and Scottish Screen)
Heather Jack (Scottish Government Europe, External Affairs and Culture Directorate)
Jim Tough (Scottish Arts Council)

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 30 April 2008

[THE CONVENER *opened the meeting at 10:00*]

Creative Scotland Bill: Stage 1

The Convener (Karen Whitefield): Good morning. Welcome to the 10th meeting in 2008 of the Education, Lifelong Learning and Culture Committee. I remind everybody that all mobile devices should be turned off for the duration of the meeting.

I welcome to the meeting Ted Brocklebank, who has a long-standing interest in arts matters. I am pleased that he has joined us.

Agenda item 1 is our stage 1 consideration of the Creative Scotland Bill, for which we have been joined by a panel of witnesses from the Scottish Government. Heather Jack is the deputy director of the Scottish Government's culture and Gaelic division; Greig Chalmers is the head of the creative Scotland and broadcasting branch of that division; and Yvonne Georgeson is the bill project manager in that branch. I thank the witnesses for attending the meeting.

We are keen to explore as many issues as possible with our witnesses, so we will move straight to questions. I want to start by asking about the consultation. What main themes emerged from the consultation responses that you received?

Greig Chalmers (Scottish Government Europe, External Affairs and Culture Directorate): Good morning. The consultation that was carried out was, of course, on the previous Administration's draft culture (Scotland) bill, which included various proposals, not all of which are included in the Creative Scotland Bill, so I will comment on those responses that relate to the bill.

The main issue raised relating to creative Scotland was the proposed power of direction. The draft bill that was published in December 2006 contained a proposal that creative Scotland be subject to directions from the Scottish ministers. It is fair to say that there was widespread and considerable concern about that proposal and its possible implications for what has been known for some time as the arm's-length principle, which is a term that describes the relationship between ministers and cultural development bodies.

The draft bill's emphasis on the economic benefits of arts and culture was also an issue. A number of respondents to the consultation thought that that emphasis was inappropriate and that social benefits and benefits relating to the intrinsic value of culture should also be sought.

A number of consultation responses were about the co-ordination of public bodies that are concerned with culture. A number of people asked how creative Scotland would relate to the National Museums of Scotland and other bodies in the cultural sector. Some respondents thought that establishing a statutory national cultural board or something like that would be a way of addressing that matter. It is fair to say that the majority of consultation responses were broadly in favour of establishing a new body, but people sought clarification on particular points.

Those are the main issues that emerged from the consultation.

The Convener: Did the Government respond to the concerns that were expressed in the consultation responses? If so, how did it alter the bill to reflect concerns?

Greig Chalmers: Could the technical people turn up your microphone, convener? I could not quite make out everything that you said and I do not want to miss anything.

The Convener: I will speak a little louder—that is not normally a problem for me.

Greig Chalmers: Thank you. The Government amended the draft bill in a number of ways in response to the consultation. Section 5(2) of the bill as introduced places on ministers a constraint on their ability to issue directions to creative Scotland, by providing that

"the Scottish Ministers may not give directions so far as relating to artistic or cultural judgement in respect of the exercise of Creative Scotland's functions".

I mentioned the emphasis on economic benefits in the draft bill. Section 2(1)(c) of the bill as introduced provides that a general function of creative Scotland is

"realising, as far as reasonably practicable to do so, the value and benefits of the arts and culture".

That provision's policy purpose is to emphasise that the new body should consider the breadth of benefits that might be achieved through the promotion of arts and culture, so that on occasions the body will support organisations and people without any regard to the economic implications of so doing.

The Government made no proposals in relation to the calls for a national cultural board or something of that ilk. The Government thinks that that leadership role rests in essence with the

framework of policy that is provided for by ministers. In drawing up policy, ministers will, of course, take into account the advice that creative Scotland will provide under section 3 and advice and guidance that is provided by a range of public bodies.

I think that I have covered the changes to the bill. It might help if I point out that section 7 is an addition, which was not in the draft that was published for consultation. The intention of section 7 is simply to put beyond doubt the policy of ministers on the transfer of staff, in relation to the protection of employment rights and other matters.

The Convener: Are Scottish Government officials content that the bill that the Parliament is considering is as well drafted as possible and was as properly consulted on as possible?

Greig Chalmers: We are broadly satisfied that that is the case. We can always improve our consultation techniques and the quality of our discussion, but in general we are satisfied.

The Convener: Have you reflected on the concerns that the Finance Committee expressed when it took evidence from you last week? The committee seemed a little dissatisfied by the financial memorandum. I will not get into the issues, because members will go into more detail. When I read the *Official Report* of that meeting it struck me that the committee had raised legitimate concerns that the bill appeared not to have been as well thought through as it could have been. That is surprising, given that the bill that was consulted on by the previous Executive has been radically altered by the new Government to make a much shorter bill that does much less than was originally proposed.

Greig Chalmers: The Finance Committee had a number of concerns and it asked for a range of additional information—by later today, as it happens. In our reply, which we will make available to this committee and its clerks, we have sought to provide as much additional detail and information about the planning and implementation of the transition project as possible.

As we reflected to the Finance Committee, the transition project is preparing a plan for implementation and, as part of that, a budget, as one would expect. As matters stand, we do not have a confirmed budget for the plan, but we are working closely with the transition project on it. Wherever it is possible to provide additional information to the Finance Committee about assumptions, ranges of estimates or estimates themselves, we will seek to do so, to be helpful to that committee.

The Convener: I assume that all that additional information that you will supply to this committee and the Finance Committee will be in the public domain, to ensure that the process is open and

transparent. I was concerned about the suggestion at the Finance Committee's meeting last week that some of the information would be included in a private paper. I would have thought that, given that the Parliament and all stakeholders should have the opportunity to scrutinise the bill fully, it is important for all the information to be in the public domain. Can you give us that assurance?

Greig Chalmers: Yes.

The Convener: Thank you.

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): We note the disparity between the priorities that creative Scotland sees for itself, which are expressed in its submission, and the policy intentions that are expressed in the policy memorandum and which were consulted on. The policy memorandum says that creative Scotland will:

- “promote understanding, appreciation and enjoyment of the arts and culture in all sections of society;
- identify, develop and support talent and excellence in the arts and culture;
- work to make real and bring to fruition the value and benefits of the arts and culture; and
- support activities which involve the application of creative skills to the development of products and processes.”

However, in paragraph 27 of the submission from the creative Scotland transition project, the first bullet point—its number 1 priority—is:

- “achieving sustained growth in the **creative economy**”.

That does not appear anywhere among creative Scotland's broad functions and objectives as stated in the policy memorandum. That was also absent from the consultation on the intentions of the new body that the Government is establishing.

Heather Jack (Scottish Government Europe, External Affairs and Culture Directorate): The creative industries are a key sector of the Scottish economy under the Government's economic strategy and we note their worth of more than £4 billion. The Government wishes those industries to maximise their potential and we view creative Scotland as a key driver in supporting and investing in them. Work is under way on agreeing an approach that will meet that objective. That includes our discussing with the relevant bodies, such as the enterprise networks, the Scottish Arts Council, Scottish Screen and the creative Scotland transition team, how those agencies can work together as well as possible to ensure that the right type of support is put in place for the businesses concerned.

Jeremy Purvis: I do not doubt the importance of that to the industry but, in paragraph 17 of its submission, creative Scotland states:

"Creative Scotland is intended to be the leading national development agency for the arts and creative industries in Scotland."

That is not part of the bill's policy memorandum. If the Government intended to create an agency that would be the leading national development agency in this area, it should have consulted on that, but it did not.

10:15

Greig Chalmers: The transition project team, and, indeed, the joint board, have chosen to emphasise the creative economy as a new area of interest and a particular area of interest for the new body. You can, of course, question them about that. However, I can say that I am sure that the transition project team and the joint board see what has been described as the promotion of art for art's sake—and the identification of talent and excellence in that regard—as being just as important as the creative economy, along with the role of the new body in promoting a general appreciation of the arts and culture, which is a function that the transition project team is preparing plans to implement.

Jeremy Purvis: It would be helpful if you were able to point the committee to where, during the consultation on the bill, it was suggested that creative Scotland would be the national development agency in this area. I have not been able to find that, but that might be due to my ignorance on the subject.

Greig Chalmers: I do not have the draft culture (Scotland) bill consultation paper in front of me, so I cannot attest to it with certainty, but my recollection is that it indicated that creative Scotland would have a role in relation to the creative industries—

Jeremy Purvis: I am not disputing the fact that it will have a role; I am asking about the point at which the public and people in the arts were asked whether creative Scotland should be the national development agency for the creative industries.

Greig Chalmers: I do not think that there was a precise question on that point. I recollect that there was a question asking consultees whether they were content with the remit as described in the draft bill. My understanding—and it was certainly the intention of the then Executive—was that it would have a role in relation to the creative industries. I think that there was a range of responses on that point. However brilliantly or poorly the consultation paper was drafted, consultees were sure that that was something that they were being consulted on.

Heather Jack: The consultation paper notes that the Government was considering the extent to which business advice and support to those

industries should be provided in future by the enterprise networks and/or creative Scotland. Anne Bonnar is leading the work that is being done with the enterprise networks and other bodies to clarify that question. I know that there will be a wide dialogue with those with key interests in that matter once the minister has had an opportunity to consider the conclusions of the working group that the minister has charged with considering the issues.

Jeremy Purvis: I do not dispute that. We all know that the Government has been considering reforms to the enterprise network. We have been asking questions about the consultation on the bill. If submissions from the body that is to be established state that the body will be something other than that which is specified in the bill or in the consultation paper on the bill, it is justifiable to ask questions.

Christina McKelvie (Central Scotland) (SNP): Mr Chalmers, you alluded to the transition process and I would like to concentrate on that. What assistance have the joint board and the task force had from the Scottish Government on the management of the project?

Greig Chalmers: We have been involved closely throughout. We have assisted in developing proposals for how the new body will be managed. We have participated by giving such advice as might be valuable and by bringing to the conversation an attempt to explain the Government's wider policy and how the transition project team and joint board might take that into account. Of course, given the arms-length nature of the operation from Government, it is the transition director who reports to the joint board on behalf of the transition project. Nonetheless, as I said, we have been involved throughout.

Christina McKelvie: Can you tell me whether any main issues still require to be addressed?

Greig Chalmers: Yes. I am sure that the transition team will want to expand on what I say in their evidence.

The first issue is how the views of ministers and of the Parliament on the functions of the new body should be translated into an organisational structure and a set of roles for senior and other staff. That process is yet to be completed. Following on from that, there is the process of managing the transition of two bodies into one, including the design of systems that are appropriate and—hopefully—helpful for people who want to interact with the new body. As members would expect, there are also a number of what might be described as staff issues, including arrangements for pensions. More generally, over the medium to longer term, there is the issue of where the body is located—the places where it might be located.

Christina McKelvie: That leads very nicely into my next question. What is the timescale for all of that and what are the options for the location of the creative Scotland offices?

Greig Chalmers: The transition team is working on what might be called the first corporate plan for the new body, which it expects to have ready over the summer—I think by July or August. I am sure that the team will confirm the timing in its evidence later this morning.

As I am sure the committee knows, the Scottish Arts Council is presently based in Manor Place, Edinburgh and Scottish Screen is based in West George Street, Glasgow. As the committee would expect, both bodies have separate leasing arrangements on those premises. We will have to work with the bodies to think about how, when and where the new body is located. The Minister for Europe, External Affairs and Culture has told the joint board and Dr Holloway that she looks to them to make proposals for a location or locations. She has asked the joint board to think about such things as co-location with other public bodies—indeed, with private sector bodies—and to do that with regard to best value and the Government's general management of its estate. The location of the new body is an open matter and, for the moment at least, is being considered by the joint board. However, as members will see in schedule 1 to the bill, the location is subject to the approval of ministers. In the final analysis, the decision is one for ministers to approve.

Christina McKelvie: You said that the timescale was July or August. Is that the timescale for the end of the transition period?

Greig Chalmers: Pardon me. The new corporate plan will be agreed around that time. Of course, we will have regard to the timetable for the bill. Any amendments that the Parliament makes—which, in all likelihood, will be from the autumn onwards—will be taken account of in the implementation process. The Parliament may well make amendments and we will want to think about them. Our hope is that the new body could be formally established in the spring of next year, royal assent permitting.

Christina McKelvie: Do you think that the transition process is on time?

Greig Chalmers: Yes.

Mary Mulligan (Linlithgow) (Lab): I understand that there are to be no compulsory redundancies as a result of the amalgamation of the two bodies. Will that influence your decision on where the new body will be located?

Heather Jack: Given the stage in the process that we have reached, I suspect that we will have to consider as a package the detailed proposals

that we will receive from the transition team, which will include proposals on location and calculations relating to issues such as voluntary redundancy. I am not sure that there will be a direct relationship between the number of voluntary redundancies and the decision that we make on location. The decision is more likely to be influenced by practicalities, such as when current lease arrangements come to an end and the flexibility that is available. The aim is to get premises that are fit for purpose and for the overall number of staff that the new body will have.

Mary Mulligan: So there may need to be compulsory redundancies.

Heather Jack: There will be no compulsory redundancies.

