



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Tuesday 17 April 2012

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EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

7th Meeting 2012, Session 4

CONVENER

*Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP)

DEPUTY CONVENER

*Hanzala Malik (Glasgow) (Lab)

COMMITTEE MEMBERS

*Clare Adamson (Central Scotland) (SNP)

*Helen Eadie (Cowdenbeath) (Lab)

Bill Kidd (Glasgow Anniesland) (SNP)

*Jamie McGrigor (Highlands and Islands) (Con)

*Aileen McLeod (South Scotland) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Lesley Cannon (Scottish Enterprise)

Rob Clarke (Highlands and Islands Enterprise)

Michelle Gautier (Dundee City Council)

Pat McHugh (Scottish Enterprise)

Douglas Scott (Scottish Borders Council and South of Scotland Alliance)

Sharon Thomson (Glasgow City Council)

CLERK TO THE COMMITTEE

Ian Duncan

LOCATION

Committee Room 1

Scottish Parliament

European and External Relations Committee

Tuesday 17 April 2012

[The Convener opened the meeting at 14:15]

Decision on Taking Business in Private

The Convener (Christina McKelvie): I welcome everyone to the seventh meeting in 2012 of the European and External Relations Committee. I request that all mobile phones and other electronic devices be switched off, as they interfere with the electronic equipment.

Agenda item 1 is consideration of whether the committee wants to take item 6 in private. Item 6 is an update paper on our proposed conference for horizon 2020. Is the committee content to take that item in private?

Members indicated agreement.

European Union Structural Funds

14:15

The Convener: Item 2 is European Union structural funds. Our inquiry has been going on for a while and we have some guests with us to give evidence. Pat McHugh is the investment director at the Scottish Investment Bank and Lesley Cannon is the EU funding manager for Scotland Europa in Scottish Enterprise. Rob Clarke is head of policy at Highlands and Islands Enterprise. Sharon Thomson is the programme manager for Glasgow works at Glasgow City Council. Michelle Gautier is the Dundee European project manager at Dundee City Council. Douglas Scott is a senior consultant for Scottish Borders Council and a member of the south of Scotland alliance. I welcome you all to the committee today—it is a pleasure to have you here.

You will all be aware of our inquiry into EU structural funds. I will kick off with a double-barrelled question that will allow you all to come in. Can you give us an indication of how you think the structural programmes have performed? What lessons have been learned from that performance?

Douglas Scott (Scottish Borders Council and South of Scotland Alliance): Thank you for inviting me to the committee today. In the south of Scotland, we have had a very good experience of the structural funds, particularly the objective 2 programme from 2000 to 2006. The lowland and upland Scotland programme 2007 to 2013, under priority 4, has been more of a challenge as a result of the narrowness of the eligibility criteria under the Lisbon competitiveness strategy. We had our own global grants body, which worked well although it was restricted because of the narrowness of what we are about. We did our best on that and drew down a significant amount of money, but we felt that it was more of a problem this time around because of the eligibility criteria for the programme. We look forward to the next programme and hope that, if we are more involved in it and it has a strong local and regional dimension, we will have better eligibility criteria.

Rob Clarke (Highlands and Islands Enterprise): In the Highlands and Islands, we have had success over successive European funding programmes. HIE's role as a strategic delivery body was something new in the current programme, and our experience is that it has worked very well. We were given an allocation of funds at the outset, allowing us to plan how those funds were used and think about how we might best achieve the outcomes that were identified at the outset and giving us the flexibility to deliver projects across the programme to do that.

The general view of the wider programme in the Highlands and Islands is that it has been successful and has delivered additional activity. It has contributed to job creation and growth throughout the whole of the Highlands and Islands.

Lesley Cannon (Scottish Enterprise): Scottish Enterprise was also a major beneficiary of European funding throughout the previous programmes. However, as Rob Clarke says, the introduction of the strategic delivery body role has given us a good opportunity to develop a progressive suite of interventions targeted at improving innovation, which we have found helpful in enabling us to make changes to some of the programmes as the economic climate has changed. However, the one drawback that we found was that there was little scope to bring new products into the process. We would like to see a little more flexibility in that regard in future.

As Douglas Scott said, priority 4 was more difficult for everybody, particularly because there was duplication and overlap with the rural development programme. That left the LUPS programme with some difficulty in what it could fund in the rural area. However, given the current economic climate, it was very helpful that we were able to make changes in the latter half of the programme to address some of the specific issues that arose.

Michelle Gautier (Dundee City Council): In Dundee, we had a very positive experience. Since 2008, we have had the opportunity of running community planning partnership programmes. Receiving European structural funds has enabled us to develop, facilitate and manage the skills pipeline. That is very different from what we did previously, and without ESF we would have been unable to do it.

I could talk at length, but I will not, about the specific benefits that the pipeline approach has brought to employability in Dundee. However, one of the key aspects was clearing a fairly muddy landscape and organising employability better. Ultimately, we have seen a much greater emphasis on job outcomes because of ESF.

The other enabling factor was having a CPP train, support and lead to allow small organisations in the voluntary sector in particular to enter the ESF arena, which was perhaps more burdensome and difficult for them to do in the past. This programme has been very positive from a CPP perspective.

Pat McHugh (Scottish Enterprise): There has been a much greater emphasis on the development of financial instruments in this programme, which is a very welcome change for us. As a result of that increased emphasis, we

have been able to introduce new investment funds to the market in direct response to very clear market gaps where young, innovative companies have been finding difficulty in raising the money that they need to grow. From what we hear from the European Commission, there is likely to be an even greater emphasis on the development of financial instruments in the next programme.

Sharon Thomson (Glasgow City Council): I echo what Michelle Gautier said. From a community planning perspective, it has certainly been very beneficial to have the ESF aligned to the council's employability programmes. It has been very important for us to be able to plan over the three years. The community planning partnership delivery bodies that were identified at the beginning allowed us to put the plan in place.

The challenges that we faced came from the changes in the economic climate. When we were developing our plans for ESF and employability in the city, there was quite a buoyant labour market and we had to make some strategic changes regarding who we would support and how we could support them. We had to be clear about the challenges for job outcomes. The structural funds people were very supportive and understanding about that. More recently, the plans for welfare reform and how that will affect ESF are certainly changing our thoughts about planning for the future.

The Convener: You have said that the CPPs have been in operation now for three years and that there is probably a lot of good practice and challenges that you have come across that may provide some lessons. We are talking about taking forward good practice into the next stage. Have you done any work on garnering such information and on how to use it to take forward your programmes? I welcome the reference to welfare reform, because just about every organisation that I have spoken to—no doubt my committee colleagues have had the same experience—is fearful of the impact that welfare reform will have on all the programmes and the social progress that we have made thus far.

