



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

ECONOMY, ENERGY AND TOURISM COMMITTEE

Wednesday 14 December 2011

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ECONOMY, ENERGY AND TOURISM COMMITTEE
16th Meeting 2011, Session 4

CONVENER

*Murdo Fraser (Mid Scotland and Fife) (Con)

DEPUTY CONVENER

*John Wilson (Central Scotland) (SNP)

COMMITTEE MEMBERS

*Chic Brodie (South Scotland) (SNP)

Rhoda Grant (Highlands and Islands) (Lab)

*Patrick Harvie (Glasgow) (Green)

*Angus MacDonald (Falkirk East) (SNP)

*Mike MacKenzie (Highlands and Islands) (SNP)

Stuart McMillan (West Scotland) (SNP)

*Anne McTaggart (Glasgow) (Lab)

COMMITTEE SUBSTITUTES

Claire Baker (Mid Scotland and Fife) (Lab)

Jim Eadie (Edinburgh Southern) (SNP)

Alison Johnstone (Lothian) (Green)

*attended

CLERK TO THE COMMITTEE

Stephen Imrie

LOCATION

Committee Room 4

Scottish Parliament

Economy, Energy and Tourism Committee

Wednesday 14 December 2011

[The Convener opened the meeting at 09:30]

Decision on Taking Business in Private

The Convener (Murdo Fraser): Good morning and welcome to this meeting of the Economy, Energy and Tourism Committee. I welcome any members of the public who are here to spectate for the first part of the meeting. I remind everybody to turn off mobile phones and other electronic devices. We have received apologies for absence from Rhoda Grant and Stuart McMillan.

Agenda item 1 is to consider whether to take item 3 in private. Do members agree to take that item in private?

Members indicated agreement.

Business Gateway Inquiry

09:30

The Convener: Item 2 is to consider the responses from the Scottish Government and the business gateway Scotland board to the committee's recent report on business gateway contract renewals. The responses have been circulated in advance.

Members will appreciate that I am at a slight disadvantage because I was not a member of the committee when the inquiry was carried out, although I have had a look at the report. I would welcome any comments from members on the responses. The committee has to decide whether to pursue the issue further, whether to follow up with any specific action or whether we are happy simply to note the responses. I am in members' hands.

Mike MacKenzie (Highlands and Islands) (SNP): I have two general concerns. The first is about the targets that are set for the Highlands and Islands. The target-setting process does not properly recognise that we are at the start of a renewable energy revolution for the Highlands and Islands. Historically, the region's economic performance has lagged behind that of the rest of the country. However, I cannot help but feel that the targets do not take account of the new economic opportunities and that they therefore lack ambition and aspiration.

My second concern is about how the effectiveness of the business gateway in general is assessed. There is not a sufficiently robust appraisal of the economic impact of the business gateway compared with the do-nothing option. I am not convinced that the methodology that is used is all that it should be.

The Convener: Does anyone else have a comment?

Chic Brodie (South Scotland) (SNP): I have several, but I will write to you, convener, to set them out.

It is difficult not to be too direct, but I am not sure how seriously some of our comments have been taken. I am still confused about what the board thinks its responsibilities are. The response to paragraph 28 of our report states:

"The Business Gateway service is 'owned', managed and delivered by local authorities".

That is fine, but the response to our paragraph 31 talks about

"reflecting the local and national delivery of the service."

I know that we must have a national body, but the reference to the Convention of Scottish Local

Authorities as the national body seems to be a defensive mechanism. I am clear about how I see the business gateway, but I am not sure that the response indicates clarity in the organisation or that it takes seriously the need to deliver what we expect of it in the current economic situation.

As I said, I have a series of issues. Having gone through the response in detail, I do not get the feeling that there is total acceptance that things have to change in the business gateway. Another thing is that, although I know that we talk at the end of our report about the minister having a regular dialogue, I would like to see a regular report against the outcomes that we have said that we expect from the organisation. Indeed, I would like it to come back to the committee in six months' time to indicate what it has done in that regard.

Some of the response is just words that defy any explanation. The message to the board is: get serious about this. This is a big issue for us.

The Convener: The suggestion that we should ask the business gateway board to appear again before the committee is fair. Too often, parliamentary committees produce reports that are full of recommendations but, following the formal response, they get put on the shelf and gather dust and nobody ever follows them up. It is important that, after an appropriate period of time—six months or whatever—we do a bit of follow-up work to see what has changed, whether all the promises that have been made to us have been kept by the board and, if not, what it is doing about that.

Chic Brodie: I am concerned about the comment in the response about the

“political oversight of COSLA to provide ... national ownership and accountability.”

Clearly, there is political involvement, but I am not sure whether there is political oversight. We are told that the issues are discussed at a national level but, last night, I talked to a COSLA member who told me that they could not recall such an item on the agenda at all. I would like to see evidence from COSLA of the discussions that have taken place in the past six months about the business gateway and what outcomes COSLA expected from the board.

The response to paragraph 28 says:

“The Board, comprising local authorities and key partners, provides strategic and operational direction which is scrutinised through COSLA’s political structures.”

I would like to know when the issue was on COSLA’s agenda.

In some cases, the service is delivered not by local authorities but by independent contractors. I

mentioned that before, so I will not go over it again.

There are various meetings, with records of attendance, yet there is no evidence to support what the response says. I would like to see evidence of scrutiny by COSLA.

The Convener: That is noted. I believe that you are going to write to the clerks with other concerns.

Chic Brodie: Yes. My letter will probably be bigger than the response.

The Convener: Hopefully not too much bigger.

Chic Brodie: No, of course not.

Mike MacKenzie: The response suggests that there was a reconciliation of the views that we had heard from the Federation of Small Businesses, which represents a huge swathe of the small business community, and those of the business gateway board. However, I am not convinced that those views were reconciled.