Rob Gibson (Highlands and Islands) (SNP): I am interested in discussing some of the proposed functions of creative Scotland. The policy memorandum that accompanies the bill highlights the fact that the Government has sought to avoid defining words such as “art”, “culture” and “creativity” in the bill. Does that have anything to do with the fact that creative Scotland is likely to deal with advertising, architecture, crafts, design, designer fashion, film, interactive leisure, software, music, the performing arts, publishing, television, radio and the visual arts?

Greig Chalmers: The body will have a wide range of interests. In some of the areas that you have mentioned—architecture and advertising may be candidates—we expect that the body will not have substantial operational activities; members may want to ask the chairman of the joint board about that. In other areas, such as the visual arts, literature and film, it will have a different mode of operation. I expect that it will have interests of different varieties and intensities in a broad range of areas. The list that you read out includes the group of industries that, as the committee knows, have been defined for 10 years as the creative industries. Creative Scotland will want to consider the whole range of such industries.

Rob Gibson: Is not development of the creative life of Scotland related not only to the functions that I have set out but to working with other organisations that have a greater input to the development of specific functions?

Greig Chalmers: Absolutely. I am sure that the transition team will want to emphasise the fact that a partnership approach is at the centre of its thinking for the future. In many cases, creative Scotland will not operate directly in an area but will want to influence, consider and think about the issue. We have included in the policy memorandum an example that we hope illustrates the point. I refer to the way in which creative

Scotland may interact with banks and venture capital companies to increase awareness of the potential of creative enterprise and creative companies. The Government looks forward to creative Scotland having a broad variety of roles.

Rob Gibson: That is interesting. Some people have been trying to have the United Nations Educational, Scientific and Cultural Organization definition of culture included in the bill. Why has that not been done?

10:30

Greig Chalmers: I have read with great interest the written evidence on this point. We find no fault, in principle, with the UNESCO definition, although other definitions are equally authoritative and useful in illustrating the breadth of possible activities. In developing policy for the bill, we have tried to consider what would be most helpful to creative Scotland as its responsibilities evolve. After reflection, we and the Government came to the view that, however good or sustainable some definitions of culture might be—and some are good—it would be better to give the new body a set of general functions and then to trust the interpretation and evolution of those functions to the board and the chairman.

Rob Gibson: Do you agree that, when the United Kingdom adopts or agrees with particular charters or definitions from UNESCO, it is very much a passive process that is not taken deeply into the process of government?

Greig Chalmers: Gosh! That is a broad question and I am not sure that I can provide an adequate answer. I am sure that when Her Majesty's Government adopts any treaty it considers that treaty carefully, and I am sure that all parts of the Government do the same. However, there may be something in what you say.

Rob Gibson: I asked the question because definitions and charters act as a form of guidance. You are not ruling them out as a good guide.

Greig Chalmers: No, we are not—that is precisely the case. I see your point. The definitions are part of the intellectual architecture that surrounds creative Scotland and are, I am sure, a valuable reference point.

Aileen Campbell (South of Scotland) (SNP): Good morning. Will creative Scotland offer any further guidance to clarify the general functions that are proposed for it?

Greig Chalmers: I think that there will be guidance to creative Scotland and from creative Scotland. As I am sure you know, for some years it has been Government practice to send its public bodies what are poetically described as “letters of

strategic guidance”, setting out the broad areas of activity that they might undertake in a given year. The bill contains provision for ministers to issue guidance to the new body, but I expect that creative Scotland—perhaps in its first corporate plan—will also want to flesh out some of its understanding of its new work.

Aileen Campbell: So you do not foresee any problems with the lack of a clear definition of arts or culture, and you do not feel that the lack of definition will hinder any of the proposed functions.

Heather Jack: I think that that is right. The clear view of ministers was that tying down the definition at this stage, in statute, was more likely to constrain the artistic or cultural judgment of the new body and to constrain the on-going and evolving work that you hint the body will do. Ministers did not wish to get in the way of evolving a more general understanding of culture and the opportunities that we expect creative Scotland will have to provide a strategic leadership role in the sector, working with a range of public, private and voluntary sector bodies to refine creative Scotland's functions in practice. We very much see that as being part of the wider dialogue that creative Scotland, the transition team and the joint board are keen to take forward. At the moment, they are doing some thinking with smaller groups of partners about some of their early priorities. Very soon, that will spill over into a much wider dialogue with the sector. The issues that you raise will be part of the wider discussion. Ministers were keen not to constrain that discussion when putting the bill through Parliament.

Aileen Campbell: A submission to the committee expressed concerns, not about the definition of arts and culture but about the use of words such as “support”, “champion” and “encourage” in relation to how creative Scotland will interact with other organisations. Will you consider providing guidance on that as well?

Greig Chalmers: That comes back to the comments that were made in answer to Mr Gibson's question. We see the new organisation doing things in a variety of ways. One of the thoughts behind the bill is to encourage the new body to think as creatively as possible about how it will provide grants and loans, think about investments and further its work through advocacy. When the Minister for Europe, External Affairs and Culture made her statement last November, she underlined her enthusiasm for the body to take risks in the way it goes about its business. Certainly, when we provide guidance to the new body—if Parliament approves the bill—we will want to emphasise that again, to encourage creative Scotland to do all those things, that is, support, champion, advocate and provide grants and loans.

The Convener: It is clear that creative Scotland, as the lead arts agency, will have responsibility for developing the arts and for funding some arts groups. Is there a risk of conflict in those two roles?

Greig Chalmers: We will look to the wisdom of creative Scotland's board to strike a balance. As with the Scottish Arts Council and Scottish Screen now, creative Scotland will have to make difficult choices when bodies apply for grants. No doubt organisations currently report to you that they are receiving applications for far more funds than they have. Given the health and success of our creative sector, I am sure that creative Scotland will also face that quandary.

The Convener: That concern is probably shared by many in the arts world.

The committee received correspondence yesterday from Voluntary Arts Scotland expressing concern about how the Scottish Arts Council currently operates. The letter explained the development constraints that arise because lead officers within the Scottish Arts Council are responsible for scrutinising funding applications. In addition, a conflict arises when they have to talk to those same organisations about how they will develop. How will the new agency overcome those barriers? How will you reassure the arts in Scotland that that conflict will be understood and that appropriate safeguards will be in place to ensure that creative Scotland, as the lead development agency, properly scrutinises funding applications?

Greig Chalmers: You will forgive me, convener, if I do not talk about particular applications.

The Convener: I am not asking you to talk about any of the approximately 40 applications. I refer to the theory that is applied to judge the applications.

Heather Jack: In terms of recent developments, we very much appreciate the challenging decisions that the Scottish Arts Council has had to make given its shift in approach following its strategic review. There is a lot of knowledge and experience in the two existing organisations, which I know creative Scotland's current joint board and the new board will want to draw on, as will we in discussion with creative Scotland on the issues.

It is important to note the point that was made earlier about creative Scotland having the key roles of examining innovative and new means of funding the arts in Scotland, and of trying to move away from a system that is currently very much grants focused to one that introduces other mechanisms, such as venture capital and loans. That will, in a sense, reduce a lot of the current pressure in the system concerning safeguards and propriety, which is very much down to the board

and the management teams within the organisations, and to us as the Government in holding them appropriately to account. We have a range of safeguards in place to ensure that we can do that.

The Convener: In addition to the experience that exists, has the Scottish Government fully considered how it will address the apparent conflict between the two roles?

Heather Jack: That is being developed as part of the wider role of creative Scotland. Giving out grant funding will remain a key part of the role, and we will take a close interest in creative Scotland's proposals for how it will develop its remit, including its grant-giving powers, and in how they will work in practice.

The Convener: The conflict is nothing new; I am sure that it has existed for many years. However, if creative Scotland is to be the lead development agency in Scotland, yet organisations do not have confidence that they will all benefit from its expertise in developing their endeavours, it could be undermined before it is even established.

Heather Jack: If that is a significant concern within the sector, we will keep in close contact with the joint board about it. I note from your comments that those points will be made consistently by the sector as creative Scotland discusses its emerging role with various organisations. The range of partnerships that it will establish and the wider mechanisms for funding that will be explored are a useful part of addressing the issue, but I note what you say and will encourage the joint board, and the transition director and existing staff, to explore it as part of the development of the new body's role.

Elizabeth Smith (Mid Scotland and Fife) (Con): The convener's question is extremely important, as such tensions exist. Mr Chalmers referred to them in his opening remarks, and about seven or eight of the submissions in the extensive booklet that committee members have received suggest that organisations feel that the conflict between economic objectives and the development of the creative arts in Scotland is the biggest problem. That comes at a time when, in my opinion, Scottish artistic activity—particularly within small companies—is doing very well. Can you comment further on how you view the role of the Scottish Government, not only in guiding that economic activity but in ensuring that there is a growth sector that has as its first function the cultural benefit of Scotland as a whole unit?

Greig Chalmers: I agree with your final comment: the bread and butter of creative Scotland is, as has been the case for the Scottish Arts Council and Scottish Screen, to be mindful at all times of the core infrastructure of creativity.

That is in the spirit of the strategic review that the Scottish Arts Council published early in 2006 in relation to moving to a system of what it calls “foundation organisations”—a core of nationally important organisations that, insofar as public expenditure is concerned, permit a degree of stability. Flexibility in project funding assists that. I do not know today how creative Scotland will express that strategic goal, but I am sure that one of the core activities and guiding principles of the joint board and the creative Scotland board will be the importance of that bread-and-butter business of support for the cultural infrastructure.

10:45

Elizabeth Smith: What gives you confidence that creative Scotland will be better able to deal with those interests than will separate bodies that take up the cause of different creative industries?

Heather Jack: Our general response is that there must be value—and the feedback from the sector tells us that there is value—in having a more coherent approach between the bodies that have a role in supporting the various bits of the sector. That will allow for more effective delivery.

It is interesting and perhaps reassuring to note that the early priorities of the transition project and the joint board include work on the investment infrastructure throughout the sector and the focusing of support where it is most needed. The witnesses in the next panel will probably be able to expand on that. Within that, a key priority is to develop support and investment that focus on the needs of individual practitioners and businesses. It must be an advantage to do that within an understood national framework. That certainly fits with the feedback that we received as we took the bill through its development stages.

Elizabeth Smith: It is good to hear that there will be a better overall philosophy about how to provide support, but we have been lobbied extensively by various groups that are involved in the process, and they are concerned that the creation of a bigger body might mean that some of the smaller groups are put on the back burner, as it were, and their funding might be cut or, in some cases, disappear. Are you confident that creative Scotland will be able to overcome that concern?

Greig Chalmers: When I read the written evidence, I thought that the Royal Society of Edinburgh put it well, as we might expect from such a learned institution, when it stated:

“In Scotland, performers, writers and directors move comfortably between stage and screen, and there is increased use of filmed or video material in theatre and in creative art.”

That underlines the flow between the two sectors. I am sure that the joint board and the creative

Scotland board will have regard to small and large organisations and that, notwithstanding my earlier point that it will continue to be necessary to make difficult decisions, creative Scotland will balance those responsibilities.

Elizabeth Smith: What proportion of creative Scotland’s budget should be devoted to supporting the creative industries?

Greig Chalmers: May I tease that out a little? Do you mean support for organisations that are part of the creative industries or do you specifically mean economic development work?

Elizabeth Smith: In the first instance, the question is related to the other questions that I asked.

Greig Chalmers: I emphasise that it is a matter for the joint board to decide, but it is a fact that, at the moment, support for organisations and people accounts for a considerable majority of the joint budget of the Scottish Arts Council and Scottish Screen.

Elizabeth Smith: Are you able to put a figure on it?

Greig Chalmers: Not off the top of my head, but—

Elizabeth Smith: Even within a range of percentages?

Greig Chalmers: I would not wish to guess. I will happily confirm—

The Convener: You might want to write to us on that point.

Greig Chalmers: Yes. I fancy that the next panel of witnesses will know the answer.

Jeremy Purvis: I have a supplementary question on the functions and economic benefit of the creative industries. Does the Government intend creative Scotland to be the lead development body for the digital media and creative industries in Scotland?

Heather Jack: I fear that we might be going back to a previous discussion. Discussions are continuing between those who represent creative Scotland and Scottish Enterprise, in particular, as well as other organisations with a key interest in the area. Those discussions about how things will work will help us to resolve the specific support that is required and what the programmes of activity will look like. That work is connected to the wider changes that are taking place and evolving at Scottish Enterprise. We are alert to those.

Jeremy Purvis: I will ask the question in a different way. Does the Government believe that there should be a lead body for the digital media and creative industries? Alternatively, should there

simply be a morass of bodies that get on and chat, but with no lead body?

Greig Chalmers: An example might help. It is not unreasonable to suggest that large parts of the broadcasting industry are part of the digital media and creative industries—for example, television production. Taking into account what my colleague Heather Jack said, it is reasonable that creative Scotland and Scottish Enterprise might have a role in that. For example, creative Scotland might naturally support the creative content of a script, whereas Scottish Enterprise might invest in the building where that script becomes a programme. We do not wish to leave the committee with the impression that, at the end of the discussions to which my colleague referred, there will be a decision that body A simply will not touch something and body B will be occupied with it. Whatever better distribution of responsibilities we achieve, in the end there will be a sharing of roles.

