

ENTERPRISE AND CULTURE COMMITTEE

Tuesday 18 November 2003
(*Afternoon*)

Session 2

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ENTERPRISE AND CULTURE COMMITTEE

9th Meeting 2003, Session 2

CONVENER

*Alasdair Morgan (South of Scotland) (SNP)

DEPUTY CONVENER

*Mike Watson (Glasgow Cathcart) (Lab)

COMMITTEE MEMBERS

*Brian Adam (Aberdeen North) (SNP)

*Mr Richard Baker (North East Scotland) (Lab)

*Chris Ballance (South of Scotland) (Green)

*Susan Deacon (Edinburgh East and Musselburgh) (Lab)

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

*Christine May (Central Fife) (Lab)

*Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD)

COMMITTEE SUBSTITUTES

Mark Ballard (Lothians) (Green)

Rhona Brankin (Midlothian) (Lab)

Mr David Davidson (North East Scotland) (Con)

Fiona Hyslop (Lothians) (SNP)

George Lyon (Argyll and Bute) (LD)

*attended

THE FOLLOWING GAVE EVIDENCE:

Colin Baird (Scottish Executive Enterprise, Transport and Lifelong Learning Department)

Lucy Hunter (Scottish Executive Enterprise, Transport and Lifelong Learning Department)

Lewis Macdonald (Deputy Minister for Enterprise and Lifelong Learning)

CLERK TO THE COMMITTEE

Judith Evans

ASSISTANT CLERK

Seán Wixted

LOCATION

The Chamber

Scottish Parliament

Enterprise and Culture Committee

Tuesday 18 November 2003

(Afternoon)

[THE CONVENER *opened the meeting at 14:01*]

Item in Private

The Convener (Alasdair Morgan): Okay, ladies and gentlemen, we can make a start. Welcome to the ninth meeting of the Enterprise and Culture Committee. With members' agreement, I propose to take in private item 6, which is consideration of an options paper on the draft report on the Scottish solutions inquiry. Although it is not a draft report in itself, it goes some way towards being a draft report. It is better that such things are considered in private. Is that acceptable?

Members *indicated agreement.*

Subordinate Legislation

Further and Higher Education (Scotland) Act 1992 Amendment Order 2003 (SSI 2003/487)

14:02

The Convener: Item 2 is consideration of the Further and Higher Education (Scotland) Act 1992 Amendment Order 2003, which is a negative instrument. We have to help us—if required—in our consideration Colin Baird and Alastair Clyde, who represent the Scottish Executive. The order is fairly straightforward, although it has caused some interest because of matters that are tangential to its content. Members may wish to say something about that.

I have received a letter from the Association of Scottish Colleges, which raised, among other points, the fact that the

"Statutory Instrument will remove any remaining legal doubt as to the powers of colleges to offer this kind of provision in partnership with the education authorities and their schools."

Do members wish to comment on the order?

Christine May (Central Fife) (Lab): I received some information from the church and nation committee of the Church of Scotland but neglected to bring it with me today, so I apologise to the committee. Would you accept it after the meeting, convener? The church and nation committee raised a number of concerns, particularly about social inclusion and other access issues.

Brian Adam (Aberdeen North) (SNP): I understand from the First Minister's comments that he is seeking an expansion in the number of young people who go to school as well as to college, the effect of which would be to cap the amount of money that colleges have. There seems to be an inconsistency. If colleges are going to do more, having a cap could mean that some of their existing students might be excluded as a consequence. It is not clear whether the First Minister, or ministers in general, aim to transfer some resource from the schools sector to the further education sector to accommodate additional costs. The Executive note says that the order is a technical measure, and that it is okay to do what it does. However, the order would also put a cap on colleges' money. In the light of the comments that members of the Executive have made, it is not clear to me whether the delivery of some coursework through colleges will be possible without that being at the expense of something else, given what is stated in the order.

The Convener: The only courses of action open to us are to consider lodging a motion to annul the order or to say that we have no observations to make on it. As I do not think that there is any desire on the part of the committee to move to annul the order, it might be appropriate for us to write to the minister to seek further clarification of the point that Brian Adam made. Are there any points that members feel that the officials who are kindly with us today would be able to help us with?