We are interested in the lessons that have been learned. The CPP model is very interesting. Have you looked at other models? The CPP models in Glasgow and Dundee are slightly different from each other. Could you give us an insight into how you manage the models and how you will take forward the lessons learned?

Michelle Gautier: Glasgow and Dundee have two very different models. In Dundee, we were very keen on embedding partnership in our model. In 2007, I was employed for a full year to work on that, so that was a real benefit for Dundee. I am not saying that we hit the ground running, but we had a whole year to put our partnership model in

place. Some of the infrastructure already existed in assessment panels, performance monitoring and so on. Where infrastructure was not in place, such as a good shared management information system or claims processes, we had some time to set that up.

All the CPPs were at different stages with their models, but we decided on the partnership model. As you say, convener, there were a lot of lessons to learn. Because Dundee uses that model, we are like a mini intermediate advisory body. We are doing a huge amount of work on audit, verification, claims, and so on. That has led us to consider a procurement and tendering route for the future, which is the route that Sharon Thomson has taken in Glasgow.

Having said that, I think that the partnership route has been very productive. We have gained expertise and we now have quite sophisticated systems in place. We now have a fairly experienced CPP network that allows us to share that expertise. All 13 target CPPs meet regularly, and we look at how to share best practice and we have formed mini groups. For example, there is an audit and compliance group which, as you can imagine, has been a busy group with a fairly full agenda.

We have looked at how we can take that system forward in the future by better identifying best practice and looking at how CPPs can help when other CPPs face hurdles. Because Scottish Government staff have a helicopter view over all the CPPs, they are helpful and are included in the network.

Sharon Thomson: I echo what Michelle Gautier said. Glasgow started with a contract model between 2008 and 2011. Glasgow's model was to contract employability services and the partnership element of that was in subcontracting to specialist organisations that could assist target groups. We did that between 2008 and 2011 and found it to be beneficial. It allowed us not to get embroiled with the bureaucracy and compliance burdens that other CPP colleagues were involved in. It allowed us to focus not so much on the financial elements, such as the bus tickets and the audit. Because we contracted, we could focus more on improving performance and driving how we wanted employability to be delivered in the city, and on outcomes. The model was very focused on outcomes and it was very successful in that, even within the economic climate in which we were operating. We exceeded our original targets for job outcomes that were set in 2007.

However, the change from priority 1 to priority 5 funding meant that many organisations in Glasgow could no longer apply to ESF through the challenge fund model. We were very aware that a lot of expertise and ESF funding would be lost to

the city. In addition, Glasgow works had less match funding for a contracted model. For 2011 to 2013, therefore, we have a hybrid of contract and partnership models. We worked very hard to ensure that the money stayed in the city. We did not want to lose it, because we have a whole lot of disadvantaged groups in the city.

We are partly staying with the model and partly with the lessons that we have learned over the past three years from our CPP colleagues. The biggest difference that I have seen in that move has been in the bureaucracy and compliance. The contract and procurement model took that away and allowed us to concentrate on something completely different. I will be looking for that in the 2014 to 2020 programme so that we can reduce the compliance burden, because it takes the focus away from where we want it to be.

The Convener: That was very comprehensive. I hope that the clerks got all of that because we will be following it up. Looking at what works is how we move forward.

Before I open the questioning up to colleagues, I have a final question for all panellists. Should we be more prescriptive about how we target funding? I am looking for your general thoughts on that. It will give us more food for thought and ideas.

14:30

Lesley Cannon: I think that we have no choice but to be more specific about what we want to use mainstream structural funds for, because we know that, whatever happens, there will be less of the money from which we have benefited in the past. We also know that, in the current economic climate, there will be less match funding than we have had. That leads to the conclusion that we need to be more specific about what we are trying to achieve with the funds. Equally, as we have discussed in some of the consultation exercises with which we have all been involved, we also want to look more widely at other sources of European funding such as the Interreg territorial co-operation programmes to ensure that, if there are other opportunities for others to work collectively to draw down other types of European funding to fill some of the gaps, we should look at that as a whole.

Rob Clarke: I echo what Lesley Cannon said. We know that we will have less European funding in future, so it is naturally sensible to think carefully about how and where we use that funding. However, that does not mean that it should be a purely top-down process. The involvement of stakeholders across Scotland in that debate is extremely important. I am heartened to see that that appears to be happening now, which is really useful.

I do not think that we have any choice in that regard, because funds are limited. We have a clear idea of what we want to achieve in Scotland and we have a Government economic strategy, and we have a clear idea of what Europe expects for the investment of European funds, so we are in a good position to link the two quite easily. A strategic approach would therefore be very sensible.

Michelle Gautier: I echo what Rob Clarke has just said. I have never seen at this stage such a high level of meaningful consultation. I agree that, given the current financial climate, it is sensible to be more prescriptive. I do not think that any surprises will come out of a more prescriptive approach. Because of the level of consultation, I think that we will see some well-aligned domestic and local priorities; for example, through ESF I am sure that we will see a focus on youth employment. The level of early consultation is good and I am sure that it will continue through the opening of the workstreams, the themed groups and so on.

Pat McHugh: It sounds as if we all violently agree. There is less money available, so it is common sense that we should try to focus our efforts on getting the most out of the relatively little amount of money on offer. As Lesley Cannon pointed out, there is much less co-finance available.

It would make sense to use the financial instruments to which Lesley Cannon alluded. There are many initiatives across Europe from different sources that are aimed at creating financial instruments. It would make sense to bring those together so that there would be one source in Scotland. We should therefore bring everything together for financial instruments and not just the European regional development fund. We should bring together all the other programmes, if we have any influence at all in those areas. It would make sense to do that, rather than applying to lots of different pots of money. If financial instruments are a high priority and co-finance is limited, it makes a lot of sense to bring everything together into one programme for Scotland.

Douglas Scott: Obviously, we still do not know what the budget will be, but it will be limited. There is therefore a need to define more clearly what it is used for. I agree with Rob Clarke that it is not a top-down process. The Scottish Government's mission is very much about economic development, which is really the mission of all parts of Scotland. Certainly, in the Scottish Borders and the south of Scotland, we are very much looking at how we can maximise our support. It is important to consider the local and regional dimension. Having the ownership and creativity of local partners maximises their energy.

That plays into the single outcome agreement, which is defined by local government and the Scottish Government.

As I said earlier, we had a good experience with our programme in the south of Scotland from 2000 to 2006. We also had a global grants body. The issue was not the bodies, which were great and were facilitated by local government, as in the community planning bodies. They were challenge fund based and we managed to get a lot of match funding out of the challenge fund. The issue that we had to deal with was the eligibility criteria, which were much narrower than for urban areas—we should remember that only 13 CPPs were given support for the employability pipeline—and for the Highlands and Islands, which had a wider focus because it had a higher status than the south of Scotland.