Jeremy Purvis: The reason I ask is that the evidence that we received from Scottish Enterprise a couple of weeks ago, which you will have read, was that its cultural enterprise office is moving to creative Scotland and that Scottish Enterprise's remaining functions will be in the digital media and creative industries. Scottish Enterprise was perfectly clear that it will be tasked with supporting the digital media and creative industries. Does the Government believe that Scottish Enterprise will be the lead organisation in that respect, or will the lead organisation be creative Scotland? Alternatively, will there be a lead organisation at all? The sector is of significant importance to Scotland, but there is nothing in the bill about that. What is the Government's policy on that critical issue?

Heather Jack: Scottish Enterprise, creative Scotland and the Government are aware of the priority that is given to the creative industries in the Government's economic strategy. Therefore, as I referred to earlier, our priority is to get a much more integrated and co-ordinated approach to support for the sector across the piece. The specific details of how that will work, who does what and whether it is appropriate to identify parts of the creative industries in which the organisations have a particular locus are being discussed. Those discussions are appropriate, given the wider developments on, for example, business gateway support and given the stage that creative Scotland is at in its development. I know that those discussions are constructive and that the minister is keen to get the matter right for the sector and to improve on the support that has existed to date.

My experience of the process so far—creative Scotland colleagues will, no doubt, confirm this—is that all the organisations that are at the table

discussing the issues that the member raises about respective roles and responsibilities, who does what and how we get the best deal for the sector are signed up to coming up with a solution. The important context for us is considering how we deliver on the key objective in the overall economic strategy to exploit the potential of the creative industries so that we maximise its already major contribution to the economy.

The Convener: I see that a few members want to ask supplementaries. Although I do not want to shut down any scrutiny, you should bear in mind the fact that we have still to cover a couple of other areas. I suggest that you keep your questions short and that our witnesses keep their answers succinct and to the point.

Ken Macintosh (Eastwood) (Lab): I, too, seek some clarity. If a small business such as a publisher or a record label sought advice or some form of support such as a development grant, would it turn first to creative Scotland or to Scottish Enterprise?

Greig Chalmers: At this point, I am not sure whether we can provide an absolutely explicit answer to that question. The business in question might well have a conversation with both agencies as it travels through its business development.

Ken Macintosh: It is quite important for our committee to grasp this point. You said earlier that discussions are on-going and that you hoped that matters will be clarified in due course. When will this point be clarified?

Heather Jack: Anne Bonnar's working group, which, as I have said already, is having these discussions, will report in the near future to the minister, who will then consider any recommendations. Given that that work is on-going, the best commitment that we can give to the committee is to keep it in the loop on any proposals that emerge and any approach that is agreed. We are not at the stage of being able to set out specific details of how things will work in practice. However, I reiterate that the aim is to minimise complexity and improve the co-ordination of services for exactly the sort of businesses that you have highlighted.

Ken Macintosh: Will that information emerge before we are expected to agree to the bill?

Heather Jack: The timing of when we will have that further information is not within our gift. We will need to come back to you on that. We will include it in our written response to the convener.

Ted Brocklebank (Mid Scotland and Fife) (Con): As we have heard, the bill's aspiration is that ministers will give no direction on cultural judgments. However, section 4(2) gives the Scottish ministers the power to

"make further grants to Creative Scotland for particular purposes."

I acknowledge that you are not able to specify those purposes, but has any concern been expressed that the provision might draw ministers into making cultural judgments? After all, they will have to decide how the money will be allocated.

Greig Chalmers: Perhaps I should expand on the purpose of section 4(2). For a number of years, the Scottish Arts Council and Scottish Screen have implemented on the Government's behalf particular initiatives—for example, the youth music initiative—through what is described as a restricted fund. I suppose that that is the general purpose of that provision.

Ted Brocklebank: But are you saying that in making judgments on how such money will be allocated ministers will still be able to maintain total integrity and will not become involved in any cultural judgments?

Greig Chalmers: Yes, in the sense that they will provide to creative Scotland the same kind of unrestricted grant in aid that they provide at the moment to the Scottish Arts Council and Scottish Screen. The distribution of that money will be at the board's discretion.

Ministers might also ask creative Scotland to implement initiatives on their behalf because, like its antecedent bodies, it will have particular expertise. However, I do not think that that impinges on the general policy of allowing for free cultural judgments on the distribution of unrestricted funds.

11:00

Ted Brocklebank: My other question is about the proposed overall funding for the new organisation. We have heard allegations that the funding is not overly generous given the expanded nature of the new organisation. There was also a reference from the unions to current serious morale problems among Scottish Arts Council and Scottish Screen staff in working towards the new body. Will you comment on that?

Greig Chalmers: On the latter point, staff from both organisations have been keenly and enthusiastically involved in the transition project. I am sure that there is some anxiety, as would happen in any organisation during a period of change. You might wish to ask the joint board and members of the executive team about the arrangements, which I know have been extensive, that they have made to involve and inform the teams.

In answer to your question about funding, the planned grant in aid for the bodies that will become creative Scotland is just short of £150

million in this and the next two years. If we asked the joint board, it would probably say that it wants another £150 million, but ministers consider the sum to be a substantial amount of money for the arts and culture.

Mary Mulligan: My questions are about creative Scotland's relationships with various bodies. To return to the points that were discussed earlier, what responsibilities will be transferred from Scottish Enterprise to creative Scotland?

Greig Chalmers: I do not think that I can add to what my colleague said earlier.

Mary Mulligan: Can Heather Jack repeat her comments, then?

Heather Jack: My point was that the on-going discussions about the respective roles and responsibilities for the various bodies that provide support to the creative industries, including Scottish Enterprise and creative Scotland, are part of the continuing work on the overall process and the likely timing of conclusions, about which we have undertaken to report back to the committee.

Mary Mulligan: When do you expect to do that?

Heather Jack: We undertook to include overall guidance on timing in the additional information that we promised to bring back to the committee.

Mary Mulligan: Okay. How would you explain creative Scotland's relationship with local authorities?

Greig Chalmers: I expect creative Scotland to have an important advisory and consultative role in its relationship with local authorities. As the committee knows, local authorities have a statutory duty to make adequate provision for cultural activities in their area. I expect creative Scotland to work closely and imaginatively with them in thinking about how it and local authorities can work together. Creative Scotland, in supporting the cultural infrastructure, will support a great number of things in a great many places, which will bring it into close liaison with local authorities. For the avoidance of doubt, we do not propose that creative Scotland will direct or instruct local authorities to do anything in particular.

Mary Mulligan: Do you expect the new body to have an improved relationship with local authorities?

Greig Chalmers: I expect all relationships to improve.

Heather Jack: The second panel of witnesses might be able to expand on this, but I know, for example, that the chair of the joint board and some of the executive team have already had discussions with the majority of local authorities and started building positive relationships, with

joint planning of what relationships should look like and how creative Scotland can work with local authorities to look for opportunities to improve local cultural provision. Of course, such activity is very much in line with our interest in opportunities to widen access to culture locally. There is ongoing consideration of the respective roles and responsibilities and how existing local infrastructure can be built on and improved.

Mary Mulligan: I take it that you do not expect a situation to arise such as happened when the Scottish Arts Council gave three-year funding to Scottish Ballet, with the result that a local authority—the one that covers the area where we are today—withdrew funding from Scottish Ballet.

Heather Jack: Local authority funding decisions are of course a matter for the full council of the local authority. Funding is a good example of an area in which effective joint working and constructive relationships between creative Scotland, local government and the Scottish Government are important. Our connections with local government must be made in the context of the recently developed concordat.

Well-developed and high-quality approaches to local cultural delivery are emerging from the single outcome agreement process that local authorities are undertaking, whereby councils have increased flexibility in how they use resources.

Mary Mulligan: I hope that Mr Chalmers's confidence is well placed.

There is huge interaction between education services and the development of the creative industries. How do you envisage the relationship between the higher and further education sector and the new agency developing? How will creative Scotland be involved in the development of curriculum for excellence?

Greig Chalmers: On the latter point, I expect and am confident that the strong contribution that the Scottish Arts Council and Scottish Screen have made to the creativity guidelines in curriculum for excellence will continue and that imaginative thoughts about how the curriculum can develop will continue to have a strong effect.

I expect creative Scotland to have a strong relationship with the further and higher education sector. The two antecedent bodies are considering future funding support for FE and HE. Consideration is being given to how the priority that the Government attaches to the creative industries can be reflected in the funding of places and in further and higher education more generally. I am entirely confident that the antecedent bodies' impact in the area will continue to grow.

Aileen Campbell: What lines of communication do you want to develop over and above the

relationship with local authorities that you talked about, for example with public, private and voluntary bodies and in the international arena?

Greig Chalmers: We expect creative Scotland to build relationships with the private sector—I mentioned the commercial banks—and to work with VisitScotland, EventScotland and other bodies to promote Scotland abroad better. We will operate in a range of other areas. Of course, creative Scotland will have a strong relationship with Bòrd na Gàidhlig.

Jeremy Purvis: I want to move on to finance and the impact of the budget. Is it the Government's intention that creative Scotland will have grant-making powers and will be able to offer business start-up support, for example?

Greig Chalmers: Are you asking whether creative Scotland will have the power to make such grants?

Jeremy Purvis: Yes—in relation to business start-ups.

Greig Chalmers: It will have the power to do that.

Jeremy Purvis: Is it the Government's intention that it will do that?

Greig Chalmers: I think that that brings us back to our earlier discussion.

Jeremy Purvis: So we do not know.

Greig Chalmers: I can only refer you to what my colleagues said earlier.

Jeremy Purvis: Given that the committee and Parliament have been told that the changes in Scottish Enterprise are now agreed, that, since April 1, it has been constituted with the business gateway at a local level, and that the cultural enterprise office is being transferred to creative Scotland and so on, what scope is there for Scottish Enterprise to change its operating procedures?

Heather Jack: We are definitely back in the territory of the split in respective roles and responsibilities. The fact that the developments in Scottish Enterprise are being concluded and its role is becoming increasingly clear has informed the on-going discussions between creative Scotland and Scottish Enterprise.

Greig Chalmers: I read with interest the *Official Report* of the committee's useful meeting earlier this year with Adrian Gillespie and Calum Davidson. I entirely take the point about ministerial decisions on the structure and general operating approaches of the new enterprise networks. However, I am sure that, if Adrian were here, he would confirm that Scottish Enterprise—like Highlands and Islands Enterprise—has an open

mind about how best to design investment tools and other things that can assist in supporting the creative industries. Although I acknowledge the point about the structures having essentially been decided and implemented, I do not think that that precludes a productive conversation about which method of implementation might assist the sectors that we are particularly interested in today.

Jeremy Purvis: Following on from Ken Macintosh's point, and with regard to the budgets of Scottish Enterprise and creative Scotland, we are still not clear whether any funds will transfer from Scottish Enterprise to the new body. You said that that was part of the on-going discussions. Scottish Enterprise told the committee that, as far as it was concerned, no funds will be transferred across. We are at stage 1 of the bill and have access to the financial memorandum—which the convener of the Finance Committee described as the worst one that he had ever seen—but we still do not know whether the operating budgets that are described as robust in your policy memorandum will be robust, because discussions are still on-going about funds being transferred. Is that correct?

Greig Chalmers: You are correct, in that the grant-in-aid figures that are quoted in the policy memorandum and the financial memorandum do not yet include any specific new item transferred from any public body. I refer you back to the offer that my colleague made earlier on that point.

Jeremy Purvis: So might funds still be transferred from Scottish Enterprise to creative Scotland?

Heather Jack: All I can say is that the issue of resources is tied up in the specifics of the roles and responsibilities that are to be agreed as part of the on-going discussions.

Jeremy Purvis: Will you produce a revised financial memorandum, given that the decision about whether funds will be transferred from Scottish Enterprise will have an impact on the operating budget of creative Scotland? You are due to come back to the committee to talk about the transition costs and it looks as if you will have to come back again to talk about the operating budget. From what you have said this morning, that budget depends on whether part of Scottish Enterprise's budget, which was set from April this year, will be moved to creative Scotland.

Greig Chalmers: We are providing the Finance Committee with additional information that it has asked for. As I said earlier, we will make that information available to this committee. If this committee, the Finance Committee or any other committee asks for additional information, we will do our best to provide it.

Jeremy Purvis: It was not entirely clear whether you will be providing information on whether some

part of Scottish Enterprise's budget is being transferred. Do you want us to ask you for that? Is that what you are saying?

Heather Jack: What we are saying is that we do not know what, if any, budgetary implications will arise from the proposals that are due to go to ministers—

Jeremy Purvis: Neither do we, and we are a parliamentary committee. That is why we are asking you, as representatives of the Government, to provide us with information.

Heather Jack: We have undertaken to supply some additional information in due course about the on-going work around the creative industries as that work concludes, and about the programme of activity that is associated with it and the related resource.

Jeremy Purvis: Convener, I cannot ask any more questions about the budget because we simply do not know enough. I think that we will have to ask for further information when the decisions are made in due course.

11:15

Ken Macintosh: Mr Purvis just referred to the rather unhappy evidence session with the Finance Committee over the transition costs. Without repeating all that evidence, can you explain why there is such uncertainty over the transition costs?