Brian Adam: If they can help us, that would be fine. I am content to go along with your suggestion.

The Convener: As the officials have come to the meeting, they should comment if they have anything to say in response to Mr Adam's remarks.

Colin Baird (Scottish Executive Enterprise, Transport and Lifelong Learning Department): Thank you—it will justify the train fare if nothing else.

The issues are related, but separate. The first is that we consider the order to be a technical measure, which is intended to dispel the doubt that perhaps exists about colleges' existing powers. The purpose of the order is to clarify that colleges' existing work ought to continue. Ministers recognise that any order could send signals to the sector. The cap to which the member refers is a specific cap on Scottish Further Education Funding Council enrolments of persons of school age. Therefore, the moneys that will go to further education colleges via the route outlined in "Determined to Succeed: A review of enterprise in education" or via European social funds will not be covered by the cap, nor will the cap apply to persons over school age, which means pupils aged 16 and 17.

As far as the issues about the wider purpose of increased collaboration between the school and college sectors and the implementation of the partnership agreement commitment to vocational skills are concerned, the Executive has announced and launched a wide-ranging review of school-college collaboration. The review was launched at a conference last month and the review group is looking to issue a consultation paper in the coming months to deal with the wider issues of school-college collaboration, which go beyond the technical issue that is addressed in the order.

Brian Adam: Is it fair to say that if the review to which you refer arrives at the conclusion that greater collaboration is a good idea, there would have to be further statutory instruments, or perhaps primary legislation, to address that? Can you give us guidance on that point?

Colin Baird: Ministers have said publicly that one of the first things that the review will do is examine some of the issues raised in the order—therefore, that will be covered by the review. It is too early to say whether the review will lead to further legislative or administrative change. One of the fundamental issues that the review will consider is funding responsibilities and funding methodologies for this particular group of students.

The Convener: What is the time scale for the review to produce recommendations that ministers can consider?

Colin Baird: We hope to issue a consultation paper in December or January. The lifelong learning strategy promised an implementation plan. We are discussing with ministers whether the consultation paper, which will be quite discursive in nature, and the eventual implementation plan are perhaps too far apart and whether there may need to be an intervening period of consultation on some of the detail. That said, the current aim is to formulate a strategy and implementation plan by April 2005 with a view to implementation in the academic year 2005-06.

The Convener: With that, I ask whether members are content simply to make no observation on the order. Are members agreed?

Members indicated agreement.

The Convener: I thank the officials for their attendance.

Scottish Solutions Inquiry

14:10

The Convener: We move on to agenda item 3, on the Scottish solutions inquiry. We are joined by Lewis Macdonald, the Deputy Minister for Enterprise and Lifelong Learning and, from the Scottish Executive, Lucy Hunter, head of the higher education and science division, and Jamie Hume, head of the higher education branch.

Minister, would you like to make some introductory remarks?

The Deputy Minister for Enterprise and Lifelong Learning (Lewis Macdonald): I am happy to do so, if you wish.

I am glad to have this opportunity to make a few general comments and to lay out the context in which we see the issue and will consider some of the questions that the committee has been examining. Our starting point—indeed, it is a common theme for members in the chamber—is the high importance that we give to higher education with respect to our economic policy and future prosperity. As members know, that importance is recognised in “The Lifelong Learning Strategy for Scotland” and in “A Smart, Successful Scotland”.

I emphasise the view that Scotland does not beat its own drum as much as it might about its successes, qualities and strengths in this area. For example, our participation rate of more than 50 per cent is exceptionally high and we have very high-quality teaching. Furthermore, more than 10 per cent of our students come from non-European Union countries. According to Universities Scotland’s figures, that attracts some £190 million in fees. Those students also add to the diversity of the experience of our own students who enter higher education. Our new approach to quality assurance in higher education leads the world in putting students right at the heart of considering and assessing such issues.

In the context of the committee’s inquiry, it is important to note the data from the Universities and Colleges Employers Association that indicate that we are better than Wales, Northern Ireland or any of the English regions at retaining and recruiting higher education staff. That is a significant sign of the sector’s strength. We are also seeking to make firm connections between the strengths of higher education and our enterprise strategy through, for example, the intermediary technology institutes that are getting under way and which will fund some of the work to connect higher education research to the commercial world.

