



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Tuesday 20 March 2012

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Tuesday 20 March 2012

CONTENTS

	Col.
EUROPEAN UNION STRUCTURAL FUNDS	425
EURO ZONE DEVELOPMENTS.....	444
“BRUSSELS BULLETIN”	462

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

6th 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:

Dennis Malone (Highlands and Islands Programme Partnership Ltd)

Gordon McLaren (ESEP Ltd)

Jim Millard (Scottish Government)

David Mundell MP (Parliamentary Under-Secretary of State for Scotland)

David Souter (Scottish Government)

CLERK TO THE COMMITTEE

Ian Duncan

LOCATION

Committee Room 1

Scottish Parliament

European and External Relations Committee

Tuesday 20 March 2012

[The Convener opened the meeting at 14:15]

European Union Structural Funds

The Convener (Christina McKelvie): I welcome everyone to the sixth meeting in 2012 of the European and External Relations Committee. I make the usual request that all electronic gadgets and phones are switched off.

Agenda item 1 is an evidence session as part of the committee's inquiry into European Union structural funds. I will give our guests a few moments to get into their seats.

We have four guests giving evidence to the committee today. I welcome Dennis Malone, who is the chief executive of Highlands and Islands Programme Partnership Ltd and Gordon McLaren, who is the chief executive of ESEP Ltd. We also have from the Scottish Government's European structural funds division David Souter, team leader, lowlands and uplands Scotland, and Jim Millard, team leader, Highlands and Islands transnational and cross border.

Would any of you like to make a short opening statement, or would you prefer it if we went straight to questions?

Dennis Malone (Highlands and Islands Programme Partnership Ltd): I would prefer it if we went to questions.

The Convener: I will fire away. How have the current structural fund programmes worked and performed for Scotland, and what lessons can be learned from that?

Dennis Malone: The system has worked pretty well. Its strength is the way in which structural funds have been used to engage a range of partners in developing a range of different and new ideas. It is all very well for some of the larger organisations to operate in the mainstream, but structural funds have attracted smaller organisations into the partnerships and opened them up to new ideas, new thinking and new ways of working. In the Highlands and Islands, we are significantly engaged with a large number of relatively small organisations, which have all benefited from the way in which we have managed the programme. The structural funds have attracted people to the partnership.

That is not to say that there are not areas in which we could do better. When we look at the lessons to be learned, there are a number of things from both ends to think about. We tend to make difficulties for ourselves. For example, if we do not start programmes on time, we are always chasing our tail in terms of expenditure. Looking ahead to the new programming period, it is important to get the programmes established, engage with partners at an early stage and make sure that there are project approvals on the stocks from, almost, day one.

The other thing concerns the negotiations with the European Commission. In our experience in the Highlands and Islands, the Commission put forward a financial profile in the current programme that made life difficult for us from the beginning. It was difficult for us to achieve those expenditure targets subsequently, in terms of our annual N+2 targets. There has to be some sort of come and go from both sides.

Gordon McLaren (ESEP Ltd): I echo what Dennis Malone said. I suspect that you will note a significant outbreak of consensus among my colleagues.

On the lessons to be learned, I can speak only for the lowlands and uplands Scotland programmes—the European regional development fund programme and the European social fund programme. We had a number of changes. That is the nature of structural funds; things move and change from one programming period to the next, and we hope that we learn lessons and use them to inform and influence the next programming period. Dennis Malone is dead right—one of the difficulties that we faced in the past was a delay in feeding the lessons learned into the next iteration of funds.

This time round, we are well positioned to be better prepared to start the consultation among the stakeholder bodies that are interested in structural funds. The level of consultation did not reach the previous level in the run-up to the current programming period, but there were practical reasons for that. We can already see the level of preparation, consultation and engagement that has kicked in. There is a growing consensus not just among the four of us who are here today but among a wider stakeholder group about where the next round of programmes needs to go and what the priorities are.

In lowland Scotland and—I think—in the Highlands and Islands, we introduced a range of new, more strategic delivery arrangements, using community planning partnerships to deliver employability services, for example. That started off as a pilot, but it has involved all the target 13 local authorities in the lowland Scotland area.

We have been positioning the objective 2 programmes—the competitive programmes in lowland Scotland—over a number of programming periods in terms of the Lisbon agenda and now the EU 2020 agenda, particularly in relation to smart specialisation. In a sense, the programmes are already future proofed. They are well positioned to move forward and embrace the new policy priorities, particularly our work on research and innovation, life sciences, renewables and financial engineering, which involves moving away from a grant regime to involve loan finance and equity finance to support business and large regeneration projects.

There are key areas that we are looking to develop, and we can learn lessons from how well the programme focus has been delivered and the funds targeted there. We are also looking at those areas to work out which development themes to take forward under the EU 2020 agenda.

David Souter (Scottish Government): I agree with Dennis Malone and Gordon McLaren. In delivering the programmes, we are performing well against all the indicators. We have already committed about 95 per cent of the available funding for the current period. We are reporting good levels of performance against the indicators that we agreed with the European Commission and we are recording historically low error rates.

Given all that information, it was really useful for me—coming from the managing authority—to listen to the key stakeholders' views in December. The bottom line was that the programmes are performing well. We have taken a flexible view of eligibility and how we deliver the programmes to respond to the recession.

A key message that is coming through is on the audit and compliance burden. The point was consistently made by all the stakeholders, and I found myself sitting at my desk nodding in agreement with practically everything that they said. However, to go back to Gordon McLaren's point, we took the decision early in the current programme to try a lot of new strategic delivery vehicles. It was therefore important that we took a cautious approach to compliance. The end result is that we are returning historically low error rates.

I agree with Dennis Malone that we sometimes make it hard for ourselves. We have learned a lot about the compliance regime, particularly with the delivery by the CPPs. We can do a lot to improve things, probably not by making significant changes in the current programming period, but certainly as a result of lessons learned in the new period. We do not take into account the checks and balances that are already in the system. The starting point for the new programme should be the checks and balances that are already there and what we can sensibly add.

Jim Millard (Scottish Government): I am not going to disappoint members and disagree with my colleagues, but I will add one new point and draw together a couple of the points that they made.

What we have learned during the current programming period—which we absolutely need to keep in mind for the next programming round—is that we need to be flexible in our programming arrangements and our programme scope.

Members will understand that the current set of programmes was largely prepared in 2006 and that we are now in different economic circumstances. It was therefore important to approach the Commission. To be fair, it was amenable to making the necessary adjustments to encourage a response to the recession and support for Scottish Government initiatives to assist economic recovery. That must be our starting point for the next set of programmes. We must start from where we are, given the socioeconomic circumstances of Scotland and its regions, but we must keep an eye out for how circumstances are changing as we implement the new programmes.

Another thing that we have learned, which we can use to good effect next time round, is that although we have taken a strategic approach through the delivery arrangements, which involve the community planning partnerships and the strategic delivery bodies such as Highlands and Islands Enterprise, Scottish Enterprise and the University of the Highlands and Islands, we have been able to embrace partners and partnership at the same time.

A couple of examples are the initiatives to enhance the research capacity in the Highlands and Islands through support to the UHI. That was done at the same time and in tandem with Highlands and Islands Enterprise's ambitions in that area. We have also used the European social fund and the European regional development fund in a complementary and supportive way. The European social fund supported UHI's curriculum development work. Its courses are being rolled out throughout the UHI network and they are being used to train participants in ESF-supported projects. That approach is relatively new ground for us, but we can use it to good effect next time.

Jamie McGrigor (Highlands and Islands) (Con): I am an MSP for the Highlands and Islands and my questions are probably for the two gentlemen from that region.

I am old enough to remember the good old days of the objective 1 programme, when the funding of causeways and bridges to islands such as Berneray, Scalpay and Eriskay made an enormous difference. I do not think that anybody in

those islands would look back and say that they wished that they had never had that funding, because it was a tremendous advantage and a step forward. Is there any way for similar connections to be funded?

I see that Scotland got the lion's share of the United Kingdom's European fisheries fund allocation, with £38 million, and that the Highlands and Islands got £12 million—nearly half—of that. What will that £12 million be spent on?

Dennis Malone: I, too, am old enough to remember objective 1. In fact, I managed that programme, so I am familiar with the significant investment in infrastructure not just in the Western Isles but across the Highlands and Islands. We have, alas, moved on from the funding of physical infrastructure to funding areas such as telecommunications and broadband. In terms of supporting business and people, that is probably a more appropriate use of the funds, given the restrictions and the moneys that are becoming available.

You will remember that the objective 1 programme was worth about £270 million, but the value of the funds for the previous six-year programme period was significantly less than that, at only about £165 million. There is a cost issue and the priorities are shifting to areas such as telecommunications and renewables. We are still doing infrastructure, but it is renewables infrastructure rather than roads, bridges and so on. That trend will probably continue.

I will leave the question on fisheries to Jim Millard because I do not have a focus on that area.

14:30

Jamie McGrigor: You mentioned broadband. I understand that broadband projects are under way in the Highlands and Islands. Where will they take place? Is it true that the Isle of Lewis will have a major broadband project?

Dennis Malone: My understanding is that Highlands and Islands Enterprise, under the auspices of broadband delivery UK, is pursuing a multimillion-pound investment in superfast broadband throughout the Highlands and Islands. About £5.5 million of European regional development funding is committed to that exercise.