Greig Chalmers: Yes, of course. As I mentioned earlier, the transition project is preparing a corporate plan and a draft of the first operating plan for creative Scotland, which will include a staff structure and will cover other matters. Until that work is available and has been agreed by the joint board, a range of possible costs is involved—that was reflected in the conversation last week with the Finance Committee—which is why it has been difficult to be more specific about costs at this point.

Ken Macintosh: Do you think that it is acceptable for this committee or the Finance Committee to consider the bill without having that information?

Heather Jack: We hope that the additional information that we are supplying to the Finance Committee will be helpful because it takes account of the on-going work of the joint board on its budgeting, which will have moved on somewhat from the information that was supplied in February.

Ken Macintosh: Are you in a position to give us any of that information today?

Heather Jack: We are due to submit it to the Finance Committee by 12 o'clock today, in fact, and we have already undertaken to make that information available to this committee.

Ken Macintosh: It is on the breakdown of the transition costs.

Heather Jack: Yes.

Ken Macintosh: Can you share that with us now, given that we are the lead committee for the bill?

Greig Chalmers: I do not have the letter in front of me, but I am only too happy to provide it to you at the same time as I provide it to the Finance Committee.

The Convener: Given that the Finance Committee asked many of these questions last week, that you knew that you were coming to a meeting of the lead committee responsible for scrutinising the bill and that you gave a commitment that you would respond by this evening to the Finance Committee, might it have been in order for you to have done a little bit of advance preparation and brought the information with you today? It is not acceptable for this committee to be saying, "Well, we'll wait till you've furnished the Finance Committee with the information and reflect further." You are here in front of us today, and we should be able to scrutinise the figures and ask you questions. You are doing the Parliament and this committee in particular a great disservice.

Heather Jack: I certainly note your points. We have been in detailed discussion with the creative Scotland team, the Scottish Arts Council and Scottish Screen since my colleagues appeared before the Finance Committee. We are in the process of compiling more detailed information, which we hope will build on and take account of the issues that arose in that discussion. I can only undertake to provide that information to you in due course—in fact, during the course of today.

The Convener: Given that the information was to be provided in the course of today anyway, it might have been helpful if you had brought it with you today. Mr Macintosh, given the lack of information in front of the committee, are you able to ask any further questions?

Ken Macintosh: I suppose that my final question is hypothetical. After we receive the information, do you believe that there will be outstanding uncertainties about the financial memorandum or the budget of the new organisation?

Greig Chalmers: Yes. I think that uncertainties will continue until the joint board agrees the budget for implementation of the transition.

Mary Mulligan: In answering Mr Brocklebank's question, you tried to allay possible fears about ministers getting involved in artistic decision making and so on. What kind of directions will ministers give under the power in section 5(1)?

Greig Chalmers: The power in section 5 is very much intended as a reserve power, if it is used at all. We do not expect it to be used regularly, but if it became necessary to use it, it would be used to deal with matters relating to financial control and governance. However, I emphasise that we are entirely confident that the joint board and its successors will be able to conform to the highest standards.

Mary Mulligan: Does not financial control come under section 4? That section deals with creative Scotland's grant-giving ability.

Greig Chalmers: Section 4 is about the giving of grants and loans to creative Scotland.

Mary Mulligan: Is there any point in Scottish ministers having a power of direction if we do not know what that power might be used for?

Greig Chalmers: A good number of powers of direction that are rarely, if ever, used exist in the governing legislation of public bodies. I suppose that such powers exist to establish beyond any doubt the bodies' final accountability to ministers and to give ministers a power of last resort to protect public funds.

Mary Mulligan: Do you accept that if you cannot give an example of how the power of direction would be used, people might be suspicious that it would be used to interfere in decisions that should rightly be left to creative Scotland?

Greig Chalmers: The policy purpose underlying section 5(2) is to allay as far as possible concerns that ministers might wish to give directions that relate to artistic or cultural judgments. That is what we attempted to do, but I accept that reassuring some people is difficult.

Mary Mulligan: It is especially difficult to do so when someone holds an ace card that says that they can give a direction.

Greig Chalmers: That is not to do with the issue that you raised.

Heather Jack: There are two issues. First, the minister has said a few times in Parliament that she is keen to uphold the arm's-length principle when it comes to artistic and cultural issues. I reiterate the seriousness with which she takes that matter; she is committed to upholding the arm's-length principle.

Secondly, full consultation would take place with creative Scotland in considering the application of the power of direction. Perhaps that will reassure members about when that power would be used. In starting discussions, we would certainly want to be sure that the power would be used for the proper safeguard of public funds.

Mary Mulligan: That is helpful. However, I am not sure that the committee would want to sign up

to a provision if it was not sure how it would be used. Perhaps the officials will come back to us at some stage with examples of how the provision might be used so that we can be happy about committing to it.

Jeremy Purvis: The creative Scotland transition project's submission states that creative Scotland's role will be as a

"national development agency for the arts and creative industries in Scotland."

Ministers would have powers in that context. Nothing in the bill would prevent them from stating, for example, that business start-up support funding should be directed towards advertising as opposed to music or the arts. The power in section 5(2) is restricted to creative Scotland's general functions. There is no restriction on ministers' ability to exercise that power over grants for start-up businesses, to focus creative Scotland's strategic direction and so on.

Greig Chalmers: Obviously, it is not for us to interpret the legislation. That is a matter for the courts.

Jeremy Purvis: What is the Government's intention?

Greig Chalmers: The Government's intention is not to do that.

Jeremy Purvis: Where in the bill is there a provision that would prevent the Government from doing that?

Greig Chalmers: May I expand the question, convener? I think that it was whether ministers would instruct creative Scotland not to spend money on advertising but to spend it on architecture instead.

Jeremy Purvis: Yes.

Greig Chalmers: The policy intention behind section 5(2) is for ministers not to have the power to do that.

Jeremy Purvis: Where is that reflected in the bill?

Greig Chalmers: In section 5(2).

Jeremy Purvis: Section 5(2) says that ministers will not

"give directions so far as relating to artistic or cultural judgement in respect of the exercise of Creative Scotland's functions under section 2(1)",

which, principally, are creative Scotland's general functions. The creative Scotland transition project says in its submission:

"If the Parliament approves its establishment, Creative Scotland will focus on key areas such as ... achieving sustained growth in the creative economy".

Ministers could say that the best way of bringing that about would be to invest in or focus on certain

areas to the exclusion of others. There is nothing in the bill to prevent ministers from saying that. Surely ministers are enabled to say that under section 5(1).

Heather Jack: I think that—

Greig Chalmers: Well, I have to—

Jeremy Purvis: Is it an artistic judgment not to invest in a certain area in relation to

"achieving sustained growth in the creative economy"?

Surely that is not an artistic judgment.

Greig Chalmers: Perhaps I can answer the question by setting out the policy intention. Section 2(1)(d) is where we represent our policy intention to support

"activities which involve the application of creative skills to the development of products and processes."

One might regard that as the more economic of the body's general functions. In debarring ministers from giving directions

"as relating to artistic or cultural judgement",

section 5(2) refers to section 2(1). I am not sure that I entirely grasp the distinction that you are making.

Jeremy Purvis: You are saying that if ministers are prevented from giving direction on

"supporting activities which involve the application of creative skills to the development of products and processes",

they are prevented from giving guidance on how they define

"achieving sustained growth in the creative economy".

Surely that is what you are saying.

Greig Chalmers: The provision prevents them from giving directions. You used the word "guidance".

Jeremy Purvis: Oh, yes—directions. Is that the Government's position?

Greig Chalmers: The Government's position is that

"Scottish ministers may not give directions so far as relating to artistic or cultural judgement in respect of the exercise of Creative Scotland's functions under"

the sections noted thereafter. One such function is set out in section 2(1)(d). I repeat:

"Scottish Ministers may not give directions so far as relating to artistic or cultural judgement"

in the exercise of that function.

Jeremy Purvis: So ministers will have no role in setting the strategy for

"achieving sustained growth in the creative economy".

Greig Chalmers: No. The section is about the directions that creative Scotland must follow; it is not about guidance to which creative Scotland must have regard.

The Convener: I have a couple of final questions about the creative Scotland board. The chair will be appointed by Scottish ministers, which is not unusual. However, Scottish ministers are to appoint the entire creative Scotland board. Why has the Government chosen to take that approach?

Greig Chalmers: In the final analysis, creative Scotland will be a public body and, as such, it will be accountable to ministers and the Government. It will operate under the arms-length principle, as the minister stated in Parliament.

Heather Jack: The general point is that we need to ensure that there is a balance and the right skills mix so that the board can best assist and advise creative Scotland in its work. We need to ensure that the right skills mix comes forward from across the various sectors that have an interest.

11:30

The Convener: The issue for me is much more about openness and transparency so that people have confidence in the system. If every member of the board is to be appointed by Scottish ministers, I am not sure that we will achieve that objective. If the aim was to ensure a skills mix, the bill could have required that certain skills be represented on the board. Would that not be another approach?

Greig Chalmers: Yes, that would certainly be an alternative. Indeed, the written submissions to the committee made numerous suggestions about allocating places for specific art forms, geographical groups and linguistic groups—so much so that every place might be allocated on that basis. I suppose that the Government would point to the mix that has been achieved in the joint board of the Scottish Arts Council and Scottish Screen, which has a wide and viable variety of skills.

The Convener: The Scottish Government has rejected that approach. Such suggestions may well have been made in the submissions, but the Scottish Government has consciously decided that Scottish ministers will be responsible for appointing the entire creative Scotland board. Irrespective of the skills mix of the board, issues about the transparency and openness of those appointments have not been addressed. The Scottish ministers will be responsible for every appointment to the creative Scotland board.

Greig Chalmers: The appointments process will of course be regulated by the Office of the

Commissioner for Public Appointments in Scotland's code of practice. It is not for me to speak for OCPAS, but I am sure that it would take the view that that is an open and transparent process.

The Convener: It is not normal for Scottish ministers to have responsibility for every appointment to the board of a non-departmental public body. Scottish ministers normally just appoint the chair. Why does the Government feel that the approach in the bill is a more appropriate way forward?

Greig Chalmers: Forgive me, convener, but my impression is that ministers normally appoint all the members of NDPBs. That is certainly what happens for the existing cultural public bodies.

The Convener: Are you content that the process will be sufficiently transparent and open?

Heather Jack: My experience of chairing a number of public appointments panels involving OCPAS representatives is that the code is very much adhered to and the necessary transparency and openness is in place. To link that back to the question about the skills mix, my experience is that the public appointments process brings a rigour to identifying the right skills mix because the process requires the board chair and other members to identify the perceived skills gaps and to take account of the communities that the board serves. The process ensures that those issues make their way through to the recruitment process, which is regulated by the OCPAS code of practice.

The Convener: Thank you for that.

That concludes the committee's questions to our first panel this morning. I am grateful for the witnesses' attendance, but I think that it is appropriate that they now reflect on the committee's frustrations that not all the information was at their disposal today to allow us fully to scrutinise the bill. Such information should have been furnished to the committee in advance, but we were unable to cover some of those issues. They might want to reflect on that in advance of the minister's appearance before the committee at the end of our stage 1 deliberations.

I suspend the meeting until 11.40 to allow a change of witnesses and a short comfort break.

11:34

Meeting suspended.

11:42

On resuming—

The Convener: I welcome our second panel of witnesses as we continue our consideration of the Creative Scotland Bill. We are joined by Jim Tough, who is the acting chief executive of the Scottish Arts Council; Dr Richard Holloway, who is the chair of the joint board of the Scottish Arts Council and Scottish Screen; Ken Hay, who is the chief executive of Scottish Screen; and Anne Bonnar, who is the director of the creative Scotland transition project. Thank you all for attending. We are grateful for your joint written submission, which we received in advance of today's meeting.

We will move straight to questions. Having been in the public gallery during the earlier part of the meeting, you will be anticipating some of the questions that we are likely to ask you.

The Scottish Government is quite content that the consultation worked well from its perspective. In light of its reactions to the responses that it has received, do you feel that the Government has listened to people's concerns? Are those concerns reflected in the bill that has come before the committee for consideration?

Dr Richard Holloway (Joint Board of the Scottish Arts Council and Scottish Screen): Before I answer that question, I will say that I intend to invite my colleagues to field some of the questions as we go along. I can deal with the more metaphysical questions, but I will leave the more technical aspects to my colleagues if you do not mind.

The consultation process was fairly broad, and 87 per cent of respondents were broadly in favour of the concentration of the new bill on the formation of creative Scotland. There are inevitable disagreements about nuance, about the creative industries versus art for art's sake, and about the legacies from both of the old organisations—the Scottish Arts Council and Scottish Screen. However, on this side of the table we think that the answers to the consultation process were supportive of the general direction that is being proposed.

In a sector as varied, colourful and neurotic as ours, there are differences of approach and opinion. I do not know whether Anne Bonnar wants to comment.

The Convener: That was very helpful. I invite Christina McKelvie to ask a question.

Christina McKelvie: You took me by surprise there, convener.

I want to ask about the transition. My questions will be similar to the ones that I asked earlier,

although they might come from the opposite point of view. What support and assistance have you had from the Scottish Government in the management of the project?