My plea is therefore that we look at all parts of Scotland. We get huge value for money from working at the local and regional level, so that needs to be part of the mix.

The Convener: Bill Kidd has been held up by something else, but he intends to join us—I say that so that you know that he is not the invisible man sitting there.

Hanzala Malik (Glasgow) (Lab): I was interested in what Lesley Cannon said about drawing down funding and how we have perhaps missed some opportunities this year in that regard. She said that she hopes to ensure that that does not happen in the coming year. Douglas Scott referred to drawing down funds for areas and regions. Would there be any mileage in having a joined-up strategy Scotland wide for that? You all represent different pots and I wonder whether we are missing something in that sense. Should there be more close collaboration, particularly in drawing down funding? Youth unemployment is very high right now, which is a serious challenge for us all. Can you create a joined-up strategy yourselves or do you feel that there should be Scottish Government support to bring that about? Would that be helpful?

Lesley Cannon: Yes, that would certainly be helpful. We have had some discussion with the Scottish Government already as part of the consultation process that we have been working on with colleagues. We all have the view that an overarching European funding strategy in Scotland would be a good thing that would help us to identify which types of activity and European pots of funding we should try to address and which of the partners should bring the most to the table if they work together to try to draw down funding. We should look further afield than the domestic ERDF and ESF and look at the Interreg programmes, the horizon 2020 programmes, the LIFE programme and some of the cultural

programmes to get an overall view of where we should target our effort. We also need collectively to support people to build their capacity in those types of funds, using organisations that have already been beneficiaries in some of the areas.

Hanzala Malik: There was reference earlier to local and regional areas. Do you agree that there is mileage in bringing all the agencies together to focus on how we apply for funding and execute it, or do you think that we cannot do that locally and regionally?

Douglas Scott: The economic dimension is critical in Scotland—all areas have that view. We all work within the framework of national outcomes. A Scottish programme would be fine as long as there was an awareness of how important it is to work in a local and regional dimension. I would argue that a Scottish programme should provide the context for what happens at a local and regional level. Some things would have to be done nationally, because that is the best place for them. However, work on employability and working with businesses and communities and so on should be done locally, because that is where we get the most benefit.

Lesley Cannon: I am certainly not suggesting that the strategy would mean that there would not be a regional and local dimension. The strategy would merely set out where we could bring the most money into Scotland, after which we would work through collectively as partners how we deliver that.

Hanzala Malik: Leave that one to me.

Jamie McGrigor (Highlands and Islands) (Con): As an MSP for the Highlands and Islands, my first question is for Mr Clarke. I will then ask a broader question for all the witnesses.

Recently, my mailbag seems to be getting heavier and heavier as a result of people asking for better broadband across the Highlands and Islands. I know that there has been a Westminster initiative on that and that HIE is planning to do something. Are you using European structural funds to do that? Will you set out what you are going to do, how much you are going to spend and where in the Highlands and Islands it will be spent?

Rob Clarke: I cannot tell you exactly where the work will be done in the Highlands and Islands, because that will be determined through the procurement process, which is on-going. Structural funding is going into the project. The work of our strategic delivery body was split into two phases; phase 2 is, along with funding from the United Kingdom Government and some HIE funding, funding the broadband delivery work. It will not do the whole job, but it will start the

process by providing broadband in areas where commercial operators will not do it.

Jamie McGrigor: The European funds are guided towards connectivity—the EU is very keen on that. Based on the experience of the current programmes, what strategic priorities should the next round of structural funds focus on in your programme areas?

The Convener: Is that question for the whole panel?

Jamie McGrigor: Yes.

Rob Clarke: I am on a roll, so I will continue. Our strategic priorities are about ensuring that we have innovative and growing businesses throughout the Highlands and Islands. That is all about innovation and skills in businesses, which includes workforce skills and leadership and entrepreneurial skills. Our approach is also about connectivity, which enables businesses to operate outwith large population areas and to be based anywhere.

We want to realise our aspirations and we want to create opportunities for the key sectors. Principal among those is the renewables sector, but there are others including life sciences. In the Highlands and Islands, there is also the digital health agenda, which could be shoehorned into the low-carbon approach.

I imagine that our priorities are not dissimilar to those in the rest of Scotland. The differences are perhaps in the particular interventions that we might need to deliver the priorities, in the timescale, in the funding that might be required and in the specific approach.

Lesley Cannon: Scottish Enterprise works throughout the lowlands and uplands area. Innovation in business is important. We must continue to focus on that, because there is a lot of work to be done. We must also continue to do a lot of work to remove barriers to growth in order to accelerate it. There are good examples of that in programmes such as our investor readiness programme, which prepares companies to grow, gain investment and move on to bigger research and development programmes.

We will always need to address skills and employability. The evidence from the current programmes is that the lead sectors will be the life sciences, renewables and enabling technologies. Financial instruments will also be important in the future programme.

The connectivity issue will not go away and we will have to find ways to address infrastructure problems in order to enable businesses to compete.

14:45

Michelle Gautier: My role in Dundee is very much about employability, so I will, if I may, talk about our strategic priorities for the future. We will continue with the pipeline approach to employability, which is a holistic approach that is designed to consider barriers to getting into work. As well as dealing with traditional employability issues such as skills, it involves, for example, helping people to manage their health conditions or helping them with debt and other financial issues so that they can move into work. That approach has worked well for Dundee and for CPPs in other areas, so our priority will be to continue with it. We will also consider doing more work to prevent people from becoming long-term unemployed.

We will consider complementing mainstream provision. For example, we want to complement the Department for Work and Pensions work programme and the work that our colleagues at Skills Development Scotland are doing for young people and adults through its contract of provision. We want to avoid duplication and ensure that we fill the gaps so that we provide employability support for people who do not get it through other provision. As I mentioned, youth employment will be a big priority for us, as it will be for others.

Sharon Thomson: From a CPP perspective, our focus will remain on employability, and a huge part of that will be youth employability, whatever the situation might be in 2014 when the new programmes come in. Sources of employment is a major issue for us: we can provide as much support as appropriate to the client but, at the end of that, we have to find an appropriate job for them.

We will pay a lot of attention to welfare reform, its impact on proposals and the gaps that it will leave. We want to avoid duplication, so we will probably focus on the people who are furthest removed from the labour market. The welfare reform and national programmes will not be appropriate interventions for all clients. We want to ensure that we do not have clients who, because they are not eligible for national and welfare reform programmes, are left behind with no support until such time as the mandate for those programmes kicks in. In trying to avoid duplication—certainly in my CPP—we will focus increasingly on those clients, because there is a service for other clients. We will focus our energies on clients who are not receiving support because we do not want them to be left out.