The decision about which exchanges are brought into the equation will be determined by Highlands and Islands Enterprise and the delivery agent. I cannot say who the delivery agent will be, because the process is still under way. However, I see no reason why the Western Isles could not be included in that series of investments. There have been broadband investments in the Western Isles

before, but they have always been slightly separate from what has been rolled out elsewhere in the Highlands and Islands. It tends to have been wireless connections and connectivity rather than what is being proposed.

David Souter: Dennis Malone's comment on connections is right. There does not appear to be anything in the new regulations to suggest that we can go back to the connecting physical infrastructure that was involved in previous programmes. However, there is a clear focus on renewables infrastructure and digital connectivity. The programme in the Highlands and Islands is worth £5.5 million. We have allocated £20 million in the lowlands and uplands Scotland programme. We are talking about the areas in rural Scotland that the markets will not go to. That is the test. Those that are furthest from the market will receive that support.

The Convener: Can I ask you—

Jamie McGrigor: Mr Millard was going to answer my fisheries question.

The Convener: Sorry.

Jim Millard: I am sorry, but Mr Millard was not—it was an easy pass for Mr Malone.

Jamie McGrigor: Mr Malone said that Mr Millard would answer my fisheries question.

Jim Millard: I apologise. I am afraid that it is beyond my remit, but I will speak to my colleagues and arrange to respond in writing.

The Convener: Are you satisfied, Mr McGrigor?

Jamie McGrigor: My apologies, convener.

The Convener: I know that the Commission has proposals for using multiple funding packages. Will the broadband programme be an example of that? Will you give us some insight into how that will be taken forward?

David Souter: In the new programming period, a number of funding options are emerging around project bonds, the ERDF and the connecting Europe fund. This is probably a question that I can pass to Jim Millard, because he will be more involved than I will be in the connecting Europe fund in future.

Jim Millard: It is really about identifying our needs and priorities and working out which funding avenues will work best for us. Sometimes the judgment will be one of scale, but equally it might be one of timing or the extent to which we have more or less influence over how the various funds are distributed.

Ideally, we will identify at an early stage the broad range of our ambitions and the most productive and useful funding streams to pursue. I

envisage a package of measures using the operational programmes attracting European regional development funding in the next programming round. However, I also envisage our looking at opportunities to draw down funds under the proposed connecting Europe facility.

That work is not just about transport or energy, as there is a third strand on digital networks. Where better to connect to Europe than Scotland, as one of the remoter or more peripheral parts of the EU?

Bill Kidd (Glasgow Anniesland) (SNP): This question might be for David Souter, but the witnesses can throw it about among themselves if I am wrong about that. In the ESF programme, for lowlands and uplands Scotland, priority 1 is progressing into employment and priority 2 is progressing through employment. Are those priorities targeted mainly at the voluntary sector or are they aimed more at industry? The reason I ask is that I know that many voluntary sector organisations are always looking for ways in which to fund their programmes for three-year periods and suchlike. Are those two priorities the way forward for them?

David Souter: We have moved on from those priorities. We have moved all the available resources into a new priority, priority 5, which encompasses the whole skills pipeline. However, the question on the voluntary sector is still valid, as it is a key strategic partner in priority 5. That links back to some of the evidence that the committee heard in December about the audit burden.

One frustration that I have found since I became involved in the ESF is about the audit burden and the compliance requirement that we place on small third sector organisations, which are key to the delivery of the programme. We could not deliver the programme for the hardest-to-reach groups without those organisations, but the rules and regulations tie them up and place an almost intolerable audit burden on them.

The key for the new programme is to turn that round to make the third sector more focused on delivery. We need to place that audit burden on the shoulders of people who are better resourced and better placed to handle it. The voluntary sector will continue to be a key partner as we move forward in the current programme and into the next one. However, the nature of the interaction has to change to free up the sector's resource so that it can focus on delivery.

Bill Kidd: That is a lesson that has been learned in the current period for the 2014 to 2020 period.

David Souter: Absolutely. It is frustrating that we place such a heavy burden on project

sponsors. Some of that comes at a price for the funds. As I said, we sometimes make it difficult for ourselves. One of the ways in which we do that is through expecting small third sector organisations to withstand a fairly heavy audit burden six or seven years after they have received funding. We must address that seriously.

Bill Kidd: Is it within the power of organisations here in Scotland to deal with that, or is that power centralised in Brussels?

David Souter: It is sometimes easy to blame Brussels. Much of the issue comes down to the control systems that we set up in Scotland and how we choose to deliver the funding through the CPPs. The CPPs are new and are still fairly innovative. They are one example of us being ahead of the game in delivering structural funds. However, we did not think through how the CPPs would interact with the delivery agents. We have learned that lesson strongly from the current programme period.

Gordon McLaren: To add to what David Souter said on the CPP arrangement, those are multipartnership bodies that are led by the local authorities. As David Souter said, the role of small voluntary sector organisations is key, particularly to delivering employability services locally. Therefore, it is key that that capacity remains. Those organisations are small and vulnerable, so any delays in the new programme starting up could be critical. That is always a risk.

Bringing small voluntary sector organisations into the CPP multipartnership arrangement, which is led by local authorities and others, will provide a project management capacity and an ability to deal with the audit issues. As David Souter said, we have been looking closely at that. Those organisations have worked to differing models, but provided that they work to a partnership model and that there is equity for the different organisations involved in the partnership, the administrative burden can be removed from them, allowing them to deliver the services that they are very good at delivering and which need to be delivered on the ground.

The Convener: I used to run an ESF-funded project a number of years ago. The monitoring period was a big nightmare, because most of the staff were tied up pulling together all the stats. For some organisations, almost a quarter of the budget was spent on gathering all that information and dealing with the bureaucratic nightmare that ensued. Are you suggesting that that burden could be completely removed from some organisations, with the result that they will be able to focus all their funding on the front line?

Gordon McLaren: No, not quite, unfortunately.

The Convener: That was too good to believe.

Gordon McLaren: The machine has to be served. In the same way that the Parliament would require such accountability, we have to be accountable for how we spend the money and what we deliver for it, but the key thing is that I do not think that the organisations in question would have an issue with that. Monitoring progress from the point of view of the number of beneficiaries and the benefits for individual beneficiaries is not an issue for them. I am talking more about the burden of applications, claiming and so on.

Another issue is cash flow, which is critical in the context of funding. These organisations operate on a very tight cash-flow regime. If a large stakeholder body such as a local authority were involved, it could underwrite any delays in the funding, because the funds operate in arrears—they are repayable in arrears. Within a partnership arrangement, it is possible to deal with those cash-flow issues for the non-governmental organisations. That means that their main focus is on delivering the service and reporting on their performance—they are fine with that—but all the other key administrative requirements are taken away.

The Convener: That would also take away the nervousness that exists as the end of the funding period approaches, when people wonder whether they will need to issue their staff with section 93 notices, because they are not sure that they will get their next bit of funding.

David Souter: I agree with Gordon McLaren, but I would like to see whether we can go further in the new programme period and take away the majority of that audit burden from third sector organisations. If we can find a way of delivering through the strategic partnerships, that will take away the requirement for third sector organisations to build complicated match-funding packages—we all accept that that will become more difficult to do in future—and will allow them to focus much more on delivery. Another advantage for third sector organisations is that if we get this right, instead of having to keep all the bus tickets, the time sheets and so on, they will be able to recover the full costs. We will be able to use some of the simplifications and some of the unit costs to deliver something that can be audited and which can stand up to scrutiny.

Helen Eadie (Cowdenbeath) (Lab): I would like to pursue the issue of the voluntary sector. Our briefing paper mentions a report that was done some years ago by Hall Aitken, which was about the threat that the co-financing arrangements presented to the voluntary sector. Has any analysis, consultancy work or research work been done to assess whether there has been an impact on the voluntary sector? We hear that it is not so much of an issue for the bigger voluntary

organisations, but I am thinking back to the days, a long time ago, when I was a project director for West Fife Enterprise, which was a very small voluntary organisation. We applied for £1 million and, to our amazement and that of everyone around us, we got it.

Does the size of community planning partnerships intimidate smaller, more creative groups and put them off coming forward with initiatives? What will the impact be on the smaller groups in our communities that we want to encourage? The European Commission emphasises the role of co-operatives, community businesses and social enterprise, but that sort of activity comes from very small voluntary groups. What will be the implications for them?

14:45

Gordon McLaren: That is a good question. This debate has been going on for a long time and comes back to my point about the vulnerability of voluntary sector organisations. There are some very good organisations out there; indeed, I am interested in your reference to West Fife Enterprise, which, despite the vagaries of funding and the amount of time and energy that it spends on securing match funding and additional European funding, is still going strong and delivering a quality service.

If we can get the CPP arrangement to work in every respect, those worries and concerns should disappear. It is really up to the CPP or lead body almost to commission or procure specific services, and local CPPs will know which delivery organisations are delivering good-quality outcomes. As David Souter said, this is basically about full cost recovery. If organisations are paid the full cost of delivering services, we will get exactly what we pay for and achieve very good outcomes. We are moving in that direction but, in doing so, we need to respect the position and the vulnerability of third sector organisations.

Helen Eadie: That is fine for established voluntary sector organisations—of course, West Fife Enterprise is now more than 20 years old—but how can the very new and very creative organisations break into that community programme partnership and establish their way forward?

Gordon McLaren: They can do that through the Scottish Council for Voluntary Organisations, which is the national network body for the third sector. However, they will want to be connected to the local authority, if they are not already, and they will probably be getting some funding from it. If an organisation is new to delivering these services, it needs to establish itself and make itself known. Of course, having no track record and being an

unknown quantity can be constraints and, as you will understand, might well be a factor in the procurement process.