11:45

Dr Holloway: I will ask Anne Bonnar to address that in a second, but first I will say that we have had tremendous support. We have worked closely with the Government officials, particularly Greig Chalmers. The experience has been refreshing. They have not engaged inappropriately, but they have helped us to understand the Government's thinking. Of course, there has been a transition in Government. We have been involved in this process for a number of years; I suppose that the process started with Jack McConnell's speech on St Andrew's day 2003, which was followed by the establishment of the Cultural Commission in April 2004. We have been hanging around for quite a long time; we welcomed the bill, because it shows that we are getting to the end of a process that has been quite stressful.

Since the bill was introduced and we started to focus on transitioning to the new body, we have been well supported by the civil servants. Anne Bonnar, who is the director of that process, might want to add something.

Anne Bonnar (Scottish Arts Council): I do not; that was a good answer.

Christina McKelvie: You have spoken about the frustration that you felt during the process and the elation that you, perhaps, feel now that the process is coming to an end. Are there any issues that remain to be addressed?

Dr Holloway: Clearly, we are still in process. We still do not have an act, so we cannot anticipate what will happen—that is in your hands and we dare not disrespect you. There are many things that I would have done if I had been told to go ahead and form the body, but the small matter of democratic processes tends to inhibit my aspirations. Inevitably, we have had to mark time and wait, but we appointed Anne Bonnar to manage the process and she is doing a sterling job.

Anne Bonnar: It might be helpful to reflect on some of the comments that were made about some of the elements that are unresolved.

The Creative Scotland Bill is currently before the Parliament and creative Scotland does not yet exist, so it would be inappropriate and pre-emptive if we had all the answers and had worked out every detail. Nonetheless, the transition project team is concerned with various things, such as the exploration of its roles.

In the lead-up to the bill, we have been asking what creative Scotland's appropriate role might be in several areas, given the changing and dynamic public sector landscape. Some of the things that have been mentioned today are important in that regard. What would our role be in terms of working with local authorities to deliver for Scotland? What would our appropriate role be in terms of the Government's priorities for the economy? What would our role be in terms of working with others in the interests of the creative economy, which is a much broader concept than simply the economy? What would our international role be, given the Government's emphasis on the importance of Scotland's identity in a global context? What would our role be in terms of skills, education and learning in the changing landscape of that sector?

We have been going through an exploration programme to determine who the key partners will be in various areas. With regard to the creative economy, which has been mentioned a lot, the key partners include the local authorities, Scottish Enterprise, Highlands and Islands Enterprise and—currently, although they will be replaced by creative Scotland—the Scottish Arts Council and Scottish Screen. We all have different roles in the success of the creative economy. Some people work in relation to talent, others work on inward investment, still others are involved with taking products into the marketplace—many people contribute to the creative economy.

To continue with that example, what do we mean by the creative economy? Which partners will we engage with on it? What will our joint aspirations be? What will our ambition be? How can we best organise and co-ordinate ourselves to achieve what is right for Scotland? I would be happy to discuss that further, if members would find that useful.

We are applying that approach to other sectors, as well, including local government. We have had, and will continue to have, conversations with the Convention of Scottish Local Authorities. We are holding discussions with individual local authorities, which colleagues can talk about. We are applying a think-tank model, as part of which we are asking local authority people who might be involved in enterprise, in education or in an area that meets a more classic definition of culture how we could work together, given creative Scotland's role and perspective and the changing landscape for local authorities. That is an example of the exploration programme in which we are engaged on each of the various themes. Those issues are unresolved, but they are part of a managed and constructive process, as is appropriate. That is the external exploration in which we are engaged.

We are also engaged in a more internal harmonisation and interrogation process, which

involves asking questions about what the Scottish Arts Council and Scottish Screen do at the moment—how we organise our finances, what information technology systems we use, what our people do and the process whereby we make funding and investment decisions. A range of harmonisation programmes is assessing what we have now, whether it is fit for purpose and how we would change it. Such work will feed into the design of the future organisation and how it will operate. Those issues are unresolved, but they are being considered as part of a proper process.

The external exploration process relates to the internal exploration process, of course. We are working on all those areas. We are thinking clearly about what our corporate purposes, aims and objectives should be, and we are having dialogue with partners so that we can come up with a corporate plan that will deal with all the unresolved issues. There will be proper interrogation of such matters and—to return to your question about the Government—proper consultation with our sponsoring department in the Government before anything is signed up to. That is the transition process. It is appropriate that unresolved issues remain. We are thinking about them and have in place a pretty robust process for coming up with the answers in due course.

Christina McKelvie: You mentioned the corporate plan. Earlier, I asked about the timescales for the development and implementation of the corporate plan. Do you have anything to add to the answer that was given?

Anne Bonnar: Only to say that the first cut of the corporate plan will be in early summer and the final cut will be in early autumn. The board has agreed a framework for the plan. In other words, it is going through an appropriate iterative process, which not only involves board scrutiny but is informed by the bill process and the exploration programmes that we are engaged in with partners on role definition and what we will do.

Christina McKelvie: My final question is one that I asked earlier. Do you have any proposals or ideas on where creative Scotland could be based?

Anne Bonnar: No.

Rob Gibson: I would like to tease out the issue of vagueness in the definition of creative Scotland's duties. How do you feel about the way in which creative Scotland will operate? Would more concrete definitions in relation to art, culture and creativity, for example, constrain the new organisation more?

Dr Holloway: That is theology, and theology is irresolvable but endlessly debatable. I am more interested in what we will do than in how we define what we will do. Definitions tend to exclude. Although I welcome UNESCO's contribution, I am

happy with the bill's openness—as opposed to its vagueness—in this area. Culture is endlessly dynamic. Film was not part of the definable culture 150 years ago, but today it is probably the dominant part. Video games were not part of human creativity 15 years ago. If we define too precisely, we limit the future.

It is obvious what will be contained; we carry over the legacy of both organisations that will become creative Scotland. I quite like how the bill leaves that implicit, rather than trying to define it explicitly. Such an approach is less limiting.

Aileen Campbell: In some of the submissions that the committee received, concerns were expressed about the lack of definition of words such as not just “arts” and “culture”, but “champion”, “support” and “encourage”. People are concerned about how creative Scotland will function in relation to other organisations. How can you reassure people that you will be proactive? What kind of activity is involved in being a champion?

Dr Holloway: I will ask the team to respond, but it is obvious that unless we staff the organisation with visionary, creative, expert people, no amount of definition and description of what the board should do will make it work. That is why part of the transition process is to create a body that is well filled with articulate, visionary people.

We are known out there; Scotland is a village—there is a disadvantage to that, but there is also an advantage. We constantly encounter people and have endless consultations and conversations about the matters that you raise. I certainly think that my role is to be a champion of Scotland as an enormously creative country, which produces wonderful art across the spectrum. We want such creativity to increase; we do not want to limit and stifle it. Jim Tough might want to comment, because he has been part of the conversation for a long time.

Jim Tough (Scottish Arts Council): There is on-going change, which pre-dates the legislative process and involves looking afresh at what the Scottish Arts Council, Scottish Screen and other bodies do in contemporary Scotland. Consideration is being given to the Scottish Arts Council's traditional role as a funder and the notion of leadership through funding. We are committed to moving towards a notion of leadership through influence, advocacy and working with partners.

The relationship with local authorities, for example, which you discussed with the previous panel, is critical, but we need a fresh relationship with local authorities. It is about humility. You cannae achieve things on a large scale in the wider population in Scotland by coming to the

table expecting to have a leadership role that is simply a function of money. Words such as “leadership”, “advocacy” and “championing” reflect a change in style that I hope is already evidently under way.

Dr Holloway: Terms such as “the creative industries” and “the creative economy” are fairly new, but the activity is not new. The Scottish Arts Council is engaged in publishing and in the music industry. We might say that Ken Hay's work with Scottish Screen is focused entirely on the creative industries.

Ken Hay (Scottish Screen): Yes. The current debate presents an opportunity to clarify issues to do with the difference between cultural and economic activity, which were raised with the previous panel. Scottish Screen was established 11 years ago to lead the development of the screen industries—not just film and television, but the broad screen sector—in Scotland. We have always had to take a balanced view of which bits of activity are purely economic and which are purely cultural, but probably 99 per cent of activity comes somewhere in the middle. We have to approach matters in a pragmatic and balanced way.

For example, consider some of the feature films in which we have invested during the past 18 months or so. “Doomsday”, which will be released next week, is a big-budget film, in which we invested so that money would be spent in Scotland. We also put money into “Seachd: The Inaccessible Pinnacle”, the first feature-length Gaelic film to reach a cinema audience. In the middle, there are films such as “Red Road” and “The Last King of Scotland”. We put money into projects for a range of reasons.

On advocacy and influence, one of our key roles is to try to get a better deal for Scotland. We have worked with broadcasters, the Producers Alliance for Cinema and Television and the Office of Communications to try to ensure that Scotland gets at least its fair share of broadcasting spend. When the Scottish Broadcasting Commission was established last year, we thought that it was excellent and exactly what was required, because it gave a focus on long-term advocacy and influence. Government was at long last taking the issue seriously and considering what could be done about it. The Broadcasting Commission's remit covers cultural matters as well as democratic and economic ones.

Broadly, in considering the creative industries and the economy, sometimes we will approach things from one direction and sometimes from the other but, for the bulk of the time—that 99 per cent—the approach will be somewhere in the middle.

12:00

Aileen Campbell: Your submission states that creative Scotland will

“be an organisation fit for the 21st Century”.

That suggests that the current set-up is not fit for the 21st century. Will you comment on that? Also, where will creative Scotland take culture and the arts in Scotland in a global sense?

Dr Holloway: I will ask Anne Bonnar to comment on that in a second.

To go back to the history, the Scottish Arts Council movement is more than 60 years old, so it already has a bus pass. Inevitably, it needs refreshing and rethinking. That is why we welcomed the Cultural Commission and Jack McConnell's entry into the debate. The Arts Council has changed over the years. It was set up originally simply to support art for art's sake, but the social importance and impact of art on people's lives came in and the creative economy is now coming in. The picture is dynamic and growing. It is time that we configured a new body, which is why we have Anne Bonnar, who will be the architect or designer of it.

Anne Bonnar: On the question about the need for a 21st century organisation, I return to a point that Richard Holloway made. Even 15 years ago, creative people would not have thought that they might work in video games, although that format had been invented, or on the platform that is my telephone, for example, because that did not exist. Creative Scotland's real focus will be on our talent in Scotland and the content that it creates. That talent creates content for a range of media and those media change, with people going from one to another; somebody might go from design to advertising to making a film or working in the theatre. The talent base in Scotland is critical. That is the scope for a 21st century organisation. Such an organisation accepts that we live in a fast-moving environment and it must be able to respond and anticipate where future investment, championing, advocacy and support are sensible and wise for Scotland and our creative sector. It must then make strategic interventions based on that assessment.

The point about creative Scotland's international role is a good one. We are discussing with partner organisations, particularly the Scottish Government, what the requirements for us will be. The arts, culture, creative expression and creative enterprises are the way in which we express our cultural identity. The arts and creative enterprises are a fantastic vehicle for understanding and explaining Scotland and its place in the world. The international role is an issue for discussion, because internationalism is in the DNA of arts and creative organisations—they think internationally

and work in global marketplaces. The raft of organisations, such as publishing, film and games organisations, have an international outlook. International organisations also look here, for example, for the festivals. Internationalism is critical to us in any event, but we are in discussions with partner organisations on our precise role.

Elizabeth Smith: We had a discussion earlier about the difficulties of trying to reconcile economic objectives with those of cultural creativity. We have a fairly tight squeeze on the economy and a fairly tight spending review, but at the same time we are saying that Scotland is vibrant in its creativity and lots of new things are happening. Therefore, that tension can only get worse. I will ask you the question that I asked the Government officials. Why will the new body be able to cope better with those tensions than the existing system?

Dr Holloway: I think that you were looking at Anne Bonnar. I am happy to comment, but the issue probably has continuity with what Anne Bonnar said earlier.

Anne Bonnar: I am being hesitant because creativity and creative enterprise are all about tension—tension is not necessarily a bad thing. In our dialogues and conversations with Scottish Enterprise and Highlands and Islands Enterprise we are considering what we mean by the creative economy. The term refers to the place in which all sorts of creative people do their work. It is not all about high-end international export, although that is incredibly important. There is a need for creative people, talent, skills and places, as well as investment in high-end businesses, to be here. People who are starting up in the creative sector need tailored business support and advice as well as investment. Together we are looking at a raft of issues.

A new body is coming into existence. We can use the transition process to sit down and have conversations in a changing landscape. All the main players in the public sector need to have those conversations. At this point, the Scottish Arts Council and Scottish Screen, which will become part of creative Scotland, the enterprise networks and local authorities are the players around the table. Everyone who is in team Scotland for the creative economy now or next year must sit down to work out our ambition for Scotland in the creative economy and what roles existing and new bodies can play to deliver that. That process is under way. It is important that there is a commitment to a joint approach and a strategic framework. The main agencies in the creative economy are taking such an approach.

Dr Holloway: Jim Tough and Ken Hay would like briefly to amplify what Anne Bonnar has said.

Jim Tough: We must create an environment in which creativity is embedded and celebrated from the education system onwards. Part of the dynamic is to create a country to which talented individuals want to come to live and work, and in which, at a more fundamental civic level, through the education system and informal education, the nation holds creativity dear to its heart. The role of creative Scotland as a leader, champion and advocate relates to those softer issues as well as to the economic discussions that Anne Bonnar described.