We recognise that nothing stands still and that we need to move on. In that respect, our approach to maintaining that strength is outlined in “A Framework for Higher Education in Scotland”, which was published last month. The framework, which was developed over 18 months with many of the players and others involved in the sector, describes the role that we, the universities and the Scottish Higher Education Funding Council can play in carrying forward our strategy in this area.

We need to be well aware that the higher education sector might face some challenges that arise from changes south of the border. Indeed, we must also be aware of the wider international context. Because of that, we have set up phase 3 of the higher education review, which will pull together evidence and attempt to establish, on as firm a basis as possible, our sector’s strengths and the potential impact of any changes that take place elsewhere on the competitiveness of Scottish higher education.

In carrying out phase 3, we have involved around 80 representatives of some 20 organisations in either the steering group or one of the four working groups because we realise that it is an issue not only for Government, but for all those with an interest in Scottish higher education, and we therefore want to take a partnership approach. For example, Rami Okasha from the National Union of Students Scotland chairs the student working party; Tom McDonnell from the Association of University Teachers Scotland chairs the capital funding group; and Bill Stevely from Universities Scotland chairs the sources and uses of income group. Jamie Hume, who is on my left, is the only one of the four chairs who is a civil servant and Executive official.

The report is under way, and we intend to provide the committee with an interim report on the inquiry shortly. We hope that phase 3, which dovetails with the committee’s consideration of the issues, will help us to consider some of the issues for Scottish higher education and to point us to the way ahead.

14:15

The Convener: I will raise with you a general point, which was made early in the committee’s evidence taking—in fact, I think that it was made before we took any oral evidence—on the amount of money that the Executive is putting into higher education as a proportion of the budget. The Scottish Executive budget has expanded considerably over the past couple of years, but the fact was highlighted that higher education is not expanding to the same extent as other items in the budget. What do you feel about that, especially given the importance that we all attach to higher education?

Lewis Macdonald: I agree that that is an important issue. It is important to begin by acknowledging that, in the current spending review period, there has been an increase in funding for higher education in the order of £100 million, which approaches a 7 per cent real-terms increase. We would not accept the idea that the increase in higher education funding should always match the increase in the overall budget. Whether in higher education or in any other area of Government spending, we do not think that simply maintaining a subject area's share of expenditure from one spending review period to another makes any sense. We would not have spending reviews if we thought that there was a magic formula by which we ought always to abide.

In the recent spending review, we recognised the need for significant expenditure in some other areas of Government policy and spending. In transport, for example, we identified a number of critical projects with the support of local partners—in each area, to my knowledge—including those involved in higher education, science and enterprise. That was an acknowledgment of a particular deficit in the transport policy area, which needed to be addressed. Likewise, in the next spending review, colleagues will consider the claims of each area of Government spending on their merits. They will not say, “What share did they have last time? Let's continue on exactly the same basis.”

The Convener: I do not want to put words in your mouth, but, leaving aside what might happen in England and Wales, which is the cause of our inquiry, do you get the feeling that our spending on higher education at the moment is about right?

Lewis Macdonald: We certainly have a strong position in the world marketplace, and the change in spending over the current spending review period has allowed us to maintain that level of competitiveness—for example, it has allowed us to maintain appropriate levels of access. We are conducting phase 3 of the review to determine what the appropriate level of spending for the next period will be. We want our conclusions to be informed not only by our phase 3 inquiry but by the committee's considerations and what happens elsewhere. As I said in my opening remarks, it is not yet possible to measure the consequences of what happens elsewhere, but we intend to keep close to the proposals as they progress and to be able to reflect their impact in our plans for the next spending review period.

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): I will push the minister on collaboration, about which we have heard quite a bit from those who have given us evidence. It would be fair to say, without giving anything away, that the committee has taken some interest in the

issue. How do the Executive and the funding council evaluate the success or otherwise of collaborations so far? What measures do you use to say that something is good or bad; what are your parameters? I am interested to know where you are with that.