Jim Millard: In response to Mrs Eadie's question and picking up on Gordon McLaren's point, I suspect that it is easier for a new organisation to make itself known, to be taken seriously, to develop and to build confidence at the local level through the CPP rather than through taking a chance and bidding into a competitive programme run at a lowlands and uplands or Highlands and Islands Scotland level. I hope that the CPP arrangements work in favour of smaller organisations more than centralised competitive arrangements.

One of the benefits of CPPs is that they relieve the burden on small organisations. That is also the Commission's direction of travel. The draft regulations are much more explicit about flat rate costing—I am sorry about the jargon, but in essence they are trying to simplify things and keep bureaucracy and monitoring in proportion to the size of the organisation and the level of grant awarded. The Commission well understands our CPP arrangements and is comfortable with our using them as a vehicle in the future and our charging them, in a sense, for commissioning the activity that leads to the outcomes that we are seeking.

Dennis Malone: CPP arrangements in the Highlands and Islands are slightly different from those that are implemented in lowland Scotland. We are seeing more smaller organisations coming to the intermediate administrative body for assistance in framing their project prior to making their submissions, and we are embracing them.

As I said earlier, structural funds can provide a route to finance for organisations that hitherto have not been able to get it. It is not a question of whether we can find a solution: we must do so, because there is plenty of anecdotal evidence in the Highlands and Islands to suggest that some organisations are put off by the volume of compliance, the audit burden and so on.

It is right that those organisations must run a project, as Jim Millard said; they are not set up to keep bus tickets. There is a balance to be found, and we must pursue that option.

Helen Eadie: I have one more question. Historically, going back to the days when Bruce Millan was a commissioner, additionality was a huge issue, and councillors and members of Parliament from all over Scotland lobbied the Commission on it. As politicians, we are all concerned about whether the money that comes from Europe is truly additional to the money from the public purse that we are spending here in Scotland.

Can every one of you put your hand on your heart and say that the money that is coming from Europe is additional? Or is it simply replacing what we should be spending from the public purse?

Gordon McLaren: I am happy to put my hand on my heart. We have had that debate so many times, over so many years. I think that we can put our hands on our hearts, and we have proved time and time again that the money is genuinely additional. It is ring fenced, and it is there for a seven-year programming period, which is unique in terms of public funds. We can point to the fact that it has made a difference.

David Souter: It is easier to prove additionality in certain projects. In areas such as the venture capital and access to finance funds and the infrastructure projects, we can demonstrate that we are making more deals and engaging in more activity. The Commission will continually come back and challenge us on a lot of the ESF interventions, and say, "Would this have happened anyway?", but we have always satisfied every audit. The Commission has pushed us pretty hard to prove additionality, and we have done that so far.

Jim Millard: We can show additionality at the local project level, as David Souter said. We can raise our game a wee bit, in as much as we can point to core budgets for Skills Development Scotland or Highlands and Islands Enterprise and show that ERDF and/or ESF are genuinely adding to and enhancing those budgets.

Twice in each programming period, the Commission tests member states. The United Kingdom has to make a return on behalf of all the managing authorities to demonstrate in fairly broad terms—necessarily—that European receipts are not displacing or substituting for domestic expenditure.

The Convener: Can Dennis Malone put his hand on his heart?

Dennis Malone: I do not want to repeat anything; I just want to be sure that, as we move towards a much more strategically designed programme, the managing authority is able to provide the transparency to demonstrate that the additionality exists. It is a wee bit more of a challenge for those authorities.

We must bear in mind the value and volume of structural funds. I was working out some numbers last week when I was in the Western Isles, and we reckon that in the past three programming periods, over the past 18 years, there has been close to £2 billion of investment in projects as a result of structural funds. That shows the benefits in some of the remote parts of the Highlands and Islands in particular.

Clare Adamson (Central Scotland) (SNP):

The community planning partnerships have changed quite a bit, and the language has become very outcome driven in the move to the preventative spend agenda. Are you confident that the Commission understands where we sit in that regard, and that our approach matches the outcomes that the Commission seeks from the structural funds?

David Souter: The Commission is not only aware of but very interested in how we are delivering structural funds through the community planning partnerships. The Convention of Scottish Local Authorities representative who was here in December, who is based in Brussels and talks to the Commission, reported that the Commission views our model as something that it cannot find anywhere else in Europe, and that it is very interested in how Scotland is performing.

That is not to say that all the CPPs are performing at the same level, because they are not. However, some CPPs are operating very effectively and they are an excellent way of delivering structural funds. As we move forward to the next period, we have to be a lot more prescriptive in sharing good practice about what has worked in the past so that we can shape the delivery in the new period. The Commission is not only aware of the model, but is very interested in it.

Gordon McLaren: On a personal level, when it was first mooted back in 2006 that the CPPs might be a delivery vehicle for certain aspects of the ESF and ERDF programmes, I was somewhat sceptical and wondered whether they would be an effective vehicle. The CPPs went through a particularly painful process, but that dynamised them and gave them a clear focus. We were looking purely at employability services, mainly with the ESF but with some ERDF complementary support. Some of the CPPs were transformed and gained a new purpose.

As David Souter said, some of the CPPs have been very effective—they have made huge investments and delivered very effectively—but others are still catching up. However, I am convinced now that the CPPs are an effective delivery arrangement.

The Convener: Could the CPPs work closely with the new social innovation programme on preventative spend, which my colleague Clare Adamson mentioned, on issues such as health, justice, childcare and unemployment?

Gordon McLaren: I am not fully familiar with that programme. However, CPPs are set up with a multi-agency arrangement, in the sense that we funded them to deliver employability. They took on a particular focus in the delivery arrangements and

with the delivery bodies within that. A lot of the issues around employability touch on a wide range of issues including health, and disadvantage and deprivation. There is now the opportunity to take a much more holistic and coherent approach to those issues. However, as I said, I am not fully familiar with the innovation funding to which the convener referred.

The Convener: Do the Scottish Government officials have a comment on that? My suggestion chimes closely with Scottish Government policy.

David Souter: The clear direction of travel is towards more preventative spending. The new regulations are a lot more permissive in allowing us to support early interventions. The current regulations are quite tight on that. I think that ESF basically allows us to go to pre-NEET—not in education, employment or training—which is as far back as we can go in the current programmes. The new programmes recognise much more the importance of early intervention.

I endorse the view that the earlier the intervention, the more effective it is. However, the difficulty is that we will have a limited pot of money, so we will have to make tough choices about where we target and deliver ESF. Some of the domestic funding that flows through the local authorities and the CPPs may be targeted more towards early intervention, and ESF may be targeted more towards later interventions. However, if we spread ESF too thinly across that spectrum, it will be less effective.

As I said, the CPPs' direction of travel, as they follow the direction of ministers, is towards preventative spending.

The Convener: Aileen McLeod is next; I believe that she will change the topic slightly.

Aileen McLeod (South Scotland) (SNP): I want to ask about the territorial co-operation programme. What has been your experience of the delivery of projects under that funding programme? I remember that we had the Interreg IVA programme for Northern Ireland, Ireland and western Scotland. Has any assessment been undertaken of where there could be new and ongoing opportunities and what Scotland will need to do to ensure that we continue to improve our engagement in that area?

15:00

Jim Millard: The experience with Interreg, or territorial co-operation, programmes in the current programming period is very positive. We can point to Scotland participating fully and not only drawing down funds but contributing to projects with partners from around the European Union and

slightly further afield. Scotland is a positive partner, which contributes and benefits.

Experience is slightly mixed. We participate well, strongly and, I think, to our credit, in the cross-border programme—the Interreg IVA programme, which involves the west of Scotland, Northern Ireland and parts of Ireland. Scotland is participating for the first time, because of a slight tweak to the qualifying criteria that define the programme boundaries. We are the new kids on the block, but we have established our credentials as partners and are beginning to benefit from that.

I turn to the transnational programmes and the wider programme geography. Scotland participates very strongly in the northern periphery programme and the North Sea programme, but we do not do so well in the Atlantic area. We are looking into that, because we do not quite understand why that is the case. When all the eligible programmes and the programme geographies are overlaid, the picture is quite cluttered at times. For example, perhaps it is easier for partners in the west of Scotland to find partners in Northern Ireland and Ireland and to pursue a cross-border project or to find partners and pursue a north-west Europe project. In short, Scotland participates well and benefits but also contributes.

Looking forward, we are considering how best to maximise Scotland's participation. We are keen to engage and are involved in the various programme monitoring and steering committees, so that we have an opportunity to influence the way that the new programmes are developed and scoped out to ensure that we do not miss a trick when we reflect on the projects that we can pursue.

We are keen to engage with potential Scottish partners on a slightly different aspect. What tends to happen is that the individual programmes and the distinct geographies that relate to them are promoted, but we want to tackle this from a thematic or subject angle. We want to identify the organisations that are interested in the various themes that emerge from the Commission and the four themes that would work best—we might be restricted to selecting four for our Interreg programmes. When we have established themes that are consistent and consonant with the Scottish Government's objectives and with the organisations' preferences and priorities, we will take the next step and help them to find natural partners with similar interests and consider which programme area might work.

Helen Eadie: I have a query. There is the Baltic commission, the North Sea Commission, the Atlantic commission and the Mediterranean commission—I think that there are five such commissions. What connections do local

authorities across Scotland make with the work of the officials?