Elizabeth Smith: I have been fairly encouraged by your responses and those of the previous panel. There is good news on creativity and many encouraging things are happening. However, I am slightly concerned on the economic front. When we are presented with difficulties because of tight funding, we must make best use of existing economic resources because, to be honest, we do not have enough to meet every demand that people would like to make. Why do you think that the new body will be able to make better use of resources? Is that related to economies of scale and the communication process that you described? What will make creative Scotland able to function better economically than existing bodies?

Dr Holloway: It will be smarter. Anne Bonnar can tell us how.

Anne Bonnar: Dr Holloway is right. Earlier the committee discussed what is meant by a 21st century organisation. Given that resources are finite, where we are in Scotland and what we are trying to achieve in and for Scotland, we must take a clear, strategic and decisive approach. We must think cleverly about what financing means. In the committee's discussion with the previous panel, terms such as grants, funding, development grants and business start-ups were used. There is not yet a common language for what is required, although there will be.

Let us consider financing as opposed to economic impact. We know that our sector needs various types of support to thrive. Sometimes it needs championing; sometimes it needs advocacy; sometimes it needs straight funding or grants; and sometimes it needs other support, including investment that is provided in other ways. The public purse, as we are very much aware, does not simply get bigger and bigger, and we would not want to proceed in a spirit of seeking more and more public subsidy.

As part of the transition project, we are doing a piece of work about what 21st century financing looks like across our sector. What can we do to recycle money for the benefit of the creative sector and Scotland as a whole? We are considering a raft of things—investment, private equity, quasi-

private equity, public funding and private sponsorship—to use financing in the best way. We are talking to colleagues in the Scottish Government, Scottish Enterprise and HIE. HIE does many scaleable things, which we can examine with a view to getting the best types of support.

The landscape is changing. Not every successful provider or contributor to the creative economy is an organisation, an artist or a business. People might come together for a particular project or film. They might work peer to peer—people are very involved in that in the Highlands and Islands—but the current funding mechanisms are not necessarily best suited to support that. We will consider such factors through the financing project and through discussions with our partners in the creative economy.

All that is about sharing our thinking, and it shows why we do not have the absolute answers. The important thing is the process and the thinking.

Elizabeth Smith: So you would be in a position to reassure groups who are concerned about their financing, particularly in the current climate. As you know, people who have made submissions to the committee have made serious points about the lack of funding in some areas. You will be able to reassure those groups, as far as possible, that the new body will be better able to look after their interests than the present set-up.

Dr Holloway: The implication is that we are not doing things well at the moment; I am not happy simply to roll over and say yes to that. Inevitably, we must make choices. When the Scottish Arts Council went through the strategic review, the intention was to free up the logjam in the public funding of art. People can get addicted to public subsidy, and we had to find a way to loosen up the system and enable surprise to come into the arts sector. Inevitably, we have to say no to some people if we are to say yes to others. Our current flexible funding round brought £7 million to dispose of, but with £14 million-worth of applications.

We have to make decisions. We do not always get them bang-on right, but we get them pretty close to right. Pain is an inescapable part of the whole business, but creativity is not stifled by our bureaucracy. The hope is that Scotland is filled with talent. No Government and no act of Parliament will suppress that—it will bubble away. We can, however, create the right space in which that talent will enlarge, continue and engender other art forms and new partnerships. That is the kind of atmosphere that we hope to create.

Elizabeth Smith: You are absolutely right—that is true. My concern is that, at the moment—

particularly given the discussion of the bill by the Finance Committee—there is not much confidence among many groups that the process has integrity. We want assurance that we are moving towards something that will look after people's interests better and that, when they make demands on creative Scotland, they will have a greater chance of being able to do what they want to do than under the present system.

12:15

Mary Mulligan: I listened carefully to what Anne Bonnar said about this being a transition process, so you cannot give definitive answers. My earlier questions were to do with relationships and you intimated that you had had discussions with local authorities, for example. Can you tell us what stage discussions with local authorities and Scottish Enterprise are at? Have any pointers for how the relationship might develop come from those?

Dr Holloway: I will ask Jim Tough to take care of that. He, and I as the chair of the Scottish Arts Council, made a round of visits to local authorities. There is a changed atmosphere; they are seeking co-operation and we are being invited in, which is hopeful.

Jim Tough: To echo that and with regard to what I said earlier, the appearance of creative Scotland on the horizon is a great opportunity to refresh and redefine relationships with local authorities. From what we picked up, they were keen to have a national body that was an advocate and a facilitator, and that had good research—a body that could do those kinds of jobs rather than just engage in a funding relationship. The changing political context in which we are operating—with outcome agreements, for example—provides another opportunity for us to examine how we can work together.

Richard Holloway and I gathered together representatives of the six cities and one or two other local authorities in an informal discussion about our intents and our desire to change the relationship. Anne Bonnar mentioned transition methodology, which involves small groups thinking in depth about key issues, sometimes with input from provocateurs to ensure that we are not thinking in old-fashioned ways. One of those events is in the diary and formal and informal discussions with COSLA, VOCAL—the voice of chief officers of cultural, community and leisure services in Scotland—and others are under way. Anne described eloquently how in undertaking that process, one cannot presume to know the answer, but there is commitment to a fresh and different relationship. That is where we are at in a practical sense.

Dr Holloway: Ken, you have had an on-going relationship in that area as well—do you want to amplify that?

Ken Hay: We at Scottish Screen have worked hard to make relationships and partnerships as meaningful as possible, to respect individual organisations' and agencies' roles and to work out how we can best support them in delivery. For example, over the past two years we have delegated responsibility and resource to Skillset Scotland to support the development of skills within the creative media sector—it is the sector skills council for that area. Up to that point, we had always had an odd relationship, because we both had responsibility for that territory. We have been able to come up with a fresh relationship and approach, and we want to bring that to the table and say that it is one of the ways in which we can influence things.

An example is work that is taking place in Brechin involving local authorities, schools and Learning and Teaching Scotland in a project on moving image education within the classroom. Half a dozen primary schools and two secondary schools are involved, and it has been very successful. The project has been funded through the future learning and teaching programme for the past four years, and independently evaluated by the University of Glasgow's faculty of education.

Our role was to bring people together and to present the project both as a way of learning about moving image education and media literacy and as a tool for teaching—a pedagogical tool. It has been exceptionally successful. We did not have to fund it; we just had to make someone available to bring people together. Our job was very much one of advocacy, leadership and influence within a broad partnership. That is how we would expect things to operate in the future.

Mary Mulligan: Would anyone like to comment on the relationship with Scottish Enterprise?

Anne Bonnar: I am happy to comment on where we are, because Scottish Enterprise has been alluded to often. When I began my job as transition director in December last year, on the first day I wrote a list of the external people with whom to meet and form relationships, and Scottish Enterprise was on the top line. Since then, we have been discussing these matters with not only Scottish Enterprise but Highlands and Islands Enterprise—given the context of the reforms to the enterprise network. Also, in the think-tank that we established—which also involved a number of Government officials—we considered the most contemporary international evidence on successful creative economy programmes in the Nordic states, Singapore, Portugal and so on. After all, different aspects are relevant to us. Then we

formed a view on what the creative economy in Scotland should aspire to and on how we might accelerate its growth. Particularly in view of the reform of the various landscapes, we need to have those baseline discussions before creative Scotland actually exists.

The short-life working group has also formulated a set of common ambitions that will be set out in its imminent report to the minister. However, an equally important point is that we have committed to forming a creative economy partnership—with either a small or capital P—to tackle the lack of co-ordination, the lack of a common language and the ambiguity that everyone has highlighted. It is up to us to sort things out with pilot projects and route maps which, although basic ideas, are still essential in allowing us to move forward. Through such a partnership approach, we can work out what we can do individually and jointly to contribute to growth in the creative economy.

Mary Mulligan: It is encouraging to hear about all the work that is going on. I agree that not everything in the past was bad and that, as a result, some things might not need to change, but some changes will have to be made. In the past, concerns were expressed about inconsistency and the lack of clarity over who had responsibility, who held the purse-strings and where people could find support.

That said, until we know how the relationship is developing and are happy that you are taking the right decisions, it is difficult for us to sign up to the creation of creative Scotland. We simply do not know whether it will make a difference. I understand that such matters need to be developed and worked through, but when might we be reassured and have confidence that the relationships that you have outlined have a firm foundation?

Dr Holloway: I hate to say, “Trust us,” because such words are fatal, but that is what you are going to have to do, partly because these matters are in process. I trust Anne Bonnar’s work and the conversation that she is having. We know that this is a neuralgic political issue in Scotland, but we also know that it will be resolved, simply because it has to be. Neither I nor Anne can tell you precisely when the curtains will open and the new deal will be presented, but I have no doubt that it will happen. However, we cannot give you any exact details at the moment.

I do not know whether Anne Bonnar wishes to add anything to that general rhapsody.

Anne Bonnar: It is very hard to follow that. It is not within our area of expertise to comment on the bill. Through our close work with Government officials, we understand the spirit of the bill and we know that there is certain work to be done. We

cannot do some of that work while the bill is in its current state. It is not a chicken-and-egg situation; the two things have to go together. We cannot talk in detail about the new organisation until we know that there is a new organisation. We are acting in good faith.

Mary Mulligan: I suspect that we are not allowed to do things in good faith; we need evidence on which to base our decisions. That is not to say that I lack confidence in the work that you are doing.

Ken Macintosh: I want to continue the same line of questioning. It is encouraging to hear your enthusiasm and commitment to creative Scotland. If you detect a tone of exasperation or disappointment in our questions it is only because although we all share your enthusiasm, it is our job to ensure that the bill is framed correctly. That is the difference between us. To that extent, I believe that the roles of creative Scotland and Scottish Enterprise need to be spelled out absolutely before the bill is approved. I would welcome your views on that. You are clearly not in a position to offer us that information yet, but do you believe that creative Scotland should have responsibility for the economic strategy for the arts; the economic impact of the arts; and the business development functions of supporting small artistic businesses? Should those be creative Scotland’s job or Scottish Enterprise’s job?

Anne Bonnar: I would not put those three things together. I would not even necessarily use the same language. We owe it to you, ourselves and our sector to be pretty clear about what we do and what we are trying to do. That is the co-ordination aspect. That is informed by what we need to do overall to have a successful creative economy and to accelerate growth and the specific roles and priorities of Scottish Enterprise, HIE and creative Scotland. Those respective roles and priorities will be different in all sorts of areas. It is not as simple as saying that one organisation is economic and another is cultural.

Ken Macintosh: I understand what you are saying. There will always be a tension and agencies will always overlap. However, we have to get the terms of the bill right. I want you to be clear about the specific role that you see for creative Scotland. What powers will it have? What would you like creative Scotland’s economic role to be?

Anne Bonnar: Creative Scotland is concerned with the success of the creative community in Scotland. Therefore, it is concerned with creativity in all its dimensions: individual creativity; people’s engagement with creativity; creativity in terms of our talent; and the success of creative enterprises. To that extent, we—creative Scotland—care about the social, cultural and economic dimensions of creativity. All those things mesh into each other.

You cannot look at one thing without looking at the others. That is not to say that we are the only agency operating in any of those territories. You are right: it is about overlap, partnerships and taking the broader view. I do not think that you can silo that. I do not think that you can say, "Economics are here and artistic things are over there." You have to look at it all together.

12:30

Ken Hay: I want to follow up the point that I made earlier about Scottish Screen. We have always had that dual responsibility and there has always been overlap with Scottish Enterprise, VisitScotland, local authorities and a host of other bodies. Our job is to navigate that and to get the best possible deal for what we are trying to achieve collectively. We are trying to build on an industrial scale and to get enough companies of skill, sustainability and viability that can make things. It is about building, developing, attracting, and retaining talent, businesses and skills in the country. Hence, we sell Scotland internationally. Should VisitScotland do that? Should Scottish Enterprise or Scottish Development International do that? Yes. We do a lot of work in partnership with them. Some of the time we work alone and at other times we work with a network of film offices that on the whole are run and funded by local authorities. It is all about partnership. To try to put in a divide becomes unhelpful. However, I agree entirely that what would be useful—not necessarily in the bill but in the associated documentation—is clarity on who takes responsibility for which broad area. There is a need to work together to ensure that the work overlaps.

Ken Macintosh: Thank you for those comments, Dr Hay.

Ken Hay: Mr Hay.

Ken Macintosh: I promoted you.

You mentioned in a previous reply that there was some uncertainty about your role within Scottish Screen that required clarification, and that it was good that that happened. It is important that Scotland has an economic strategy to develop the creative arts. It is also important that we know whether it is your job to develop that economic strategy or the job of Scottish Enterprise. Specifically, that matters for budgets. If you have a range of new tasks on top of giving development grants to voluntary sector and other arts organisations, that will be an additional requirement on the budget. Two questions need to be resolved before you are established, otherwise you will be launched with false expectations and will only disappoint, and it is important that that does not happen. It is important to clarify the matter for all our sakes.

I wish to ask a specific question of Ms Bonnar. Do you currently employ anybody in creative Scotland with an economic or business background or do you expect to recruit somebody with such qualifications?