Douglas Scott: The south of Scotland is a rural area with a number of small towns, in which there is significant manufacturing industry involving textiles and light engineering. When the word “rural” is used, people often think about

agriculture, food and fishing. Those are important in our area, but our manufacturing sector is also important. We have put together a competitive strategy, which we used for the previous programme and which we are looking to use for the future one.

Rob Clarke and Lesley Cannon mentioned connectivity, which will be crucial for our area, too. We will try to support demand stimulation with respect to broadband for the business community.

There is also the issue of the low-carbon economy in our area, in respect of which we will provide support for key sectors. Those include the textiles and engineering sectors, which I mentioned, but we also have healthcare businesses.

We must consider wider support for creativity and innovation in businesses and how we can get the most from the university campuses in our area—in Galashiels and at the Crichton campus—and create economic development from that.

Employability and skills are also issues. We would like to emulate the employment pipelines that have been put in place elsewhere and we would also like to focus on the agriculture, fisheries and food sectors.

Pat McHugh: Lack of access to finance is one of the biggest problems that is faced by Scottish companies—certainly by all young and innovative enterprises. Small and medium-sized companies create the vast majority of jobs in Scotland. I suggest that, in the next programming period, access to finance should be a strategic priority and that we should address that through creation of the right types of financial instrument, which would focus on investment in life sciences, technology and renewables, in which Scotland is seen globally to be at the leading edge.

The background is that, in the previous programme—from 2000 to 2006—1 per cent of the structural funds budget across the European Union went on creating financial instruments. In the current programme, the figure is 6 per cent, and in the next programming period, from 2014 to 2020, the Commission's aspiration is that across the EU—I am not talking about specific programmes—a minimum of 15 per cent of the structural funds budget will go towards financial instruments.

There are many good reasons for that, including the client group, job creation, young and innovative enterprises—the sectors that the programme targets. A big reason is the fact that such instruments create a great legacy from structural funds. People talk about Scotland losing access to structural funds and have been talking about that for many years, but we still have a structural funds programme and we will get

another one. However, the programmes are getting smaller and smaller, so we must focus our efforts on the right types of activity. Ensuring that there is a significant legacy from the uses to which ERDF is put should be at the forefront of our minds.

The Convener: Have all your questions been answered, Jamie?

Jamie McGrigor: I might come back in later, if that is all right.

Clare Adamson (Central Scotland) (SNP): I have a follow-up question and a more general question for all the witnesses.

Pat McHugh talked about bringing all the funds together. There is difficulty in terms of accessing what have not traditionally been funds for Scotland—there seems to be a gap in knowledge of how to go about that. Lesley Cannon mentioned that she is investigating the issue. Is your organisation the right one to be doing that research? Is it being duplicated by other organisations in Scotland? I know that some Government officials are also looking at the issue. Could we do something better strategically to build the knowledge base in Scotland and bring that work together?

Lesley Cannon: We are having that discussion with the Scottish Government, with our wider membership and with the partners that we are consulting as part of the development of the new programmes. We must do it collectively: no one organisation will be able to bring together the wealth of knowledge and expertise that we have in Scotland, but one body—the Government or one of the representative bodies—could lead on the work and on bringing it all together. It will be a consultative exercise in the same way as development of the new programme should be.

Clare Adamson: The funds are obviously about additionality. My more general question is about how easy it is for you to evidence the additionality of the structural funds, given that a lot of the work is strategically important. Has that been easy under the current programme? Do you envisage constraints in evidencing additionality in the future?

Lesley Cannon: Particularly during the current programme, our ability to demonstrate additionality has been evident in a couple of ways. First, we have been able to develop and enhance existing provision to address specific issues that have arisen as a result of changes in the economic climate. I think that all the stakeholders have been able to do that, and structural funds have been very welcome in allowing us to make those changes and to develop slightly new ways of working.

Secondly, we have helped companies to accelerate their growth and, in particular, to accelerate their research and their ability to demonstrate new technologies. We are in a hugely competitive environment, especially in renewables and life sciences. Structural funds provide additionality in letting us support companies to grow, develop and innovate more quickly, and therefore to keep Scotland at the forefront of technological development.

Pat McHugh: To ensure that they do exactly what it says on the tin, we carry out an external evaluation of each of our funds every three years. As part of that, we measure additionality, which involves assessing whether the funds are still doing the job that they were commissioned to do, the value that the recipient companies place on them and the level of additionality that they provide. In addition, we get an industry-level take on what the Scottish investment market looks like. Within that, we look at whether our funds are performing and doing the job that they were commissioned to do. Measurement of additionality is a big thing for us.

When we look for new ERDF funding, additionality is one of the key things that the advisory groups look at—we need to convince them that additionality will be provided. If we want to recapitalise work that we are already doing, we must demonstrate high levels of additionality.

Rob Clarke: I will pick up on both those points.

The new programme gives us an opportunity from the point of view of access to funds across Scotland. The common strategic framework that has come from the Commission encourages member states to consider how we integrate structural, rural development and fisheries funding. That is a step forward; the stakeholder discussions that are taking place confirm the Scottish view that that is a positive—although not easy—thing to do. We should do that.

There is a wider issue to do with how we use other European funds, because structural funds are but one of a massive number of European funds: as well as the connecting Europe facility and horizon 2020, there will be other funds that I have never heard of. The question is about how Scotland will get maximum benefit from them. Some form of national strategic plan would be a good way of achieving that. I reiterate that it is not just a top-down process—it can be a plan with various levels of intervention at national, regional and sub-regional levels—but a national overview would be a good place to start. That, rather than just a focus on structural funds, would help Scotland to maximise the benefit from European funds in the round. We may in the past have focused just on structural funds because there were quite a lot of them.

On HIE's experience of additionality, we rigorously assess additionality in our funding anyway; we look closely at it in the projects that we support and the situation is no different for projects for which we use European funding. We are very confident that, through our strategic development plan, the ERDF funding has allowed us to make investments now rather than later and to do more of what we would like to do. Additionality may be partial or it may be total, but I am confident that it exists and can be evidenced easily through our processes.

15:00

Sharon Thomson: To go back to Clare Adamson's first question, I think that widening the range of programmes that we access in Scotland is crucial because of the reducing amounts in the traditional EU funds. We need to be more innovative in identifying suitable routes to funding and in the activities that we undertake.