I am aware that the North Sea Commission has worked with local authorities in the North Sea area to develop, for example, the North Sea cycle route. That was tremendous and it gave the local authorities automatic partners. How diligent are our local authority colleagues in pursuing such opportunities to complement the work that you do?

Jim Millard: They do that extremely well. One reason that the North Sea programme works so well is that the North Sea Commission is strong as a partnership. It brings a degree of political buy-in to the North Sea concept. The North Sea Commission and the others tend not to have a lot of resources at their disposal, but the programmes do. In a sense, you can bring the political support, the ideas and the energy through local authority participation in the commissions and match that with ERDF funding through the programmes. My colleagues from Scottish local authorities in the North Sea Commission have certainly had a very positive experience.

Helen Eadie: But we could do better with some of the others, perhaps.

Jim Millard: We could always do better, I suppose, but that is absolutely a fair comment. We have seemed not to do as well in a couple of the other programmes.

Jamie McGrigor: We have already heard that up until 2012, the Highlands and Islands and lowlands and uplands programmes were delivered by the Highlands and Islands programme and the ESEP. Now, both programmes are managed by the Scottish Government. We know that the accession to funds is also changing with a move from direct spending towards co-financing. You spoke about the difference between geographical areas and themes, but do you feel that that is being hijacked by the Scottish Government to promote national themes rather than local ones?

Jim Millard: No, that is not the intention or the purpose. Our operational programmes have always reflected Scottish Government priorities and those priorities resonate well with European priorities, as expressed first through Lisbon and now through the EU 2020 initiative. In a sense, many of the beneficiaries from and recipients of structural funds support—such as local authorities and the two enterprise bodies—subscribe to and work within Scottish Government priorities. There is consistency. It is not a question of railroading or diverting the programmes or their purpose.

Jamie McGrigor: The suggestion seems to be that the aim is to achieve priorities for spending that more closely reflect national priorities. That is what it says in our brief, and I wondered whether you could comment on that.

The Convener: Sorry, Jamie. May I suggest that that is perhaps a question for the cabinet secretary when he comes to the committee? You might get a much more forthright answer from a cabinet secretary on that because it is straying into a political point.

Jamie McGrigor: But I am asking the witnesses the question. Is it out of order?

The Convener: I do not think that they are at liberty to answer the question in the way that you want it to be answered. Trust me, please.

Jamie McGrigor: Are you ruling me out of order, convener?

The Convener: I am not. Your question is a valid question, but I think that it might be better directed at the cabinet secretary.

Hanzala Malik (Glasgow) (Lab): I want to pick up on Jim Millard's comment about observing programmes and steering committees. Can you give me an example of any success you got by doing that?

Jim Millard: We participate in a number of the Interreg monitoring and steering committees. Participation is on the basis of each participating country or region being represented. The benefit that we get is that, as members of the committees, we can discuss and influence policies and priorities as they affect the programmes, the delivery of the programmes and the selection of projects.

Perhaps slightly beyond that is the fact that, by participating in the committees, we have a greater awareness of the way in which project selection is pursued and how priorities are attributed to individual projects or types of project, and we can feed that information back to our Scottish partners to help them to develop stronger and more relevant projects. Once we are inside the committee tent, we participate in the decisions to approve or, sometimes, reject projects.

Hanzala Malik: I understand what you say, but to narrow it down, can you give me an example of where that has led to success? Will you come back to me later if you cannot think of an example now?

Jim Millard: I will come back to you later.

Hanzala Malik: Okay. Thank you.

The Convener: We need to finish at 3.15 in order to set up for the videoconference with Mr Mundell. We will therefore make Aileen McLeod's question the final one, and I ask the witnesses to answer as succinctly as possible.

Aileen McLeod: Last week, the European Commission published its staff working document on the common strategic framework, which is a

core element of the proposed regional policy architecture for the 2014 to 2020 funding period, along with the proposed partnership contracts and the operational programmes. As you know, the aim is to ensure that there is a closer alignment with the ERDF, the ESF, the cohesion funds, the rural development fund and the fisheries fund, along with the wider EU 2020 strategy.

Where do you see opportunities and challenges for Scotland within the proposed regional architecture that is outlined in the common strategic framework?

David Souter: I will be brief. The opportunities are around the close alignment between the themes that are emerging from the Commission and "The Government Economic Strategy". The close synergies give us an opportunity to build programmes that are close to what we want to do. They also give us an opportunity to explore how ambitious we want to be in how the funds operate together to create more of an impact on the ground.

The absolute minimum that we have to do is to ensure that the funds do not cut across each other and chase the same activity. At the other end of the spectrum, it would be useful to try to examine whether we can create a more joined-up approach across the maritime fund, the rural fund, the ESF and the ERDF and deliver joint programmes. If we aim for that and we end up with more joined-up programmes, we will be in a better place than at present.

Dennis Malone: It provides an opportunity to save a lot of energy. At present, a lot of energy is misspent because project partners chase umpteen sources of funding, and either they get nothing or the funding is duplicated. We need to avoid that. In the Highlands and Islands, we have had numerous experiences in which we have worked with organisations for several months to bring forward applications, and then they have decided that they will get a better offer from the rural development programme or LEADER. That is frustrating, and it is a waste of everybody's time.

Jim Millard: Aileen McLeod mentioned challenges. The challenge is to make the best use of what will be limited funds. It sounds as if there is a lot of money, but it is not much when it is spread over seven years. We need to ensure that we concentrate on priorities and that we do not have gaps between provision so that we get full provision across the funds.

The Convener: Gordon McLaren can have the final word.

Gordon McLaren: Thank you, convener. I agree with everything that my colleagues have said. The Commission has set an ambitious challenge. I think that it would acknowledge that it

could not achieve it, but it has set us the challenge. Given the experience in Scotland, it is perfectly possible, but it is not without difficulties. We had issues in the past when there was poor communication between programmes and there was overlap and duplication. As I said, we have time to plan effectively for the new round of programmes. That is possible, but it is hugely challenging. We need to put in place co-ordination mechanisms and governance arrangements that will allow that level of communication, articulation and integration.

The Convener: Thank you for your evidence. You have given us a number of threads that we will pick up and carry forward in our inquiry. On behalf of the committee, I thank you.

15:15

Meeting suspended.

15:30

On resuming—

Euro Zone Developments

The Convener: Good afternoon. Item 2 is an evidence session for the committee's inquiry into recent developments in the euro zone, particularly in relation to the December 2011 European Council and the resultant fiscal compact. I welcome the Rt Hon David Mundell MP, who is the Parliamentary Under-Secretary of State for Scotland, and Aidan Liddle, who is the deputy head of the Europe directorate (internal) at the Foreign and Commonwealth Office. I invite Mr Mundell to make an opening statement.

David Mundell MP (Parliamentary Under-Secretary of State for Scotland): Thank you for inviting me to give evidence to the committee. I served as a member of the committee in a previous parliamentary session, so it is a particular pleasure to appear before it today.

I am sorry that I am unable to attend in person. As the convener mentioned, I am joined by Aidan Liddle, who is from the Foreign and Commonwealth Office. I am glad that we could facilitate the evidence session by videoconference. I am also glad that David Lidington, the minister of state who is responsible for European issues and NATO, was able to give evidence directly to the committee in February on the specifics of EU policy. I hope that the committee found that evidence session helpful.

The UK Government is keen to engage openly and constructively with the devolved Administrations and legislatures on matters of mutual interest and it has found that exchange of views useful. I do not have to tell members of the committee that Europe is vital to Scotland in many ways, and developments in Europe have an enormous impact on our economy. European reforms also impact on many sectors of the Scottish economy, from the regulation of financial services to product labelling for Scotch whisky, and from agricultural subsidies to fishing quotas and structural funds.

As members know, international relations is a reserved matter and, as the UK as a whole is the member state, the UK Government takes the lead in negotiating on behalf of the constituent parts of the UK to secure the best possible deal for the whole country. I am sure that David Lidington offered insight into how those concerns are represented across the piece. As a Scotland Office minister, my focus is on ensuring that the relationships between the Administrations are functioning effectively and that Scottish interests are considered during the course of deliberations on negotiating positions.

As David Lidington said in February, the UK Government works extremely closely with all three devolved Administrations on the development and implementation of EU policy. It has various formal and informal mechanisms to ensure that the interests and views of the devolved Administrations are taken into account in the formulation of the UK's EU policy and in the negotiations with our EU partners that concern devolved policy issues.

Extensive consultation and co-operation at official level on a daily basis in the UK and in Brussels ensure that all parts of the UK receive the best possible deal in European negotiations. At ministerial level, there is a wide range of regular contact that includes the joint ministerial committee on Europe and bilateral discussions with the lead Government departments in London and Edinburgh. When appropriate, the Scotland Office becomes more directly involved, and I maintain good direct relationships with the various UK ministers who have portfolio responsibilities in areas that are of particular concern to Scotland. From a Scottish Government perspective, I am in regular contact with Richard Lochhead, for example, on issues such as common agricultural policy reform and fisheries concerns.

I am ready to answer as best I can committee members' questions on intergovernmental relations as they relate to the euro zone and to listen to any concerns or issues that committee members may want to raise with me directly or to channel to the appropriate UK Government minister through me or Aidan Liddle.

Given my portfolio of responsibilities, I am interested in any suggestions that the committee might have on how we can improve working relationships between Administrations on EU issues. I am particularly keen to hear the committee's views on that.