Anne Bonnar: Business and economic backgrounds are two different things. We have not worked out the organisational structure yet. It is slightly too early to do that because we have to be clear about what our roles will be and what our expectation of resources will be. It is necessary to know that before we can say how we will do it.

This is not an answer to your question but another point about the discussions that we are having with Scottish Enterprise and HIE. What we have all committed to—we have absolutely signed up to this—is offering complementary services. We are not looking to duplicate work that anybody else is doing and none of us would seek to do that.

The Scottish Arts Council and Scottish Screen care about the success of our creative individuals and creative enterprises. That success is not measured entirely in inward-looking aesthetic endeavour, as exemplified by artists starving in an attic. Artists and creative people can and should measure their success not only by their artistic and creative outputs and energies but by how economically successful they are and their overall economic contribution. That is why I am uncomfortable with the division between someone who looks at the economic side and someone who looks at the arts. Our creative people have all those dimensions. Some of our most successful people are creative. Creative businesses and creative enterprises are important and energetic drivers in society but they will not all be defined in terms of high growth, which Scottish Enterprise is very focused on for example. I am clear about that and about what it supports.

Artists will not always be in companies but they can still be creative and economic generators for Scotland. That is why I sidestepped your question—because we are still working out what we mean by the landscape; what the critical economy of the landscape is; what the ecology is; what the various roles will be; and what the important things will be. This is a complicated issue, but the creation of creative Scotland allows us to have this exciting although challenging and complex discussion.

As I said, in having that discussion, we are considering international best practice and, in particular, contemporary thinking in the Nordic states, to see what we can learn to enable us to accelerate growth in our creative economy, which is already an important, and growing, part of the Scottish economy. We have a real wealth of talent and creativity in this country. Let us work with it in order to encourage and support it to be even more

successful. It may be judged to be successful because of a piece of music or a painting that has been created, but its success is just as likely to be measured by the contribution that it makes to the Scottish economy.

Dr Holloway: The implication of your question is absolutely right. If creative Scotland is given new work to do, we expect the appropriate resource to be made available.

Ken Macintosh: That is good to hear, Dr Holloway.

In its manifesto, the Government made a commitment to

“transfer the budgets for the creative industries from Scottish Enterprise to creative Scotland”.

Would you be disappointed if that did not happen?

Dr Holloway: Yes, but—obviously—we hope for a bit of it; not all of it. This is a no-brainer: if a body is given a bigger job to do with bigger responsibilities, it needs the resource to do the work. That said, we also hope to be smarter about how we spend resources. We are talking not only about budgets but about how we do things. Everyone expects that once this battle is over, the dust has settled and we see who is standing and who is doing what, it will all become clear, including to the committee. I have no doubt that our glorious, spiritually led Government will sort it all out for us.

Jeremy Purvis: I have another question on funding.

Dr Holloway: Still on the money.

Jeremy Purvis: I am not sure that we can call on a higher being in all of this. Dr Holloway may be able to do that; he has an advantage over us.

In paragraph 17 of your submission, you say:

“Creative Scotland is intended to be the leading national development agency for the arts and creative industries in Scotland.”

Thus far, I have not seen anything from the Government that sets out that that is its intention. Where has it set that out? What do you have that tells you that creative Scotland will be

“the leading national development agency for the arts”?

Dr Holloway: Which bit—

Jeremy Purvis: Paragraph 17.

Dr Holloway: I know, but which bit of the phrase is at issue? Is it the word “leading” or—

Jeremy Purvis: In its explanatory notes to the bill, the Government said that one of the main measures in the bill is to

“establish a national cultural development body, Creative Scotland”.

In your submission, you say

“Creative Scotland is intended to be the leading national development agency for the arts and creative industries in Scotland.”

I do not know where to find that Government intention set out.

Dr Holloway: Historically, it was there; it was in the previous bill. Does everything have to be absolutely spelled out in a bill?

Jeremy Purvis: Dr Holloway, I understand the argument, but we are scrutinising the bill that establishes your remit and functions. On my reading, there is a mismatch between the establishment of

“a national cultural development body”

and creating

“the leading national development agency for the arts and creative industries in Scotland.”

As you go on to say in paragraph 20,

“In order to achieve this Creative Scotland will, with its partners, develop the strategy for the creative economy in Scotland”,

but mention of that is nowhere to be found in the bill, the explanatory notes or the policy memorandum.

Anne Bonnar: I appreciate the challenge that is posed by the papers that are before the committee. Much of the narrative around our thinking and descriptions does not relate directly to the bill, which is very short. We did not refer to the exact wording of the bill in either our submission or our corporate plan. In our discussions with Government officials, we have described the bill as the framework within which creative Scotland will do its work. The thing is that its work will change from time to time, just as the ways in which creative people express themselves and Government priorities will change from time to time. Our language will change from time to time, too. However, we understand from the bill that our role is to be the leading development agency in our sector.

Jeremy Purvis: Scottish Enterprise has told us that it will continue to focus on its priorities of digital media and the creative industries. You are telling us that you will be the leading body for the creative industries in Scotland. You are being given statutory functions on the basis that two bodies are now saying that they are going to be the leading organisation for those industries.

In the discussions that we have had this morning, the “Wait and see, because it will all be okay” argument has been put forward. I understand that, but we are considering statutory functions. I understand that you represent the transition project and that my question should

perhaps be addressed to the minister, but do you have a letter, instructions or guidance from the minister saying that, in the work that you are doing as the transition project, it is intended that you will be the leading national development agency, or is that how you have defined yourselves?

Dr Holloway: It is probably bits of all that. I am not a parliamentary architect, but I presume that you do not load absolutely every detail into a bill: we understand that the bill is a framework. Creative Scotland will inherit the functions of the Scottish Arts Council and Scottish Screen and will also do things that are not in their functional history. Scottish Screen is already an agency for development in the creative industries, so that function will be included: it is the leading agency for film industry development in Scotland—

Jeremy Purvis: I am sorry to interrupt but, with respect, nothing would have prevented the Scottish Arts Council from establishing a strategy saying that it was the leading development agency for the creative industries in Scotland. I want to know what will be different and what will be statutorily different. If nothing will be statutorily different, there is no point to the bill.

Dr Holloway: We need a bill in order to get rid of the Scottish Arts Council and to create a new agency that will incorporate Scottish Screen and—

Jeremy Purvis: What is the point of that unless it will do things differently?

Dr Holloway: We assume that it will do things differently.

Jeremy Purvis: In scrutinising a bill, we should not assume that things are going to be different. What will be different?

Jim Tough: Anne Bonnar has spoken previously and today about the wider landscape. Looking at creativity in its broadest sense, we have found in conversation with Scottish Enterprise, HIE, Government and others, that there is recognition of the need for a leadership role. I think that, ultimately, that leadership role will have to be earned even if it is embedded in legislation. There is an opportunity to create a body with that leadership role but, even if it is declared in that way, it will have to be earned. The new body will need to prove its capabilities.

Jeremy Purvis: Statutorily, what will be different? Under the law, what powers do you need that will be different? Nothing would have prevented Scottish Screen and the Scottish Arts Council from having joint management and a joint strategy; from establishing a working relationship with Scottish Enterprise, Careers Scotland and Skillset Scotland which, as we have heard, worked well before; and from delivering on the ground. The language could have been redefined. You will

be dealing with the same people, unless there is to be a whole new phalanx of people working in the sector. Dr Holloway told us that the sector is a village, so it will be the same people redefining their work with a new strategy—that is fine. Statutorily, what is needed that is different?

Dr Holloway: As I understand it, the Government can get rid of Scottish Screen without a bill but, because of the way in which the Scottish Arts Council is constituted, it cannot simply rub it out. It needs an act of Parliament to do that. However, the Government also wanted to rationalise the sector and provide new powers for dealing with the new realities of the creative economy.

12:45

I am not a parliamentary architect, so I cannot answer whether the bill is the appropriate way to do what is being done. However, creative Scotland's role will include inherited functions from two organisations—those functions are being enhanced because of the new realities of the creative economy, which grows abundantly every year.

Jeremy Purvis: What new powers will you have? Scottish Screen could have been removed by statutory instrument and could have been absorbed within the Scottish Arts Council, which could then have developed a new strategy and leadership role. I do not see powers in the bill that will give you the new tools that you have said you need. What are the powers? Perhaps Ms Bonnar would like to answer.

Anne Bonnar: We do not have the technical ability to answer that question. I have no knowledge of the previous powers of the Scottish Arts Council, and I do not think that we are qualified to talk about the statutory powers.

Jeremy Purvis: When did you start working on the transition project?

Anne Bonnar: In November or December.

Jeremy Purvis: So, for four months, you have been working on the transition project and you have not had the opportunity to glance at two paragraphs in the bill that will constitute the new organisation.

Anne Bonnar: That is not what I said.

Jeremy Purvis: Okay. I apologise.

Anne Bonnar: I have not looked at the legislation that incorporated the Scottish Arts Council, so I am not able to compare the statutory responsibilities of the Scottish Arts Council with the statutory responsibilities of creative Scotland as it is proposed. I am perfectly happy to examine the documentation if you would find it useful, but I

have certainly not done so up to now—none of us has.

Dr Holloway: It may not precisely answer the question, but we could consider the narrative history. The Cultural Commission produced a report, but the previous Scottish Government chose not to accept the main recommendation exactly and chose instead to merge Scottish Screen and the Scottish Arts Council into one body that would have the old functions but would be amplified with new functions relating to the creative industries and the creative economy. The current Government chose to introduce a bill, which will become the act that will give birth to the new body.

Jeremy Purvis: A Government policy is being implemented—I understand that—but the committee is justified in its questioning. The Government estimates that the administrative costs will be £1.4 million. The Finance Committee was not satisfied that the information that it was given was robust, and we do not know what the Government is giving us today. Because of the costs, we are justified in asking what new powers or new abilities the bill will give you. You are not able to answer the question, yet you represent the new organisation that is to be set up. That gives me considerable concern.

Dr Holloway: I presume that your question is for the Government, rather than for us. We have been given a job to do—I am confident that we will do it. We know the job that we are being given. It may not fit neatly into some set of statutory brackets, but it is obvious to us what we will end up doing.

Jeremy Purvis: We are tasked with scrutinising the bill.

Dr Holloway: I understand that.

Jeremy Purvis: I have one more question about the structure. Earlier, Dr Holloway said that you are interested in getting things done. In my constituency, an individual who wanted to start up a design agency last month could have gone to Scottish Enterprise in the Borders, where they could have spoken to a business gateway representative, who in turn could have spoken to someone in the cultural enterprise office—still internal to Scottish Enterprise—who could then have spoken to the Scottish Arts Council before coming back to the individual. If there was scope for skills development or apprenticeships, that could have been addressed through Careers Scotland, again involving Scottish Enterprise and perhaps involving Skillset Scotland or another agency. There would have been one form of contact all the way through, in the Scottish Enterprise office in the Borders.

That was last month. This month, unless that small business forecasts turnover of £1 million, it

will have no access to the council-run gateway. If it does, it will first have to approach the council then for opportunities for funding, it will perhaps link with creative Scotland—but that link will not have a formal or contractual structure.

That company might want support for learning or skills, but no formal structure is in place for that with Skills Development Scotland—a separate agency—which is inheriting all the funding that would have been provided for Skillset. If the company is lucky enough to be fast growing and to have turnover of £1 million, Scottish Enterprise will be able to help. That company could go to four organisations.

Your evidence, that of the Scottish Broadcasting Commission and pretty much all the submissions—including the Government's—say that we want to reduce the complexity for creative businesses that are starting up, but we could not be creating a more confused environment. What will you do that is different and will allow that company in Galashiels to sail through the process and give it a clear environment in which to work?

Jim Tough: The conversation with other partners to which Anne Bonnar referred is entirely about addressing that question. You have described part of the evidence and the historical need for clarity. We have invested in the cultural enterprise office, for example, to provide support for the creative person who wants to translate activity into a business ambition. I apologise because we do not have the answer, but we have a commitment to solving the problem.

Jeremy Purvis: What I described has happened. There are new contracts with the councils and the gateway function has been agreed. Jack Perry's evidence says:

"With the move of Business Gateway functions to Local Authorities we will no longer proactively support businesses that primarily service local markets."

Many such businesses are in the creative sector. In fact, the vast majority probably operate locally in areas that we want to develop, such as the Borders, which have great potential, but the business gateway may say, "No—that's nothing to do with us." You have said that creative Scotland will be the lead development agency for such matters, so how will it fill the gap?

Anne Bonnar: That question covers exactly what we will discuss. What has been shown is that we do not all have the same understanding of what is going on. The business gateway function is devolved to local authorities. If we were being simplistic, which none of us wishes to be, we could say that simply transferring the business gateway function to local authorities means business as usual and that there is no reason why such support should not continue as it was last year.

Of course, the situation is much more complex than that, which is why all of us—including local authorities—must ask what the changed structures mean for creative businesses. First, we could take a view on the service that has been offered. It sounds as if the service was fantastic in the Borders, but it might not have been as good in other areas because of geography or in respect of a particular creative bent. Nonetheless, the cultural enterprise office offers a good model that deserves support and development.

First, we take a view on what has happened until now, and then we ask what the landscape change has achieved and whether the service has become better or worse. We must ask what we all need to do to ensure that we have what is best to support businesses and creative enterprises appropriately. The question illustrates what we will face and highlights one issue—among others—that we need to examine together.