However, as well as establishing those routes nationally, we have to acknowledge that people need significant support to be able to access those routes. Traditionally, significant support is available through structural funds. Even though we have been accessing them for 25 years, we still fall foul of audit and people are still anxious about the bureaucracy around them. We must think about what will happen when we bring in a range of new funds that people do not know much about. Considering the audit issues that we experience at the moment, I think you might find that, even though issues can be identified, agencies might be cautious about the new funds if they do not know what the impact will be should they fall foul of audit. We certainly do not have the range of experience around the new funds that we have around the structural funds. We need that experience if we want agencies to buy in and to consider the new funds.

On additionality, our aim in Glasgow was to do more but also, because of the kinds of client groups that we support, to provide more intensive support to address people's barriers—drug and alcohol problems, homelessness and other issues that mean that they think that they cannot move into employment—in order to allow them to focus on employment, and then to focus on direct employability skills, so that they can sustain employment.

Because we used a contract, we could see the difference between the situation for people who received the intensive support that was available to Glasgow works clients through the contract and the situation for those who did not have that support, who took significantly longer to get into work.

Michelle Gautier: The representatives of the CPPs were tasked with getting evidence of additionality. With ESF programmes, the easiest way to do that is to show the evidence quantitatively. In the partner model—which is different from Sharon Thomson's model—a delivery partner would come to us with a contract for match funding that would allow it to work with, say, 50 young people, and ESF was able to add another 20 or 30. However, like Glasgow, we were keen to ensure that there was a holistic approach and qualitative additionality. Through a pipeline, we were able to bring into services non-traditional employability work, such as work around financial inclusion. Another qualitative additional aspect is about job sustainability, where ESF allowed us to spend more time with people who had gained jobs: it is one thing to get a job, but a lot of the hard work comes afterwards, and issues such as hidden debt come into play.

Douglas Scott: I agree that, with regard to the opportunities for other European money, there is a major issue about capacity, particularly in rural areas. It can take investment of a lot of time for a project to come to fruition, and sometimes they do not come to fruition. With public expenditure being restricted, that becomes an issue. There is a great need to hold groups' hands through the process and to encourage projects. We also need to encourage interregional projects with people in other countries, which offer great opportunities with regard to innovation and creativity. However, there needs to be a support structure for that and people—including the public—need empathy with regard to the importance of the funds for economic development in Scotland.

I agree with what was said about audit. That is a major disincentive, as you are talking about working with a range of partners.

On additionality, investment of any nature is important to us in the south of Scotland. Through the objective 2 programme and the programmes that are running from 2007 to 2013, we have levered in significant moneys from other bodies, including trusts, to support projects. There is an amazing variety of sources from which we have managed to lever in funds; the projects would not have happened without European funding.

As Pat McHugh pointed out, additionality is very much part of the application assessment process. We have gained major benefits from being able to lever in funds through the challenge funding process, which has worked very well in our part of the world.

Aileen McLeod (South Scotland) (SNP): I have a number of questions on co-financing, but first I will touch on an issue that Lesley Cannon and Pat McHugh raised earlier. How can we make better use of innovative financial instruments in the

next round of EU funding? There are programmes such as JESSICA, and the Commission is currently proposing a pilot with the European Investment Bank that involves using project bonds to support large infrastructure projects in areas such as transport, energy and broadband.

Pat McHugh: Even in the narrow area of financial instruments, a host of initiatives are available direct from the structural funds, which have always been our most important funding source. There are all the Commission initiatives with terrible acronyms, such as JEREMIE, JESSICA and JASMINE. JEREMIE—joint European resources for micro to medium enterprises—is for investment in companies. JESSICA—joint European support for sustainable investment in city areas—is for bricks-and-mortar property investment. JASMINE—joint action to support microfinance institutions in Europe—is for microfinance funding.

There is also the CIP—the competitiveness and innovation programme—which amounts to £3 billion in the current programming period. That is a lot of money. A third of it is for investing in small companies: that money goes to the European Investment Fund, which mandate manages it on behalf of the Commission. In the next programming period, the CIP will be split between the horizon 2020 programme and the company investment programme, which is called COSME; do not ask me what the acronym means, but it is for investing in young, innovative companies.

A whole range of programmes relate purely to financial instruments. If we can bring them together, we can maximise our own use of co-finance. To ensure that we invest in the right things, the Commission will insist on a market gap analysis for Scotland in the next programming period. At the very start of that period, we—all the partners—must have in place that analysis, which will involve looking at where the problems are in the Scottish access-to-finance market. That work will allow us in the public sector to look at those gaps and determine whether it is appropriate for us to intervene. If the answer in some respects is yes, we need to ask where we should intervene, what size and type of fund we need to create and where the funding will come from. We need to join up our co-finance with the ERDF or COSME, for example, so we need to have all that information to hand.

If we could make all those disparate funding sources available, it would be an awful lot easier for us to undertake a market gap analysis in Scotland, which will tell us where the problems are. We can then work out whether to intervene and how to put together a funding package.

I am sorry about the convoluted answer, but there are a ridiculous number of funds out there

that do essentially the same thing. Simplification is one of the Commission's buzzwords: that would be good for all of us.

Lesley Cannon: I will pick up on what Pat McHugh said, as we have discussed the matter already.

The areas that we need to look at in particular are at the microfinance end, as it has been more difficult than it necessarily should have been to get hold of microfinance funding. We have not looked at that in the same way as we have looked at access to finance for companies. The top end of infrastructure financing and putting security in place to allow people to invest in some of the big stuff that we will need is the other issue that we particularly need to look at. We need to consider the best model that we could bring to the table and how we could do that in a way that makes it easiest to access, ensuring that eligibility and compliance problems are minimised for people who are trying to get hold of funds.

Aileen McLeod: Does Douglas Scott want to give a south of Scotland perspective?

Douglas Scott: Yes. The key question is access. JESSICA, for example, is very much an urban or city model. We need to find financial instruments that can apply across the different parts of Scotland. As I mentioned, there are significant industries in our towns—outside the cities—that require finance as well. The financial instruments need to apply to them, and effort needs to be made to try to achieve that. It is much harder to put in infrastructure in those areas to try to support those companies, but in the interests of economic development for the whole country and its different parts, it is important that we do that.

Hanzala Malik: I was very interested in Lesley Cannon's comments on having a joined-up, Scotland-wide strategy. Everybody has made a gallant presentation of their areas of work, and I am sure that you all work very hard, but the joined-up bit that we discussed earlier is missing. Things need to be joined up. What is your view on how that should be done? I do not expect you to give me a solution today, but I would appreciate it if you could let our clerks know. If any panellist has views that are similar to Lesley Cannon's, I would appreciate getting them so that the committee can consider them. At the end of the day, the purpose is to accomplish something; this is not a talking shop. We need results fast, so your assistance and guidance would be welcome.

Lesley Cannon: Yes—I will send a reply on that.