The Convener: Thank you, Mr Mundell. I will take you back to before the December 2011 European Council meeting. Were you involved in any discussions in the lead-up to Mr Cameron going to that meeting?

David Mundell: The Scotland Office was involved in the meeting of the joint ministerial committee on Europe, which took place before the European Council session. A topic of discussion at the joint ministerial committee was the fact that treaty changes would be discussed at the European Council meeting, which the Prime Minister would attend.

The Convener: Recently, we took evidence from the Cabinet Secretary for Culture and External Affairs, who was at the joint ministerial committee meeting. She said that no reference was made at that meeting to the use of the veto.

Can you say why the veto was not discussed at the JMC?

David Mundell: The veto was not necessarily discussed, but the UK Government's position was discussed, as was the fact that we would not want any compromise of the single market. This committee is aware from Mr Lidington's evidence that the Prime Minister did not go into the European Council meeting wishing to use the veto. He put forward proposals that, had they been accepted, would have meant that the veto was not required. Ultimately, those proposals were not accepted by the other member states. Therefore, he used the veto, as we know.

The Convener: When David Lidington helpfully gave evidence to the committee, he was open and honest and suggested that communications could be improved. He said that he would take that suggestion back for discussion. Has he discussed that with you? Have any resolutions been made on how to improve communication to avoid the feeling that the devolved Administrations were ignored, as happened with the process that led to the use of the veto?

David Mundell: I met David Lidington directly after he gave evidence to you, which he found to be a useful session. We have discussed how we might improve on-going dialogue. I was encouraged by the evidence of Fiona Hyslop, the cabinet secretary, in which she said that she had a good working relationship with me. I want to build on that and perhaps use the approach that I deploy with Richard Lochhead and Bruce Crawford, with whom I have regular, scheduled meetings.

I am in almost weekly contact with Mr Crawford and I have a monthly scheduled discussion with Mr Lochhead on issues of concern. Those meetings are scheduled; they are not reactive to circumstances. That arrangement has been conducive to good and close working relationships. I undertake to go back to Fiona Hyslop and seek to work with her on that basis. That is not to say that we do not have other on-going dialogues, because we do. However, a regular, scheduled discussion would assist greatly with improving communication. That is one thing that could happen immediately.

The Convener: That would be welcome. I thank you for that. I will now open up the discussion to committee members.

Hanzala Malik: Thank you for joining us this afternoon, Mr Mundell. You will be pleased to know that Scotland has sunshine.

David Mundell: Excellent.

Hanzala Malik: I have two questions. The first relates to trade and industry. Can you shed light

on the possibility of any industry coming to Scotland in the near future?

David Mundell: We want to work closely with the Scottish Government to make the best case for Scotland in terms of economic development. That is an important area on which the two Governments can work together—for example, I recently met Fergus Ewing and John Swinney.

The Scotland Office will participate in this year's tartan week events in the United States along with the Scottish Government and we want to project a team Scotland approach to maximise the opportunities for Scotland. When we do that, we are at our strongest, and we want to continue that approach.

I cannot, during the course of this discussion, make a specific announcement about jobs that may be announced in the near future but, in my experience, the Scottish Government and the UK Government are successful when they work together on initiatives. One relatively recent development relates to the excellent support in the Scottish Parliament in favour of locating the green investment bank in Edinburgh. The Scotland Office was able to promote that support to try to influence the decision to bring the green investment bank to Scotland, which has tremendous potential for the Scottish economy.

Hanzala Malik: I am a little concerned that we are not inviting companies to the level that we should.

My second question is about colleges. I am not sure whether you are aware that the UK Border Agency has refused to renew a number of licences for Scottish colleges, with the direct result that they will not be able to attract students from overseas. Frankly, the ability to do so is crucial to some colleges' resource and income base, particularly since there have been such cuts. Can the Scotland Office provide assistance to overcome that difficulty? Although students are being headhunted and people are being encouraged to come to Scotland for further education, our own team is putting obstacles in the way.

David Mundell: On your first point, an important event is taking place next week in Scotland, in which the UK Government, the Scottish Government and the agencies that encourage trade—Scottish Development International for the Scottish Government and UK Trade and Investment for the UK Government—are involved. John Swinney and Lord Green, who is the UK trade minister, will also participate. The event is to encourage small and medium-sized enterprises in Scotland to get into the export market, which is an important way to develop growth in the Scottish economy. People often expect the Government to

target big companies, but I cite that as a specific example so that people see that we can grow the small and medium-sized sector and create employment in that way.

I take on board your comments about the college issue. The Secretary of State for Scotland and I have been involved in a number of specific cases. We will always speak up for Scotland's colleges and other organisations that have issues with the UKBA but, fundamentally, colleges must stick to the rules and, if there are breaches, the rules must be enforced. However, if there are mitigating circumstances or other issues for particular colleges, I am happy to consider them. Not too long ago, I had a face-to-face meeting with Damian Green, the immigration minister, along with Fiona Hyslop, at which the issue was discussed.

15:45

Aileen McLeod: Good afternoon, minister. My starting point is my growing concern that Scotland's voice in the EU, through the UK, is being diminished. I speak as someone who worked in the European Parliament in Brussels for many years to try to ensure that Scotland's voice was heard in the EU's corridors of power.

My concern stems primarily from a pattern of events that seems to be emerging. First, there was a complete lack of consultation with the devolved Administrations about the UK Government's use of the veto and its potential impact on Scotland's EU relations. The whole point of the 1999 concordats was to ensure no surprises and a relationship of trust between the UK Government and the devolved Administrations.

Secondly, when the UK Europe minister, David Lidington, gave evidence to the committee, he said that he regarded the key strategic meetings of officials that take place every Friday—the so-called Cunliffe-Rogers meetings—as

“official preparatory meetings for the United Kingdom Government.”—[*Official Report, European and External Relations Committee*, 20 February 2012; c 387.]

In other words, officials from devolved Administrations are no longer invited to those meetings. I appreciate that the UK minister for Europe is trying to make a number of improvements to communications between the devolved Administrations and the UK Government at official and ministerial levels, which I have welcomed, but the Friday meetings were key to giving officials early warning of issues that might require ministerial involvement.

Thirdly, there is a lack of adequate representation at EU council meetings. Instead of having an automatic right to attend those meetings, the Scottish Government must be

invited to be part of the UK delegation. We would like the Scottish Government and not the UK Government to decide whether the Scottish Government needs to be present at such meetings.

My concern is real, because that is all happening while key negotiations are under way in Brussels, such as those on the multi-annual financial framework, the CAP reforms, the common fisheries policy reforms, the EU structural fund reforms and the horizon 2020 programme on research and development.

This is an important phase of any EU policy and legislative cycle. How can communications be improved between the UK Government and the devolved Administrations?

David Mundell: Tremendous progress has been made, and I do not recognise your interpretation of events. In my opening statement, I said that I was a member of the then European Committee when I was a member of the Scottish Parliament. At that time, no engagement took place between the UK Government and that committee, and very little engagement took place between the UK Government and the Scottish Administration.

Since this UK Government's election, we have seen willingness to work together to ensure that we are aware of the devolved Administrations' concerns and views and that we take into account Scotland's interests. Obviously, there is a fundamental difference between Aileen McLeod and other Scottish National Party members and me on the direction of travel.

We want, and have sought, to involve the devolved Administrations of Scotland, Wales and Northern Ireland. The involvement that, for example, the Cabinet Secretary for Rural Affairs and the Environment, Richard Lochhead, has had since the coalition Government was elected has been significantly greater than before. I recently attended a meeting between him and Caroline Spelman during which there was full discussion of the process by which Scotland inputs into CAP discussions and agreement on how that process will work.

Things have moved forward considerably, although that does not mean that the Scottish and UK Governments will always agree. We have different political views on certain issues, so the nature of things is that we will not always agree.

I remain confused about exactly what the SNP Government's position is on the veto. I have read Fiona Hyslop's evidence to the committee and various communications from the First Minister, but I am not clear that the Scottish Government did not agree with the use of the veto. I most certainly do not agree with Aileen McLeod's

proposition that the veto has damaged the UK's or Scotland's interests in the intervening period. As she knows, at the time, the First Minister and others suggested that the use of the veto would greatly damage our ability to negotiate at the forthcoming fisheries council, but that was not the case. It was a difficult meeting, but the UK Government, working with the Scottish Government, achieved a better outcome than we had hoped for. In those efforts, we were supported by France—contrary to the situation that had been suggested ahead of the meeting.

The Cunliffe-Rogers meetings are internal Government meetings to determine the Government approach to such matters. I am sure that Scottish Government officials meet to consider the Scottish Government's approach to Europe, the constitution and a range of other issues that it faces and which it is appropriate that the Government and its officials consider. That is how we see the Cunliffe-Rogers meetings.

Our approach is open. We want to have dialogue, but we recognise the practicalities of the situation. For one meeting—it was a dinner—a European commissioner had asked for one representative of each country. Richard Benyon pressed extremely hard for Richard Lochhead to be allowed to attend, because he felt that Mr Lochhead had specific issues to raise, but the answer from the Commission was no. We have a good record on the issue. In my regular call with Richard Lochhead, we discuss issues when they arise. If it is felt that there has been an exclusion or that a point has not been listened to, we take that back and try to improve things for the next time.