Lewis Macdonald: Measurement must be case by case. For instance, the collaboration between the University of Edinburgh and the University of Glasgow on computer science is world beating. It is a good example of the kind of collaboration that can happen and which we want to encourage to continue. There are also collaborations between universities in Scotland and universities elsewhere—for example, in the United States of America, in Europe and elsewhere in the United Kingdom—but we realise that there is a specific Scottish dimension to collaboration. Scotland is a small country, after all. Universities Scotland represents a relatively limited number of institutions that are able to work together in a very close way that is perhaps not always available to higher education institutions in larger countries. That is a strength that we want to build on.

In developing the individual strengths of individual institutions in the Scottish higher education sector, we want to encourage those institutions to work together and to collaborate when there are gains to be made—specifically concerning the quality of research and teaching, but also through other opportunities to make savings and so on that institutions can take by working together. We would encourage the institutions to explore those things although, clearly, they are their own masters and we have no intention of directing them in an absolute way. We seek to provide support and encouragement for positive collaborative ventures between Scottish universities.

The Convener: Given what you have said about the benefits of collaboration and the relative smallness of Scotland, do you think that we have too many universities, although not too many students?

Lewis Macdonald: No, I do not. Diversity is a strength as well as a basis on which different institutions can collaborate. In a number of areas, there have been discussions around collaboration that have led to mergers between institutions. We do not have a firm and fixed view about that. Through the Scottish Higher Education Funding Council's strategic grants, we have encouraged collaboration and made it possible. However, the decisions on institutional form and so on are best made—or certainly initiated—by the universities themselves.

Murdo Fraser (Mid Scotland and Fife) (Con): I have two questions that flow from each other. In your opening remarks, you said that it is not

possible to measure the consequences of what happens elsewhere. That is probably a fair comment. The purpose of our inquiry is to consider what the likely consequences for and impact on Scottish higher education will be if top-up fees are introduced.

I understand that Jim Wallace made a speech this morning in which he referred to the committee's inquiry and the evidence that is being provided by various stakeholders who have spoken to us. He said that a common theme running through much of that evidence is the fact that those giving evidence feel that the Scottish higher education sector requires more funding from the Executive. However, he said that that case has not yet been made.

Jim Wallace also made the reasonably fair criticism of much of the evidence that, albeit that the inquiry is into Scottish solutions, precious little in the way of solutions is being proposed by many of those who are giving evidence. Nevertheless, given the fact that the bulk of the evidence is pointing in the same direction—to the fact that the stakeholders in Scottish higher education believe that there will be disadvantage to the sector if top-up fees are introduced in England and Wales—what is the Executive's solution if it is not more money?

Lewis Macdonald: We recognise that there is the potential for disadvantage. You are right to preface your remarks by saying that it is not yet possible to predict that with any certainty, as we do not yet know what proposals will come forward in England, far less how they will proceed through Parliament or the detail of their implementation and how that might impact on Scotland.

What we share with the stakeholders from whom you have heard is a determination to retain the competitive advantage that Scotland has. It is important to put the matter in those terms. We must not lose sight of the fact that, in comparison with other parts of the United Kingdom and based on many wider indicators, Scotland has a competitive advantage, which is why we are successful in attracting more than our fair share of UK research council grants and other funding. Our higher education institutions have established that competitive position and we want to retain it.

Next year, when colleagues come to consider the next spending review, they will want to continue with some of the themes that Jim Wallace raised at the conference this morning. Those themes include how to make the best use of existing resources in the higher education sector and a recognition that the proportion of higher education institution funding that comes from the Scottish Executive through the funding council varies. It can be as low as 40 per cent, but it averages at about half. Universities can already

access other good income sources and we want to work with universities to help them to lever in more of that support. For example, many graduates who are now in work would appreciate the opportunity to undertake a one-year postgraduate course mid-career. Such students might contribute to the mix of people in education and bring funding with them, if their employers were so minded.

Scottish universities can work with the Government in many innovative ways to improve their funding other than through the public sector. However, of course we have a primary responsibility to fund the higher education sector. That is why we seek to put together evidence and will continue to examine outcomes elsewhere to reach a view on what funding will be required from the public purse in the next few years.