Jeremy Purvis: I will follow up Ken Macintosh's point. The Government tells us that your combined budget will fall in real terms every year and will be in absolute terms £2 million less than this year's budget, yet you must find your administrative set-up costs from that budget, which means deducting £1.4 million from it. You have said that you are considerably oversubscribed with applications and will have to find funding for any new services from your existing budget.

Anne Bonnar: Those are good points on matters about which we are concerned. I have a few points to make. First, I will address whether passing the bill would mean accepting that we should spend £1 million on administration costs for creating the new organisation, and what the value of doing that would be. We must consider how to get best value and to make the most of the resources that we have. We do not have the expertise to comment on whether establishing creative Scotland through a bill is the best way to do it. Whether it is or not, the bill will join two existing organisations to create an organisation that will have different characteristics and a wider field of vision. The new organisation should be able to use the combined resources to achieve better value.

Secondly, there is the issue of financing, to which I referred earlier. One of the top things on the creative Scotland project list is the question of what we do about financing. The sector has declining funds—we will not just sit on our hands and watch the money go down and down. Our sector needs support and it needs to be championed. The question is how we can best get new sources of money, new models of financing and new business models into our sector. We want to get more resources into the sector and we want to recycle the money.

Thirdly, Mr Purvis and other committee members alluded to a particular issue, as did Richard Holloway. We have not done that work, but if there is a gap between what is required and what there is now—that might be the case in Mr Purvis's example from the Borders—which is vital for the success of our creative sector, and if nobody else will do the work that is required, we must consider how we might do it, or how we might get resourced to do it. There would be many stages in that process. That is the problem today, but we might have the same level of complexity when we get into the detail of international aspects, learning and skills, or dealing with local authorities. I hope that that does not happen, but it may. Such things happen from time to time as Government priorities change and as society and technology change—that is the world in which public agencies live.

The emergent creative Scotland has priorities for this moment in time, but it may have different priorities in three years. I am keen to make it clear that, although the issues around the creative economy are important, they are not more important than other matters and might become less important as time goes on, because things change. Where we are now is that you—the Government—are clear about the priorities.

Jeremy Purvis: We represent the Parliament.

Anne Bonnar: Forgive me. There is a clear sense of the Government's priorities for creative Scotland that, as a public sector agency that is concerned with delivering strategic objectives, we must be aware of. The economy is extremely important, and we want it recognised that we and our sector do not regard it as unimportant. That is what we are considering right now and that is what the debate is about. However, the debate in three months may be about something different, and we will engage in that debate as well.

Jim Tough: To take a pragmatic view on resources, the next cycle of the comprehensive spending review will soon be on us, and I hope that we will be involved in the development of an organisation that can make a strong case for the impact and value that it offers Scotland; it may be part of the development process to articulate that. However, the issue is not just the money that creative Scotland may have to do its job, but how it can influence other Government portfolios to recognise the value of creativity in achieving their goals. I referred earlier in that respect to learning and education. It would be a success for creative Scotland if the investment in, for example, the creative experiences of our children were enhanced through the education strand.

13:00

Ken Macintosh: It is obvious that there is unhappiness about the estimated transition costs. The previous panel was unable to give us information about them: perhaps you can.

Anne Bonnar: We have been working closely with Government officials on the transition costs throughout the process—as the Government officials said—and we have provided estimates to the Government at various points. Members should bear it in mind that we have always provided a range of costs. We have always been able to identify areas in which there will be costs, but there will be costs that relate to starting up the new organisation as opposed to the transition project—I think the administrative bit around that was referred to. We have provided the Government with detailed figures on the costs of the transition project and of creating a new organisation. I do not have the figures with me, but we have worked with Government officials on them. I do not know how to help members further in that respect.

Ken Macintosh: From what I gather, the previous panel's uncertainty was centred on the fact that it did not know what the relationship between creative Scotland and Scottish Enterprise will be. Most of the problems seem to stem from that—that relationship seems to be the central problem. Until it is resolved, we will not know the number of staff in the new organisation or whether Scottish Enterprise staff will be transferred. What uncertainties are involved? I do not see what the difficulties are in estimating the costs.

Anne Bonnar: For the avoidance of doubt and notwithstanding anything that has been said, we appropriately assume in our corporate plan, which is the third stage in the process, that we will have the budget and combined resources of the two current organisations. That is our starting point. We must be clear about that. We are not saying that we cannot begin to think because other money could be coming in. We are not assuming that.

We are going through a proper process in the third stage, but there will be scenarios within it. We will think about doing fewer or more things, organising ourselves in different ways and so on. I am comfortable with the approach that we will take in the business planning process later this year. There is no particular uncertainty around that process. We simply have to work out how we will organise ourselves and what our priorities, activities and organisational structure, for example, will be in a proper business planning process.

There are two stages before the third stage. There is least uncertainty about the first costs—

the actual costs of the transition project, which will include the costs of the transition team, research that we have done and our professional advice. I understand that those costs have been defined as the costs of implementing the legislation. We mentioned that Greig Chalmers had to get more information about those costs from us. We provided that; indeed, we have provided information on an on-going basis in the process.

As I said, the costs of the transition project—what we are doing now—are the first costs. The third costs relate to the resources for the organisation in the current financial period. The middle costs are the costs of pensions, relocation, new systems and restructuring. There is uncertainty about them. It is not that there is uncertainty about whether there will be costs in some areas, but we cannot say what those costs will be until we decide how the business plan will work out. We are going through the corporate planning process in parallel with the bill process, of which we cannot get too far ahead. That takes us back to what I said earlier: it is appropriate to run the processes in parallel, and we are involved in processes involving Government officials.

Ken Macintosh: Do you have a top-end figure? I agree that what you describe makes it difficult to estimate. If £700,000 was mentioned as an estimate, might the top-end figure be £1 million or £2 million?

Anne Bonnar: No. There is a range of estimates that we cannot yet quantify.

Ken Macintosh: You can appreciate that we are worried. As Jeremy Purvis said, the costs will come straight out of your budget, from efficiency savings and, because of that, from grants for voluntary organisations or others. Surely it is a matter of importance to you, as it is to us. I suspect that the committee will come back to the matter, perhaps when we receive the enormous letter that we are going to get.

The Convener: We await it with bated breath.

Mary Mulligan: Section 5 provides ministers with a power of direction, but as we have heard, section 5(2) restricts ministers from interfering in artistic or cultural decisions. What do you expect that power of direction to be?

Dr Holloway: I guess it means that if a minister got an idea about how to improve the life of Scotland through the work that we represent, they might say to us, "Wouldn't it be wonderful if every child in Scotland got a year's free ballet classes? Do you think that's a good idea? How could we implement it if we got you a fund?" I think that the power is as vague as that. It certainly would not allow ministers to interfere in artistic judgment.

There is no reason why Governments and politicians should not have good ideas—they are full of good ideas. They might come to us and say, “We suspect that this might be worth trying.” That is the kind of way in which I assume such a power might be used; I do not think that there is any sinister intent and I understand that such provisions are standard in bills. Ministers removed from the previous draft of the bill the bit that a lot of people were worried about. We are fairly relaxed about the power of direction.

The Convener: That concludes the committee’s questions this morning. Thank you very much for your attendance and attempts to answer our questions to the best of your ability.

Dr Holloway: “Attempts”—yes. We enjoyed every minute.

The Convener: I am glad to hear it. The meeting will be suspended briefly to allow our witnesses to leave.

13:07

Meeting suspended.

13:09

On resuming—

Budget Process (Correspondence)

The Convener: Members will be aware that I received a letter from the convener of the Finance Committee to inform us about the review that that committee is undertaking into the way in which the budget process works. The clerks helpfully provided us with a briefing paper on the subject in advance of today’s meeting. I seek an indication of matters that members feel it would be important to raise with the Finance Committee based on our deliberations and consideration of the budget at the end of last year.

Ken Macintosh: Such opportunities to review our processes are welcome and I welcome this one in particular, given how central it is to all our work. How the Finance Committee lays out its questions and direction is for it to decide, but the issues that I had with the budget were slightly different from those that the paper addresses, so I suggest that we feed back our views on what the difficulties were, rather than divide up our consideration in the way that is set out. I will describe what I felt the difficulties were.

If we look at budgets from the past, we see that a repeat complaint over successive years, as well as an issue that we have tried to address, has been about the need to clarify the information with which we are dealing to make the process more open, transparent and accountable. It has been an iterative process between us and the Executive—sometimes a frustrating one—but I thought that we were making progress. However, the most recent budget has been the most opaque of any budget with which I have been involved in nine years. It is unbelievable, but we have gone backwards as regards tracking expenditure and holding ministers to account for the money that they are expending on taxpayers’ behalf. Linking that expenditure to the outcomes has become more difficult than ever.

Members of this committee have always had difficulty because of the contrast in size between the specific budget for education that the Executive controls and the budget that it allocates to local authorities. The budget for education in Scotland is huge, but most of it is spent by local authorities. It has always been frustrating and difficult for us to compare the efficiency of one local authority with that of another in delivering on outcomes because they are elected bodies with their own mandates, over which we have no power.

Now that difficulty has got worse. The one device that we had before was that at least we worked within the grant-aided expenditure

allocation formula, so we could see the nominal amounts. We could also see the calculation that the Government made to deploy resources, so that if it announced a policy initiative to give more money for additional support needs, for example, we could track that and see that there was specific money in the GAE. Whether the local authority spent the money in that form, we do not know, and I do not want to get into the ring-fencing argument. Ultimately, however, we could see that the Government had taken its decision and could see where the money had gone. That is no longer the case in any area.

I find the current arrangements exasperating. I am sure that we are not the only committee in this situation, but it makes a bit of a nonsense of our budget process. A lot of the Government's spending decisions have been justified by post hoc outcome agreements that we have not even seen yet, although they will be in place next year. I cannot tell members how frustrated I was by this year's process. If it were to be repeated, it would not be satisfactory. If the Finance Committee can find a way to address the situation, it would have my wholehearted support.

Although we had issues about the time that we had to consider each stage of the budget process, that was not the whole problem. The Government has to work together with us, provide information in a transparent manner and allow decisions to be scrutinised properly. That did not happen in the recent budget process.

Elizabeth Smith: I am new to the budget process and, although I am not as steamed up about it as Ken Macintosh, I share a little of his concern about accountability and our scrutiny purpose. We are dealing with taxpayers' money so it is important that we look at the procedures.

Rob Gibson: I think that we should recall that from year to year over the past eight years, it has been nearly impossible to follow budgets such as that for the Scottish Executive Environment and Rural Affairs Department, with which I was involved. Because of the way in which such budgets were presented, many aspects of government seemed opaque.

13:15

It is not as though things were white before and are now black. Although we have to find ways of making the system more transparent, we should not necessarily think that everything has become all the more difficult because there has been such a step-change this year. Mr Macintosh might say that he does not want to get into the issue of ring fencing, but the fact that the Government is taking a different approach is bound to alter our scrutiny of these matters. We should give things a year so

that we can compare what has happened in one year with what has happened in the next.

The Convener: Rob Gibson makes a very valid point that the process has never been perfect. Indeed, a survey of subject committees' deliberations on the budget process over the past nine years will show that they were concerned about its openness and transparency and the difficulty in tracking expenditure.

That said, we should recognise that previous Executives accepted the Finance Committee's various recommendations and changes. Indeed, after the 2004 spending review, it was accepted that subject committees should be able to formally track GAE in the area of expenditure that they were scrutinising. The current Government has chosen to remove that from the budget. That makes it impossible for a subject committee such as ours, which is responsible for scrutinising education policy, to see and to track where education money is being spent. This is not necessarily a party-political point; we are simply saying that such a retrograde step is unacceptable, particularly given that a previous Finance Committee asked for the change in the first place. Perhaps we should ask the Finance Committee to reflect on whether the Government was right to alter the way in which GAE is recorded, given that the move undermines transparency and the ability of subject committees to track these matters. I certainly want that point to be made in our submission to the Finance Committee. After all, not only our committee but other subject committees have encountered this problem.

Moreover, as far as the outcome agreements are concerned, if the Government is making certain things a priority, it must show that in its budget. Given that we have found it simply impossible to track such matters, I think that it is legitimate to ask the Finance Committee to reflect on the point and to discuss it with the Government. We need to know what the Government means when it makes something a priority and to be able to track whether there is money to make it an outcome.

Mary Mulligan: The budget process has never been perfect; indeed, I have always struggled with it. However, we have all had to do our best.

Rob Gibson is absolutely right to say that in 12 months' time we will see the outcomes of local authority spend. However, because we will have had none of the initial detail about what was invested in those services, it will be impossible for us to say whether the public has received value for money. That is what we are here for. We do not want to tell local authorities what to do but, in representing the public purse, we want to see what they are doing and to be able to comment on

it. This move has been unhelpful and we should try to find out whether the situation can be improved.

The Convener: Is the committee content that our discussion be reflected in a letter? The letter will stress that this is not a new issue and that committees have been frustrated with the process from day one. I certainly do not think that we will be unique in feeling that.

Members *indicated agreement.*

The Convener: We will write to Andrew Welsh in those terms.

Meeting closed at 13:20.

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