Aileen McLeod: Until a few years ago, the devolved Administrations attended the Darroch-Cunliffe meetings, as the Cunliffe-Rogers meetings were then called. Given that we are no longer invited to those meetings, what is the structure for consulting the Scottish Government on key strategic EU issues such as the multi-annual financial framework? The joint ministerial committee on Europe does not meet very frequently, so how do you intend to ensure that Scotland's interests are represented in discussions?

David Mundell: As I said in my opening remarks, there is an on-going dialogue between officials, on a daily basis, and with ministers, on an almost daily basis. Part of our role in the Scotland Office is to make specific representations in relation to Scotland's interest, but we also listen directly to representations that are made to us. As David Lidington indicated, he has an open door in relation to representations from the Scottish Government.

We all accept that there is a lot of bluster that goes on in day-to-day political life in relation to what politicians say about one another. However, in practical terms, there is a good working relationship between the Scottish Government and the UK Government, and it is possible to ensure that the Scottish Government's perspective is known and acted on.

Another development reminds me of when I was a member of the European Committee in the first session of the Scottish Parliament, as we also highlighted the issue of getting involved early as being of great importance. The UK Government now has a much better approach to what is being termed "upstreaming", which means getting involved early in European issues and influencing the debate at its very early stage rather than arguing about decisions that have already been made. That approach will also benefit Scotland.

Aileen McLeod: Is the Scotland Office represented at the Cunliffe-Rogers meetings?

David Mundell: The Scotland Office is not represented at those meetings, but if we want to input into those meetings, we have the opportunity to do so.

Aileen McLeod: Who represents Scotland's interests at those meetings?

David Mundell: They are internal meetings in which the Government's position is evolved. The devolved positions are known to the people who participate in the meeting. The meeting does not come to the definitive view on the UK Government's position. For example, on a daily basis, I sign off, on behalf of the Scotland Office, our response to various EU directives and initiatives. In doing that, I always ensure that the Administration in Scotland has been fully engaged in the process to the extent that its views are known. Where there is a distinct Scottish interest, in areas such as whisky, for example, we take that further to ensure that the Scottish interest is fed into the process. We are able to point to many circumstances where that arrangement has influenced the process.

Jamie McGrigor: The Prime Minister has been adamant about his intention to safeguard the single market. He said:

"The EU treaty is the treaty of those outside the euro as much as it is for those inside the euro, so creating a new eurozone treaty within the existing EU treaty without proper safeguards would have changed the EU for us, too."

Is it the case that the Prime Minister used the veto to help to protect the single market, especially the financial services sector in the UK and Scotland, which is vital to the economy, and that opinion polls suggest that the majority of Scots back the Prime Minister's view?

16:00

David Mundell: Obviously I agree with that analysis. However, as I indicated earlier, I am not clear as to whether the Scottish Government disagrees and whether the use of the veto is the issue of concern. I think that the Prime Minister was quite right to use the veto; after all, he had not achieved the necessary safeguards for the financial services industry. Given that industry's disproportionate importance in Scotland, I believe that, like the rest of the UK, Scotland has benefited from his decision. There is absolutely no evidence to suggest that the UK's relationship with the rest of Europe has been diminished or that Scotland's interests have in any way been prejudiced as a result.

Jamie McGrigor: Do you think that Scotland and the UK have been protected from the worst effects of the euro zone crisis by not being in the euro?

David Mundell: I am absolutely clear that it was the right decision for the UK to stay outwith the euro. However, that does not mean that what happens in the euro zone is not important to us; indeed, the committee has recognised that and we in the UK Government have sought to work with others to the fullest extent of our involvement to ensure that there is stability in the euro zone, particularly in relation to Greece and other countries that have been in difficulties. That said, there is no doubt in my mind that it was the right decision to stay with sterling and not to join the euro, and the Prime Minister has made it clear—if indeed it was in any doubt—that Britain will never join the euro during his term of office.

Jamie McGrigor: You have made it very clear that we will not join the euro, but would an independent Scotland have that choice, or would it be forced to join the euro? What is your understanding of the situation?

David Mundell: My understanding is that the position is very uncertain. The EU has never dealt with the break-up of a member state and no assumptions can be made as to whether Scotland would be permitted to remain in the EU without joining the euro. Many academics have argued that unless it was able to negotiate some other arrangement Scotland would be required to join the euro. I am afraid to say that, from my perspective, this is one of the great uncertainties that surround the independence debate. Instead of having the current lengthy discussion on the process of the independence referendum the UK Government would rather move on to the substance of the debate around independence, including the fundamental questions about Scotland's relationship with the EU, whether it would be able to be a member of the EU and to retain the various opt-outs and other

arrangements that the UK negotiated and, of course, the currency.

The Convener: Before we move on, I ask that members concentrate on euro zone issues.

Helen Eadie: On that last point, I should say that towards the end of last year Iain Mitchell QC set out in *The Scotsman* his professional opinion that Scotland would be obliged to join the euro because the treaty stipulates that all new member states must do so. As you say, minister, the question is whether, after secession, we would be regarded as a new member state or an existing member state. However, I will leave that sticking to the wall.

Let me return to the important issue of process. Aileen McLeod and the convener, Christina McKelvie, have made an important point, and I agree with them, as does Carwyn Jones. He signed a letter with the First Minister, Alex Salmond, in which the point was made that there should be consultation with politicians about the process. You have made the point that officials speak regularly. It is good that they do so, but politicians are very important. We are elected to represent our people, and we feel that we have a case to make on behalf of Scotland. It is right that you should have a process in place in which not only officials but politicians are consulted in the way that both the First Minister and the Labour First Minister in Wales, Carwyn Jones, have asked for.

I would like your reaction to those comments, please.

David Mundell: Of course it is important to hear directly from politicians, and a number of politicians are directly elected to Westminster from Scottish constituencies—constituencies that overlap with your own. From the point of view of the UK Government and the Westminster Parliament, politicians from Scotland who are directly elected to Westminster are able to make the case very eloquently for Scotland and Scotland's relationship with Europe. Mrs Eadie will be very familiar with Mr Ian Davidson, for example, who is chair of the Scottish Affairs Committee at Westminster and makes regular contributions in debates on Europe. That political dynamic must not be overlooked.

Of course we want to have a good and constructive relationship with the devolved Administrations. I noted the letter that Carwyn Jones and Alex Salmond sent. From the UK perspective of dealing with the devolved Administrations, it should be noted that the First Minister of Northern Ireland declined to send that letter; indeed, he advocated and supported the Prime Minister's use of the veto.

Of course we want to have on-going dialogue. That is important, but the other side of the coin is that political posturing is inevitable when politicians are involved. I have read Fiona Hyslop's evidence. Some of her rationale for the Prime Minister's actions was clearly political. I do not think that any objective person who read the First Minister's letter would say that it was not framed with an eye on politics. We must be realistic and take that into account.

We want to ensure the best possible communication between the devolved Administrations and the UK Government—I give the committee a commitment on that, and David Lidington clearly gave such a commitment, too—but communication is simply not possible in moments such as that when the Prime Minister was on his own without officials in a meeting with other Prime Ministers and had to make a decision about the veto on the spot. Under current United Kingdom constitutional arrangements, that is his decision to make.

Helen Eadie: I want to come back to the point about the process. The committee has heard in evidence that, during meetings of the various councils in Europe, an official will take the seat when a Westminster parliamentarian leaves it, although there can often be a member of a devolved Administration present.

Throughout my time in the Parliament, I have campaigned for all our parliamentarians and cabinet secretaries to take European matters more seriously. How can it be right that, despite the fact that politicians are present, officials can take the seat at the European level? Irrespective of whether the politicians come from the devolved Administrations or from Westminster, their value should not be diminished. I ask the minister to comment on that.

David Mundell: I hope that we are moving away from such situations. I am afraid that there is evidence that that occurred under the previous Government and that, on occasion, steps were taken to ensure that anybody but devolved Administration ministers participated. That is not our policy. Our view is that devolved Administration ministers can chair sessions—in fact, they have done so. I will send the committee a note that sets out the pattern over recent council meetings. The record since the coalition Government came into being is a good one. We want to involve those ministers as far as possible. I have explained some of the parameters, such as when there is only one place available, but we have worked hard to ensure that devolved Administration ministers get their place and are able to chair sessions when that is appropriate.

The one proviso is that, when the United Kingdom position is presented, it is necessary for

the person who is presenting it to present the UK position as a whole. It is not of benefit to the UK's negotiating position to present divisions within the UK openly to other member states.

Helen Eadie: May I ask one last question, convener?

The Convener: A few other members want to ask questions. We will come back to you if there is time.

Clare Adamson: I want to return to the financial services sector, which the minister said is of "disproportionate importance" to Scotland's economy. On his use of the veto, Mr Cameron said that he had been attempting to establish

"a level playing field for open competition for financial services companies in all EU countries".—[*Official Report, House of Commons*, 12 December 2011; Vol 537, c 250.]

I do not know whether you are aware, Mr Mundell, that this morning the Scottish press reported the publication of "The Global Financial Centres Index 11", which is a survey of finance professionals. Both Edinburgh and Glasgow have slipped in the rankings by a considerable amount and there is concern that the financial sector seems to have been more badly hit in Scotland than in the rest of the UK. If there were a level playing field in the UK, we would have expected those cities to have had parity of position with London, even if that meant that London had slipped as well. However, the Scottish financial centres of Glasgow and Edinburgh are the ones that have slipped. What are you doing to protect the financial services sector in Scotland under the current constitutional arrangement?