Murdo Fraser: If we assume that top-up fees are introduced in England and Wales, all the evidence suggests that disadvantage may be created. Many stakeholders, including several university principals, have suggested to me privately that if that happens and disadvantage is clear, and the Executive is not prepared to make up the gap that those people perceive—whether or not you accept that that gap exists—they may say that top-up fees are needed in Scotland, too. If those stakeholders, such as university principals, beat a path to your door and say that if the Executive is not prepared to fund them, they must have top-up fees to remove the unfair playing field, is it inconceivable that the Executive would say, “No, you can't have top-up fees”?

Lewis Macdonald: We have made it as clear as we can that we have no intention of going down that route. The graduate endowment approach is the correct way of providing student support and we have seen and heard nothing to persuade us otherwise. University principals will make their case for funding, as we would expect them to, and we will listen carefully to them.

The gap in higher education funding at the moment relates to our per capita funding, which is significantly higher than that in England and Wales. Our colleagues at Westminster are right to seek to close that gap and to reduce our competitive lead. They are bound to want to improve the position of higher education in England and Wales, while we will want to maintain our competitive lead and will seek to do that affordably, efficiently and effectively. Of course we will listen to universities, as we will to other stakeholders, but we will do that in the context of our existing broad funding structures.

Brian Adam: I do not want to put words in your mouth, but will you confirm that the Executive has not excluded contributing to filling the funding gap that would be created if top-up fees were introduced?

Lewis Macdonald: That is an important “if”. At the moment, the only gap that exists operates the other way round, as Scotland has the competitive advantage. If changes elsewhere put us at a disadvantage, we would seek to address that. As I said a few moments ago, we would do so in several ways, one of which would be to consider the contribution that should come from central Government resources, but we would also consider other ways of working with higher education institutions to assist them in addressing their requirements.

Brian Adam: You referred to the fact that Scotland does rather well at recruiting and retaining staff. Considerable concern has been expressed about whether we will continue to do so well, particularly in research. It has been suggested that we might even lose whole teams if money is not made available, but it has also been suggested that collaboration might be one way to overcome that. However, collaboration would make teams more attractive only if they had the finance to do that. Would you encourage collaboration on more than just the research and development side? In response to a question from the convener, you suggested that we did not have an excessive number of higher education institutions. Are there ways in which institutions can come together to take out some of the administrative cost base and redirect the money into R and D, teaching or some other aspect of their primary purpose?

14:30

Lewis Macdonald: That may be the case. On your first question about recruitment and retention, you were right to highlight the concern that our strong position could be undermined by changes elsewhere. That is why staffing is one of the four subject areas that we have asked the third phase of the higher education review to look at specifically.

The steering group for the review has met once and the working groups have each met once. They are now into their second round of meetings, and the steering group is meeting again next week. The initial feedback from the staffing group recognised that there may well be some specific cases where there will be a lot of pressure on high-calibre research leaders who are based in Scotland and are already subject to encouragement from competitor universities to move elsewhere. We recognise that that pressure could intensify if matters develop in a particular way, and we clearly want to be alert to that. It may be possible, as you suggest, for universities to fend off that kind of competition by collaborating and by setting their own aspirations. If universities wanted to discuss the possibilities of collaboration

on their back-house functions in a way that strengthened their position front of house, we would certainly have no difficulty with that.

Brian Adam: I have one further point on the same general area. Has the Executive given any consideration to encouraging the higher education institutions and research institutes to make being a researcher more attractive in Scotland than elsewhere by giving greater stability to researchers through their contracts? I know that one or two institutions have looked at that, but is it under consideration by your working parties? If someone has a short-term contract, they will not hang about if they get a better offer. However, if someone has a two or three-year contract, as opposed to a one-year contract, they might stay.

Lewis Macdonald: In our discussions with the higher education institutions, we have made it clear that we want to see a reduction in the levels of short-term contract working. In order to work toward that end, we have asked the Scottish Higher Education Funding Council to produce annual reports on the position with regard to short-term working.

It is clear that there is a bit still to be done. As you said, some institutions have moved more radically away from short-term contract working than others have, and there is still work to be done there. Part of that relates to the nature of the research work that the institutions are doing, as they may have short-term undertakings in a particular niche and may be looking for staff in that area. However, what we want to see come out of the process is an academic career structure that allows people—not just in their first post-doctoral appointment in an institution, but as they move further up over 10 or 20 years—to be clear about their career structure. That is not always the case at the moment, and we would encourage universities to continue to address the issue.