It seems to me that the service users that the business gateway board consulted were—I suppose quite properly—those businesses that had been assisted by the business gateway. In the manner of children voting for Christmas, there was a pretty positive response from those businesses that had been assisted and which have on-going relationships with the business gateway. However, the FSB was concerned about its members that had not been assisted by the business gateway. I feel that there was no real reconciliation of those two views, although the response suggests that there has been.

The Convener: We could write to the FSB to ask whether it is satisfied or has continuing concerns.

Mike MacKenzie: That would be useful.

Angus MacDonald (Falkirk East) (SNP): I agree with the suggestion that the committee be updated on a possibly six-monthly basis, just to keep tabs on progress.

I agree with Chic Brodie that we need copies of the COSLA minutes. There is concern about whether the issue was properly discussed with COSLA, so we need proof that it was. Access to the minutes would be appreciated.

On a positive note, I welcome the new emphasis on aftercare for start-up businesses. The board says in response to paragraph 24:

“the new contracts will incorporate a cost effective aftercare programme.”

In Forth valley, after the new contracts came in in 2007, we used local flexibility in the contract to ensure that there was aftercare for start-up

businesses. The approach seems to have worked, so I am pleased to see that it has been taken on board.

Patrick Harvie (Glasgow) (Green): I am not quite sure why I am sitting apart from the rest of the committee. I feel as though I am sitting on the naughty step.

The Convener: That depends.

Patrick Harvie: I will tread carefully.

During the inquiry, I argued on several occasions for business support services to be geared towards a wider range of priorities than simply growth or job numbers. The committee agreed recommendations along those lines in several paragraphs. In paragraphs 55, 70 and 71, we explored the issues and set out a range of other social, environmental and economic criteria that could be considered. The responses to those paragraphs seem to boil down to, "Yes, we do that already," or "Yes, we probably will do that"—I might be slightly oversimplifying them.

Can we ask the business gateway for more information, which will better inform our future discussions? Perhaps we could have case studies or specific examples that give a clear sense of what is measured and how the work tries to achieve what we expressed in paragraphs 55, 70 and 71.

The Convener: We can do that.

John Wilson (Central Scotland) (SNP): In its response to paragraph 19, I do not think that the business gateway has taken on board issues that we raised. The board notes that the consultancy firm that carried out the survey of service users said that the results were

"the best they have had"

but, if only around 70 per cent of the total number of service users were surveyed and the response rate was 10 per cent, I am disappointed that the results are regarded as satisfactory.

The board should ensure that the numbers are a lot higher, so that we get an accurate reflection of the situation. A 99 per cent satisfaction rate with 3.11 per cent variation seems to justify what the business gateway is doing, but a target should be set to survey a much higher number of service users. When the committee took evidence, people said that the survey was insufficient to determine whether the majority of people are satisfied with the service that they get from the business gateway. The majority of the 1,605 organisations that responded might have had positive engagement, but what about the other 23,000 businesses, which have not said whether the business gateway is satisfying their needs?

Another issue that the committee discussed at length was the structures in the business gateway and the number of levels that operate, but the response seems to suggest that structures are being added to rather than deleted from the system. In the response to paragraph 105, the board says:

"A new Partnership Board will be established which will consider the wider economic development landscape within which Business Gateway sits."

Will that new partnership board replace any of the existing structures? Its establishment does not seem to indicate that the business gateway is being streamlined to take account of the committee's concerns.

09:45

Political input, which my colleague Chic Brodie mentioned, is another issue. The board keeps on saying that COSLA has political oversight of the business gateway, but there was no indication of that in the evidence that we received previously. It would be interesting to dig deeper and find out what it means by political oversight at a national or local level. Some of the services that the business gateway operates at a local level have been contracted out and the evidence that we took indicated that officials led the business gateway agenda. There seemed to be no political oversight locally, never mind nationally.

We need to try to square the issues that we raised that, in the main, are not addressed in the response from the business gateway. There is some requirement for us to review the matter at a later date to find out what the business gateway plans to do with its structure. Given that COSLA is supposed to have political oversight of the service and is the political body that brings together the local authorities throughout Scotland, it would be interesting to try to separate the political response from the response from the officialdom that seems to control and operate the business gateway.

The Convener: Members have raised quite a number of points. I suggest that Mr Brodie and any others who have detailed points to make pass those issues to the clerks. We can then write formally to the business gateway Scotland board raising any concerns with the details of its response and requesting the examples for which Patrick Harvie asked. We can also write to COSLA to raise some of the issues that have been identified. We will see what responses we receive.

The committee should also agree to revisit the issue, subject to its forward business programme, in six months or so. We will see how the timetable goes, see what progress has been made in that time and ensure that we properly follow the matter

up. Are members content with that course of action?

John Wilson: When we write to COSLA, could we write specifically to its president and political group leaders? Our letter would go into the COSLA machinery, but we are looking for information on the political input into the direction that the business gateway takes at local and national levels. Therefore, we should write to the political leaders in COSLA and ask whether they wish to respond to the issues that the committee has raised.

The Convener: It is a moot point whether the answer that we would get would be any different from the official COSLA response. However, it might be worth a try.

If members feed in the information, we can draft some letters and circulate them to ensure that we cover all the points that have been raised—members might wish to put extra points into the mix.

Chic Brodie: Yesterday, I had the happy occasion to convene the first meeting of the cross-party group on social enterprise. The business gateway was mentioned once. I would have thought that, given the closeness of the sectors, there would have been a lot more comment, but there was not.

The Convener: If members are content with what I suggested, we will proceed on that basis.

Members indicated agreement.

The Convener: We will deal with item 3 in private.

09:49

Meeting suspended until 11:43 and continued in private thereafter until 12:07.

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