16:15

David Mundell: I take it that you are not suggesting that the use of the veto led to that slippage. The Prime Minister recognises the importance of the financial services sector in Scotland—as does the whole Government—not just because of its significant contribution, but because of the levels of skill and expertise that it brings, which were an important factor in the decision to locate the green investment bank in Scotland.

I am unashamedly political in saying that the best possible thing for the financial services sector in Glasgow and Edinburgh is for Scotland to remain in the United Kingdom and to have the benefits of the UK's resources and collective expertise to promote those financial services in Europe and beyond. If, in the short term, we could lift the uncertainty about the future of Scotland's constitutional arrangements, that would considerably benefit the sector.

Bill Kidd: I was a wee bit surprised when you mentioned earlier that the Prime Minister was at the December Council meeting by himself and had to make up his mind very quickly about whether to go forward with the suggested fiscal compact or to use the veto. The idea that the Prime Minister of one of the member states of the European Union should have to act on a moment's whim on whether to enter into such a major potential treaty change or to decide that he wanted nothing to do with it because it might damage the financial services sector in the UK seems rather unlikely to me. He could have done any number of things. Should he have been sitting there by himself? If he was—unlike you, as you have a colleague with you—I suggest that that was rather foolish on his part.

To have been the representative of the whole of the United Kingdom, as the Prime Minister was, but not to have considered the input that could have come from the devolved Administrations was a failure on his part in his duty to the whole United Kingdom. As far as I am concerned—I hope that you do not mind my saying so, as you have been quite free with your own opinions on constitutional issues—Scotland's financial, industrial, economic and cultural representation would be better if Scotland had the opportunity to sit in in such meetings.

You said earlier that you were unsure of the Scottish Government's position on the use of the veto but, according to the BBC, the letter from the First Minister, Alex Salmond, to the Prime Minister, supported by Carwyn Jones of the Welsh Assembly Government, stated that he was displeased that the Scottish Government and other devolved Administrations were not even consulted on the use of the veto. We know that the British Parliament overrides the devolved Administrations, but surely the views of the other Administrations should at least be taken into account. I do not accept the idea that the Prime Minister had no option but to make his mind up on the spot and to decide to use the veto. Could you comment on that?

David Mundell: There is a lot there but, on the fundamental point, the Prime Minister had sought to negotiate certain opt-outs from the proposed treaty, but the other participants did not agree to those. In any negotiation, there comes a point at which you have to make a decision on whether you agree or disagree. If the First Minister of Scotland were party to such discussions, I am afraid that he would have to be able to make a decision on that basis. That is the nature of negotiations and discussions at the highest level. I am old enough to remember when the nuclear disarmament discussions were conducted directly between President Reagan and President Gorbachev. As I recall it, they were locked in a

room and had to make the decisions there and then. That is what you do in such negotiations if you are the leader of a country.

The Prime Minister took a decision on the basis that it safeguarded Britain's and Scotland's interests. I have read the letter from the First Minister in which he made the point that he had not been consulted about the use of the veto, but he did not say anywhere in the letter—and, as far as I am aware, he has not said subsequently—whether he thought that the use of the veto was a good idea. He did say that the use of the veto could prejudice Scotland's position in future negotiations in which the UK Government was involved. However, that has been comprehensively disproved; there is not a shred of evidence to suggest that Scotland's position has been in any way prejudiced in any discussions or negotiations subsequent to the use of the veto.

Bill Kidd: I am sad to say that I am older than you, Mr Mundell.

At any level of politics or business, something that is important to all participants will be discussed by all. At the December Council, it would have been possible for the Prime Minister to negotiate a period of time for further thought, during which it would have been incumbent on him to consult fully with all the participants in the United Kingdom. That would have done no harm and might have allowed him to carry more people with him if he had still gone for the veto.

The Convener: Mr Mundell, you have been at great pains to impress on us that communications have improved and that you personally have taken that forward, which is very welcome. However, given that Scotland felt sidelined in the run-up to the December Council, will you explain why Scotland was once again sidelined for the 30 January informal Council meeting? Was that part of the improvement programme, or was it just a blip, to be followed by improvement?

David Mundell: I do not accept at all that Scotland is sidelined. There is no evidence to suggest that. There has been considerable improvement in the way in which the UK Government has closely co-ordinated with the devolved Administrations. I have said to Mrs Eadie that I will write to the committee on the arrangements for specific council meetings in which the Scottish Government has been involved, which I will do. However, it is completely wrong to say that the Scottish Government has been sidelined.

There are occasions when the UK Government and the Scottish Government do not agree about matters, but that is part of the political and democratic process that we must accept. However, all the evidence demonstrates that we

respect the Scottish Government's position on matters and that we seek to proceed in Europe on the basis of achieving the best outcome for Scotland.

Hanzala Malik: I have been listening to you and my colleagues very carefully and I can see that feelings are running quite high. It is fair to say that we are in changing times, in which democratic accountability is far greater than it has been historically. Those nations around the world that have not bent with the times are paying a high price. Libya and Syria are examples that come to mind immediately in that regard. Democratic accountability is important, so the requests that are being made for greater discussion and communication are reasonable. Persistently refusing to engage is unreasonable and unhelpful. Therefore, I strongly urge and recommend that Scotland Office and other ministers take seriously the serious concerns about the lack of accountability, discussion and participation.

You rightly pointed out that we have MPs at Parliament who engage as well. However, we too are accountable to constituents and are expected to engage and ensure that our constituents' wishes are carried out. Therefore, it is incumbent on us to impress on people such as you the point that we must try to maximise the opportunities that are available to us. We do so.

Rather than focus on the veto and other issues, I simply want to add that we need to engage a bit more fully and take on board the comments that people are making, because they are important.

David Mundell: I agree. I also agree that perception is important. I hope that I have not in any way given the impression that I reject calls for greater dialogue, because it is quite the opposite. I want to encourage it and, in earlier remarks, I said that one step that I had identified that I could take would be to have a regular communication with Fiona Hyslop on the same basis as I do with Mr Crawford and Mr Lochhead. That is something that we can do to ensure continuous dialogue.

When David Lidington gave evidence, he made it clear that his door was open to the Scottish Government on any issues and concerns that it wishes to raise on Europe. I have stressed the official dialogue, which is an important part of the way in which the two Governments work, but the committee's work is also important. When I was in the Scottish Parliament, I wanted to be a member of this committee because I thought that it had an important role to play in flagging up Scotland's specific interests in Europe.

I am glad that you are conducting an inquiry such as this, because it is important that you hold the UK Government to account. That, of course, does not necessarily mean that we will agree on

the course of action, but I respect the committee's right and wish to conduct the inquiry and I assure you that I will do anything that I can to facilitate better communications between the two Governments.

The Convener: Two members want to come in with quick points, but I need to check with you that you have enough time to take them, Mr Mundell. I know that your schedule is tight.

David Mundell: Yes, I do.

Jamie McGrigor: I understand that the UK's voting strength within the EU relates to the size of the national population. An example of the strength of the UK negotiating position arose in the most recent negotiations on the common cultural policy, in which the delegation produced four different delivery systems for Scotland, England, Wales and Northern Ireland in accordance with the wishes of those separate nations. Do you agree that that was the result of extremely strong negotiation? Will the UK be able to achieve that in the forthcoming talks on the common agricultural policy in 2013-14?

16:30

David Mundell: The UK Government regards the common agricultural policy as important and recognises the distinct issues in Scotland. My colleague Jim Paice recently gave evidence to the Scottish Parliament committee that is looking at the CAP. As I indicated, I recently met Richard Lochhead and Caroline Spelman to discuss the process by which the Scottish Government will have input into the on-going process. We very much want to achieve the best outcome for Scotland, working in conjunction with the Scottish Government.

On the wider point, it is important to acknowledge that the UK is one of the four major nations of the EU and therefore has a degree of influence in the EU commensurate with its size and population. Although a couple of committee members alluded to the fact that Scotland might want to independently pursue a different approach on certain matters in the EU, there is no evidence to suggest that it would be able to influence events to the same extent as the UK can at the moment.

Helen Eadie: On the matter of the involvement of Richard Lochhead and Fiona Hyslop in your meetings, had Nicola Sturgeon not been very much involved in the cross-border healthcare initiatives, Scotland would have had to write a blank cheque. The same applies to Kenny MacAskill on justice issues such as the Schengen agreement and trafficking across Europe. Why do you mention only Fiona Hyslop and Richard Lochhead? When wider European issues—which there are many—arise, you could involve

Scotland's cabinet secretaries a great deal more. We just need to look at the programme of priorities for Europe. Why do you not have that wider approach?

David Mundell: I am very happy to have a dialogue with all members of the Scottish Government. I was giving the example of our close dialogue with Richard Lochhead because it is acknowledged that agriculture and fisheries are of particular import to Scotland, and with Fiona Hyslop because her portfolio as cabinet secretary includes European issues. I am happy to work with all members of the Scottish Government whenever they think that the Scotland Office can take forward their views within the UK Government. As I said, part of my role is to ensure that, when there are formal governmental deliberations on directives, EU regulations or EU initiatives, Scotland has been consulted and there is on-going dialogue with the relevant ministers in Scotland. I am happy to work with all ministers in Scotland and ensure that we present the best possible case for Scotland and get the best possible outcome for Scotland.

Helen Eadie: Will you write to the committee and tell us what risk assessment, if any, the UK Government undertook of the impact of its veto and decision on investment into Scotland and the UK, and on negotiations affecting key Scottish industries?