Jamie McGrigor: I return to co-financing, which was introduced in the 2007 to 2013 programmes. I do not know how many of you had experience of programmes before then. Has co-financing been a

good thing? Based on the experience of current programmes, do you think that the use of co-financing incentivises distinctive regional priorities and enables them to get enough funding?

Sharon Thomson: In Glasgow, we certainly embraced the co-financing option for the first three years of our programme. That gave us a significant pot of money to contract for our employability services and significant power in driving the change that we wanted in Glasgow. We were very focused on the most disadvantaged, but understood that, traditionally, programmes have focused on giving money if people got jobs. We did not want to focus on that. Rather, we wanted to focus on the most disadvantaged, and the only way to do that is to incentivise people to move along the pipeline.

We had a significant pot of money that allowed us to say how we wanted things to be delivered and allowed the people who applied for contracts to tell us how they could deliver. Even when the contract had been let and we thought that we had selected the best route and plans, things still had to be changed along the way. When we got to the end of the three years, we thought that we had demonstrated that not focusing on jobs did not necessarily mean that people did not get jobs. The money that we needed to deliver that change in Glasgow was obtained through co-financing, which financed the whole project.

15:15

Helen Eadie (Cowdenbeath) (Lab): This afternoon's session has been very interesting and has confirmed one of my suspicions, which is that we have not necessarily accessed the full gamut of funds that are available in the EU. Having been involved in the past in getting European funding for voluntary organisations, I understand officials' caution and I know precisely why they are concerned.

My first questions are about the other funds that are around, which you think are probably worth many billions of pounds and which we have not accessed. To what extent is it realistic or achievable to get in one location all the information on the funds, so that we can just go to Google and come up with all the funds, precisely what the eligibility criteria are and all the rest of it? Can we look forward to such a repository?

I am also interested in the sharing of knowledge and experience. To what extent have we as a nation done the best that we can to share knowledge and experience with other EU countries?

Those questions are for anyone and everyone to answer.

Lesley Cannon: Pulling together the vast array of funding streams that Scotland is technically eligible to apply for would be far more complicated than it sounds. We can trawl all the regulation and legislation that are out there and draw down from websites a composite of all the funds that appear to be useful to us, but we have to spend a lot more time and investment on finding out whether we can use all those funds—on finding out whether we as Scottish partners would find it easy to engage with the activity that they say that they are there to deliver.

We can go a long way further than we have in looking at the wide range of funds in which we have had success throughout Scotland, in sharing that information and in helping people to look at what can be delivered through those funds. Because we are engaged collectively in all the negotiations with the Commission on horizon 2020 and the new cohesion policy funds, we will have a broad understanding of how those new funds are shaping up. As Pat McHugh said, we will be able to identify funds such as the COSME funds that we have not used as well as we might have and which there are opportunities to use.

Collectively, we can bring together a wider range of funds from which Scotland could benefit. In the foreseeable future, I do not see us having a comprehensive list of all the funds that might meet everybody's agenda. However, in discussion—even in the previous panel session on structural funds—organisations such as the colleges have been happy to share their expertise and experience of lifelong learning programmes, which provide other opportunities for organisations to benefit from funds that we have not necessarily targeted because we have had the structural funds. We can certainly make progress.

Pat McHugh: Helen Eadie's second point was about knowledge sharing outwith Scotland. Scotland is internationally recognised as one of the best-developed early-stage risk capital markets, certainly outside the US. The European Commission regularly uses us—and especially the Scottish co-investment fund—as an exemplar. That fund has been around for a long time—since 2003—but it is seen as being really innovative, which is sad to an extent. It is not innovative for us, but it is innovative for most other member states.

We regularly get queries from people around the world. Our co-investment fund model has been replicated in various countries, such as New Zealand, Canada and parts of the European Union. People from the European Investment Fund have spent a few days with us to go into detail on what we do. It piloted a version of the Scottish co-investment fund in Germany and, earlier this year, announced that it would introduce

Europe-wide what it calls an angel capital fund. We are really good at sharing knowledge with regard to financial instruments—and, indeed, are delighted to do so, especially with our European partners.

Rob Clarke: The idea of a central repository of all knowledge about European funding sounds great, but it would take an awful lot of work and resources. That said, we can do things about the next programme that will move us on a step from where we are. Going back to my earlier comments about common strategic framework funds, I have, from a Highlands and Islands perspective, a particular interest in bringing structural, rural development and fisheries funding closer together. If we can do that, we might be able to have some interesting discussions about whether we should support rural skills through the Scotland rural development programme or the ESF, how we can best support our communities to grow and develop and where such funding might come from. We have an opportunity to bring together funds in which we have a great deal of experience, and we should also think about how we might best use horizon 2020 funds.

Scotland has a pretty successful record in using innovation and R and D funds, but we need to get even better in that respect and think about how we might use structural funds to build our capacity and capability. For example, how might the University of the Highlands and Islands benefit from structural funds to build its capacity and capability and thereby access mainstream R and D funding? We can take steps to get better at such activity and, as the Government and stakeholders themselves have recognised, our discussions with stakeholders have helped in that respect. Indeed, I am very heartened by some of the conversations that are taking place at the moment.

Michelle Gautier: I agree with my colleagues. The idea sounds lovely but the complexity of the various funds would make creating a central information bank, advisory service or whatever it might be called very difficult in practice.

The fact is that Scotland has an awful lot of experts and individuals and agencies with expertise. At the moment, we find out who those people are and contact them informally and perhaps we should consider putting together a list of champions instead of putting in place a central service as such. In fact, just by being here this afternoon, I have found a few champions for my own list of experts. Instead of creating something new, we should probably use the knowledge that already exists, which of course means knowing where to go.

Douglas Scott: We have discussed the transnational element before. There have been some great transnational projects, but I think that a

lot more could be done in that respect. Scottish Borders Council has considered forging a link with Sweden's Sjuhärads region, which is just outside Gothenburg and is doing excellent work on not only tourism but innovation and creativity. However, the current limits on public expenditure make it difficult to maintain momentum and, with some of the programmes, you have to jump over a lot of hurdles if you want your application to be successful. That can be very challenging and it might be easier simply to go for a mainstream LUPS project. There needs to be more support and encouragement for people not just in mainstream areas of the country such as cities but in rural areas to get involved in transnational activity; it should not be seen as something that public money should not be spent on.

There are a lot of other possible funding opportunities. As has been said, there are experts around and we need to communicate more on Europe and encourage people to think about projects in that respect. If people know that European funding is available, know roughly what the various elements are and can put projects together, we can point them in a direction that might be effective for them. In other words, we should consider the project ideas first and then look at how we might secure European funding for them. Scotland Europa very much takes that attitude with regard to education and other support.