David Mundell: I think that Mr Lidington dealt with that issue when he appeared before the committee. I think that he set out the UK Government's position on the matter, but I will check the *Official Report* of that meeting. I have undertaken to write to the committee on the issue of participation in council meetings.

Helen Eadie: Will you write to the committee specifically on that matter, please?

David Mundell: On the issue that you have just raised, I will look again at what Mr Lidington said to the committee, but I understand that he gave a full response on the UK Government's position, in which case there would be nothing further that I could add in a letter to the committee.

The Convener: Aileen McLeod has a final question to put to you. I promise you that it will be the final question.

Aileen McLeod: As someone who has worked in the European Parliament in Brussels, I have seen close up the very real influence that countries of a similar size, as well as countries that are smaller than Scotland, can exert through being at the EU negotiating table and being able to put forward their own strategic interests. That also allows them to work together to build coalitions of support and strategic alliances with other member states that share similar objectives with regard to

EU legislative and policy developments. I just wanted to put that on the record.

What is the latest thinking in the UK Government on its plans for repatriating powers back from the EU to the UK? What discussions, if any, is the UK Government having with the devolved Governments about the powers that it is considering repatriating?

David Mundell: The consideration of those issues is set out in the coalition agreement. They are issues that will be pursued in the course of this Parliament, which is due to extend until 2015. When discussions on those issues are pursued, we will consult and work with the devolved Administrations on the basis of the commitments and the factual analysis that I have previously set out.

The Convener: Thank you for your evidence. It is not always easy being on the receiving end of a committee. It was good to have you—or, at least, your voice—back.

We may write to you if there is anything that we want you to clarify following today's evidence session. We hope that that will be okay with you.

David Mundell: Yes, I would be happy to do that. I thank the committee for its indulgence in allowing me to give evidence by way of videolink.

The Convener: Thank you.

“Brussels Bulletin”

16:38

The Convener: Item 3 is consideration of the “Brussels Bulletin”, which Dr Ian Duncan ably puts together. Do you want to go through it before or after you sneeze?

Ian Duncan (Clerk): Now I cannot sneeze.

I will not spend a great deal of time going through the bulletin, as I am sure that members have read it already. Following on from the discussions that the committee has just had, I note that there have been more developments in the euro zone, which members may want to tease out. I am not sure that there will ever be a point when there will not have been more developments in the euro zone.

I put in a good deal of information about fisheries, some of which is quite technical. That will probably be more appreciated—or more enjoyed—by the Rural Affairs, Climate Change and Environment Committee. If there are any aspects of that that the committee would like me to explore, I would be happy to do so.

We had been expecting a consultation on the common strategic framework—which relates to structural funds—but, as we heard earlier, that has now been superseded. The Commission has decided against doing that; instead, it has issued a staff working paper. That is somewhat frustrating, because we had anticipated being able to feed into that a lot of the good work that the committee has been doing. We will still be able to feed into the Commission, but not through the consultation channels that we had expected to be able to use.

I am happy to take questions on any of the other material.

Bill Kidd: I find the financial transaction tax that is mentioned on pages 2 and 3 of the bulletin extremely interesting and know that a number of MSPs are enthusiastic about it. Nine member states are keen to introduce the tax but, according to the final paragraph of the first column on page 3, although Germany wants to push forward the enhanced co-operation procedure—which, I presume, would mean that those nine states could implement the measure themselves—such a move “was seen as premature”. Was it seen as premature by the other eight member states that are keen to introduce the tax or by the EU as a whole?

Ian Duncan: I think that the Commission would like to reach consensus; indeed, that is what it is trying to push for and the move is being delayed because it is putting more effort into bringing on board some of the other member states.

Under the enhanced co-operation procedure, a smaller group moves forward and creates the structure in question and what normally happens is that, when other member states see how the measure works, they might decide to adopt it and join in. However, many countries have reservations about the detail and the general consensus is that the Commission proposal is not adequate and needs to be re-examined and improved. Some countries, including the UK and Sweden, are vehemently opposed to the measure full stop, while others are not necessarily opposed to it but are displeased with the current version and want to see greater movement on it. Rather than following the German lead of going forward right away with a smaller group, the Commission thinks that, if more work is done now, it might bring more countries into the fold. I think that there will be more movement on the issue as the negotiations and discussions take place.

Bill Kidd: In the bulletin, you say:

"In opposition stand the UK (with the most to lose from such a tax)".

Who would lose out and how would they lose out?

Ian Duncan: Given that it receives a significant income from taxation and the actual process of deals being done in London, the UK Government would argue that there would be a flight to somewhere else if such deals were subject to this tax. In fact, when Sweden introduced it unilaterally, it discovered that people stopped doing deals in the country and moved deal making elsewhere. The UK Government is making a similar argument, but the Commission contends that the issue can be addressed if the correct procedures are in place. That is the big issue. However, Ireland's position is very interesting. It supports the financial transaction tax, but only if it is introduced globally—which, oddly enough, is the UK's position. The UK and Ireland seem to have a common position but to be on different sides of the argument.

Helen Eadie: I am very interested in the international public procurement proposals and think that we need to keep a watchful eye on the issue. I welcome the current proposals and the Commission is right to take this particular approach if non-EU companies seeking to bid for contracts are from countries that do not allow European firms reciprocal or mutual access. I do not know whether the committee will have the chance to feed that view back to our European parliamentarians, but I will certainly do so personally.

I am also very grateful to the clerk for keeping us informed on developments in Hungary. Again, we need to keep a watchful eye on the situation, given the democratic deficit in that country.

Ian Duncan: The Infrastructure and Capital Investment Committee is taking a very active interest in public procurement; in fact, I am in dialogue with it about some of those developments. I suspect that it will take the lead on the issue, but it will keep this committee abreast of developments.

Aileen McLeod: I reassure Helen Eadie that, as the EU reporter on the Infrastructure and Capital Investment Committee, I had clocked the comments in the bulletin about public procurement. As Ian Duncan says, that committee is taking a keen interest in the issue and I am quite happy to draw the matter to its attention.

Helen Eadie: Thank you very much.

16:45

Hanzala Malik: On the same point, how many of our companies are bidding overseas? What difficulties, if any, are they experiencing? If they are experiencing difficulties, how can we assist them? I am reliably informed that many overseas companies that bid for contracts in the UK are getting a lot of support from their Governments. I think that sometimes we fail our companies in that respect. We need to ensure that our companies at least have a level playing field. Can we investigate the matter—and perhaps even talk to companies—to find out whether they are having any difficulty and, if so, to see whether the Infrastructure and Capital Investment Committee can look at how they might be supported?

Ian Duncan: We can bring it to the attention of the Infrastructure and Capital Investment Committee, which will report back to us on how it intends to take the issue forward. Having spoken to that committee's EU reporter, I think that she is prepared to receive such a request.

Jamie McGrigor: On page 7 of the bulletin, you say:

"The debate in Council will now be between Germany and the UK, which wants a milestone in 2020 and Poland (Romania and the Czech Republic) who do not believe that such a milestone can be met."

What do you mean by "milestone" in that context?

Ian Duncan: A milestone is a commitment to achieve a particular emissions saving. The UK and Germany are keen to green the policy and put in place very clear targets to be achieved by that point but, in saying that it will meet the 2050 targets, Poland is in effect trying to kick the thing into the long grass. However, the view of the UK and Germany is that, if you have not met the 2020 target, how on earth are you going to meet the 2050 target. That is what is under debate. I suspect that the more difficult issue is that eastern European countries—certainly Poland, Romania

and the Czech Republic—have much further to travel to meet the target.

Jamie McGrigor: Ninety per cent of the power stations in Poland are coal-fired.

Ian Duncan: Exactly—and therein lies the dilemma. It is very easy to assert that you must meet the milestone, but problems arise if the journey happens to be great and costly. That is why I suspect that something interesting will emerge. If these milestones are not put in place and if other member states are not bound by them, we will simply not achieve the end result by 2050. The real question is whether the member states with the furthest to travel should receive more support to reach the targets, and I suspect that that will be the point of negotiation in the short term.

Clare Adamson: I note from page 5 of the bulletin that the Commission has opened a debate on gender quotas by launching a consultation. What is the scope of that consultation?

Ian Duncan: It is a very early-stage online consultation. Recently, the Commission has tried to move to short, sharp consultations to get material in. Quotas are not popular in any area but a report commissioned by the Commission showed that the voluntary approach that had been adopted was simply not rebalancing the situation. The commissioner has given very strong hints that she would like to legislate in this area but, before she goes that far, she has introduced a consultation phase to establish other people's views on the matter and, I suspect, to test the appetite for legislation. I have drawn the matter to the attention of the Equal Opportunities Committee, which might well take a more active interest in certain aspects.

The Convener: You have both pre-empted me because I was going to raise the issue of the gender quotas and suggest that it be brought to the attention of the Equal Opportunities Committee. This move represents a very welcome step towards gender harmonisation across Europe.

Is the committee happy for the bulletin to be brought to the attention of other committees?

Members *indicated agreement.*

The Convener: That completes today's business. Our next meeting will start half an hour earlier at 1.30 pm to accommodate the Cabinet Secretary for Infrastructure and Capital Investment and to ensure that we maximise our time slot with him. He has other commitments that afternoon. I ask members to be here bright-eyed, bushy-tailed and all rested after recess at 1.30 pm on 17 April.

Meeting closed at 16:49.

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