Co-financing needs to be evaluated. I have had no experience of it because we have operated mostly on challenge funding, but I certainly think that we need an evaluation of the benefits of both to allow us to find out what might work in particular areas.

Lesley Cannon: With regard to sharing with other European partners and raising our profile, we do a lot of work through some of the bigger European networks, such as the European Association of Development Agencies and the European Regions Research and Innovation Network, not only to profile some of the activity that is going on in Scotland but to find out about activity that is going on in Europe and any delivery models from which we might learn lessons.

There has been a lot of European interest in our smart exporter programme, which uses the ESF to build companies' capacity to enter international markets. Through such activity, we might be able to move on from mainstream structural funds to accessing some of the transnational project funds.

Jamie McGrigor: Lesley Cannon suggested that in some cases she would have to spend a little more money to find out which fund should be accessed. Are you saying that, as a result, it is not worth doing? Is the Commission or someone else responsible for such a mistake? Why is it so

difficult for people to understand what they can access?

Lesley Cannon: I was not saying that it can be sometimes too expensive to work these things out; I was simply making the point that a wide array of different European funding streams is promoted with information on what they seek to achieve, which countries can access them and which types of partnerships and eligible bodies can apply for them, and sometimes we need to dig a lot deeper into the application and approval process to work out whether a particular fund can deliver against the objectives that we are trying to achieve. With other funds of which we have had experience or on which we have worked with other countries and with which we feel we could be doing more, it is easier to determine the best way of getting hold of that money and who we need to work with. A lot of new funds have been developed to address needs that have arisen during the 2007 to 2013 programme and we are learning about them all the time. Indeed, I am sure that as a result of the discussions that we have begun on horizon 2020 and the new cohesion policy funds we will learn about new funds that we will look to in future.

Jamie McGrigor: What happens to the money if these funds are not used?

Lesley Cannon: We have found that, if a programme for which the Commission has set aside money is not being taken up, it sometimes changes its approach and takes a slightly different route. For example, with regard to the renewables and low-carbon agenda, the Commission has been known to take back funds that had been available for a broad set of activities and to launch a programme to address what it perceives as a specific renewables need. However, I do not have sufficient knowledge of the full range of Commission funds to know exactly what happens.

The Convener: We seem to agree that there might be less money, that we should target a bit more prescriptively and that we should share knowledge. How do we work out what the priorities should be and get you guys to agree those priorities? That is just a small question to finish off with. Are there any takers?

15:30

Lesley Cannon: As Rob Clarke said, we have done a lot of work on going down that route. The Scottish Government is taking an inclusive route this time round. In the past 12 months we have all been engaged in a variety of consultation events and we have been given the indication that there will be further consultation events as the operational programme develops.

We have had a number of discussions about what the priorities should be for a domestic

European funding programme in Scotland. It will always be difficult for us to come to a complete consensus because we know that we will have to focus, which means that there will be some things that we have funded traditionally that we will no longer be able to fund through structural funds.

Overall, my impression from the meetings in which I have been engaged is that everyone is aware that there are core things that are barriers to company growth and therefore to the creation of new jobs, and that there are core things that are barriers to employability and the things that people need to help them to reach that level. Somewhere in there, we will be able to identify the main things that we want to use structural funds for this time round.

Rob Clarke: Scotland has an economic strategy that is quite clear about the country's priorities. That is a good starting point. We know what is in the EU 2020 strategy and, as I said earlier, there is a good link between the two.

Having said that, I think that Lesley Cannon is right: we will have less money and there will be difficult choices to make and, as a result, there will inevitably be disagreements among stakeholders about what the priorities should be. I would like to think that there is a fairly mature attitude throughout the stakeholder group about that reality. In the debates that we have had thus far, it is certainly recognised that there are differences but that, through discussion, we can come to some kind of consensus.

The other thing to think about is that when we discuss a single Scottish plan, programme, overarching strategy or whatever we are not talking about a top-down process. There are some interventions that should probably happen at the national level, others that are more appropriate at the regional level and others that should happen at the sub-regional level. If we bear that in mind as we go forward, we will get a plan or programme with the right interventions at the right levels.

Douglas Scott: Although I produced a briefing paper, I emphasise that we, too, are impressed with the involvement of Scottish Government officials, particularly through the Convention of Scottish Local Authorities.

We feel strongly that rural areas such as the south of Scotland have similar requirements to urban areas for competitive—

Hanzala Malik: Sorry to interrupt, but you say “we”—who is we?

Douglas Scott: The south of Scotland alliance.

Hanzala Malik: So you are talking about your organisation.

Douglas Scott: Yes.

Our view is that rural areas such as the south of Scotland have similar needs to urban areas in terms of being competitive and innovative, having strong businesses, being concerned about youth unemployment and so on. That should be reflected in the preparation of the European structural funds programmes, particularly the ERDF and the ESF. When the eligibility criteria are drawn up, there should be an understanding of the needs of rural areas as well as those of urban areas. Also, as part of the mix for the Scottish programme, wherever it operates, local and regional delivery strategies are crucial.

On the solutions, you have seen the document that the European Commission has put out about community-led development and integrated territorial investments. The Convention of Scottish Local Authorities and the south of Scotland alliance have been involved with the European Commission in pushing for a community-led development chapter in the general regulation. We know the importance of local development in getting the best that we can for our businesses, our communities and our people, because that is the way in which we get creativity and things are joined up. We would like to see that as part of the mix in the new programmes.

The Convener: Helen Eadie has a question. I ask her to be quick.

Helen Eadie: It was suggested to us that the voluntary sector would find it more difficult to access structural funds through the co-financing agreements. What is your feeling about that? Has it turned out to be the case?

Sharon Thomson: When we let our contracts in Glasgow, there was an understanding that 30 per cent would be subcontracted to voluntary or third sector organisations. We monitored that closely over the three years. The main contractors did not find it easy at the start because they wanted to pass on the outcome model to the voluntary sector organisations that were delivering for them, whereas those organisations were much more used to being given grants to go and deliver things. It was clear to us that we had to change the method of delivery throughout the city, and not just for the main contractors. We had various levels of success. Some people said, "We'll try; we'll work with the outcome model in a small pilot and then roll it out further." Other agencies could not move away from the grant focus and did not engage in the programme.

When we moved from the contract model to the partnership model that we have now, the voluntary organisations that are involved in our programme were pleased with the community planning partnerships' ability to remove a large percentage of the bureaucracy and compliance burden from them, because that allowed them to get on and

deliver to their special target groups. We have been pleased, and I think that they are equally pleased, that they have been involved in the challenge fund, European structural funds and all that those entail. Now that they are part of the community planning model, they have access to a one-stop management information system. We do all their claims and support them in their monitoring and compliance, which allows them to get on and do the business.

The Convener: We will have a panel from the voluntary sector at our next meeting, so we will be able to discuss some of those issues then.

Thank you for coming along to the committee today. It has been an informative session and you have given us some avenues to explore further with future panels. If there are any other burning issues or you go away and think, "I should have mentioned that", please drop an e-mail to the committee clerks with your thoughts. Anything that adds to our inquiry is welcome. Thank you for coming today, and we hope to see you again during the inquiry.

We will take a break until a quarter to four.

15:38

Meeting suspended.

15:45

On resuming—

European Parliament (Petition 1058/2011)

The Convener: I welcome you all back and hope that you are refreshed. Agenda item 3 concerns a petition to the European Parliament. The committee is invited to consider correspondence that we have received relating to the European Parliament and the forms of identification that can be used as proof of identification and age in Scotland. I ask committee members to have a look at the committee paper and the annexes to it. Does anyone have any comments to make?

Hanzala Malik: Yes. Although I appreciate the European Union's advice on accepting identification, the issue concerns someone who supplies alcohol and in Scotland we have stringent rules on identification in that context. First, the licence of the premises is in danger if it is perceived to be serving people who are underage. Secondly, the fact that Spain has four different means of identification other than passports and driving licences confuses everybody.

A landlord is entitled to accept or reject any form of ID if they feel uncomfortable. The issue is not simply that the ID was Spanish—even if it had been a British form of ID, the landlord may have refused it. The landlord is expected to make a personal judgment on the issue, as well. The fact that someone carries a certain document does not mean that the landlord must be satisfied with that document—they may ask for an additional document. We need to have that additional safeguard of allowing the landlord to decide whether to accept any form of ID.

The issue has arisen before in Scotland. Two individuals who were wearing burkas went into a premises and then subsequently robbed the premises because they could not be seen. Visibility is important.

Clarity in identification is also important, and when there are so many means of identification that is unhelpful to ordinary individuals. If they ask for additional information, that should be provided. ID should be clear, and passports and driving licences are clear forms of identification. Any other forms of identification border on making people make personal judgments. In this case, a landlord decided that they were not satisfied with the identification that was offered because of the individual presenting it rather than the identification itself. If the landlord had been

satisfied with the individual, there would have been no need for identification.

I can see both sides of the argument, but for landlords the specific issue of establishing someone's age is vital. Therefore, a landlord should expect clearer identification than was presented to him or her in this case.

Helen Eadie: I welcome the response that we have received from the Scottish Government, which says that it is undertaking a consultation. From what the Government says, I expect the consultation to find national identity cards acceptable as a form of ID in the future. We cannot change what has happened, but that is a good way forward. If the Government gets positive responses along those lines, I will be pleased for that to happen because it will remove any doubts. It would be good if the committee could ask the Scottish Government to keep us informed of the progress of that consultation.

The other week, I came back from abroad and the young person with whom I was travelling did not have to present a passport. All that she had to do was present her national ID card and she got through passport control and everything. That is absolutely fine, but I can understand why the bar proprietor did what he did. He has to operate within the law as it exists, not as we would like it to be.

Jamie McGrigor: I agree with what Helen Eadie said. Despite the fact that EU ID cards are accepted at UK border controls, they are not accepted in Scottish pubs. They are not on the list. As far as I can gather, if an individual member of staff serves someone with such a card, they are breaking the law and they have no defence against prosecution. It is perfectly fair for the landlord to defend his staff in that way, although I think that a change in the law might be needed.

I cannot see the difference between a passport and an EU identity card in terms of telling what someone's age is. Some thought ought to go into the issue and we ought to come up with a solution that is acceptable to both sides.

Hanzala Malik: There is a slight difference between an immigration officer who is trained to handle that type of ID card and a barmaid or a person who works in a pub and does not see such cards every day. The person in the pub might not be convinced of the importance of a card that is presented to them. Jamie McGrigor is absolutely right; clarity would be helpful.

The Convener: The paper includes a few recommendations, one of which is that we ask the Scottish Government to keep us abreast of progress. The other is that we ask the Scottish Government to consider the petition as evidence in its consultation, and I think that we should do

that. We should also inform the European Parliament Committee on Petitions. Are members happy with that?

Members *indicated agreement.*

“Brussels Bulletin”

15:52

The Convener: Agenda item 4 is consideration of our “Brussels Bulletin”, which is compiled by Ian Duncan. I will hand over to Ian to give us some information.

Ian Duncan (Clerk): As members are aware, we have been tracking quite carefully the developments in the euro zone. Again, there is a range of issues, some of which I have touched on. The ratification of the fiscal compact is still quite controversial in certain member states, not least of which is Ireland, where a referendum will be held on the issue.

The size of the EU bail-out fund is coming to the fore again, particularly with regard to the problems that Spain is experiencing. That will almost certainly become a greater issue in the weeks ahead.

An issue that might be of interest to the Scottish Parliament is the European citizens initiative. That brings us back to a way of allowing the citizens of Europe to be able to contribute to the legislative process but, as with all things in the EU, it is not quite as simple as it seems. A number of the initiatives that had begun in advance of 1 April may prove to be unsatisfactory and may not be able to progress as quickly as had been anticipated.

Finally, we heard this afternoon about the structural funds. There is now a working document on the common strategic framework and I have summarised that for members’ attention. It had been hoped that that would be a consultation, as members might recall, but the European Commission decided not to do that and has instead issued guidance on how it sees the framework unfolding.

A couple of consultations are mentioned in the bulletin, and there are some notes on the EU alcohol strategy, which the European Commission is looking to revise. I am happy to answer any questions.

The Convener: Do colleagues have any questions? No?

Ian Duncan: It was very dull today. I will liven it up for next time.

The Convener: Okay. Are members content to pass on the “Brussels Bulletin” to the relevant committees?

Members *indicated agreement.*

European Union Directives (Transposition)

15:54

The Convener: Agenda item 5 is a report on the Scottish Government's transposition of EU directives, which we have received from the Cabinet Secretary for Culture and External Affairs. A chart showing all the directives is included at the end of the report. Are we happy to take note of the report?

Hanzala Malik: We should thank the cabinet secretary's office for sending us the report.

The Convener: Yes, and we will forward the report to other relevant committees. Is everyone content with that?

Members *indicated agreement.*

The Convener: We agreed at the beginning of the meeting to take item 6 in private.

15:55

Meeting continued in private until 16:11.

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e-format first available
ISBN 978-1-4061-8800-4

Revised e-format available
ISBN 978-1-4061-8714-4

Printed in Scotland by APS Group Scotland