We are aware that some universities are already discussing how to make savings by collaborating in back-house areas.

Susan Deacon (Edinburgh East and Musselburgh) (Lab): I would like to ask a few questions about the policy-making process. A number of witnesses have used the phrase, “We are where we are.” I would like to reflect for a moment on why we are where we are, and on where we go from here, given that we are where we are. Can you tell us what consultation or dialogue took place between UK ministers and Scottish ministers prior to the publication of the Department for Education and Skills white paper?

Lewis Macdonald: Not from personal experience. I was not involved in such discussions. My understanding is that the DFES white paper was produced at the beginning of the

year, as a consultative document. In saying that, I look to my colleagues, who were officials in the Enterprise and Lifelong Learning Department at the time but, to my knowledge, we were not involved in that.

Quarterly meetings have been held between ministers since the publication of the white paper. In fact, I believe that they were held prior to that. Regular consultation on policy areas affecting higher education takes place at the level of officials.

Susan Deacon: You indicated that the Executive was not involved prior to the white paper's publication. Would you consider that to have been a flaw in the policy-making process? I am sure that you will have read thoroughly all the evidence that has been presented to us. You will note, for example, that Dr Chris Masters of the Scottish Higher Education Funding Council described it as "unhelpful" that there was not more consultation as regards Scotland before the publication of the white paper.

Lewis Macdonald: As a minister, I am finding that, particularly now that we have begun the second session of the Parliament, the habit and structure of consultation between Scottish ministers and UK ministers are getting stronger all the time. That is partly down to experience and it also relates to the changing role of the Scotland Office. It is a sign of the maturing of devolution that we have increasing dialogue with UK ministers on all manner of things. For example, Jim Wallace met Charles Clarke earlier in the month to discuss various matters. I met Ivan Lewis in September and discussed higher and further education and training matters with him. There is a growing dialogue at those levels, and I think that that is the right direction in which to move.

It is also important to recognise that devolution is not just about the Scottish Executive making policy in Scotland. It is also about UK ministers with responsibilities in England making policy for England. As I said earlier, Scotland's competitive advantage over England is a very good thing from a Scottish perspective but, if I were a minister with responsibility for higher education in England, I would be trying to find out how we could get some of what the Scots have and how we could match some of their strengths.

I would not expect policy proposals necessarily to be the subject of pre-publication consultation by the UK Government in areas devolved to the Scottish Parliament as a matter of course. The fact that the proposals have been presented in a white paper is important. What was published in January was not a signed, sealed and delivered deal but a set of proposals for consultation. We have engaged with Whitehall ministers on that basis.

Susan Deacon: Let me pursue a couple of points further, starting with a constitutional point. Although I am sure we would all wish the devolution settlement to be reflected and respected as part of the policy-making process, the UK Government surely has a responsibility to be concerned with the impact of its policy on the whole of the United Kingdom. Devolution should not give rise to situations where Scottish considerations are conspicuous by their absence. Returning to the evidence that we received, I note that Rami Okasha from the National Union of Students Scotland said:

"We also think that there is a paucity of mentions of Scotland in the document and that there is little understanding in the white paper of what has happened since devolution. Although it contains numerous international examples, it makes hardly any reference to what is happening in Scotland, Wales or Northern Ireland."—[*Official Report, Enterprise and Culture Committee*, 23 September 2003; c 143.]

I acknowledge what you say about the process continuously improving, but is there not a fundamental lesson to be learned here? In future, the UK Government, in those areas where relationships between it and the Executive exist, ought to go further to address the Scottish dimension in the policy-making process, while recognising that the powers to decide on most of the areas concerned lie here.

Lewis Macdonald: Dialogue can only be helpful on both sides in the relationship and it is developing alongside the devolution settlement. We make great efforts to ensure that colleagues south of the border are aware of the Scottish dimensions in this and other areas of policy. In my view, devolution has helped us to make our case, as it allows us to take a slightly more distinctive position when that is called for. UK ministers should certainly be aware of and take into account the Scottish dimensions of such issues.

Susan Deacon: Given all that you have said, I want to look to the future. In our questions and repeatedly in the course of the inquiry, we have become stuck in the loop of not knowing how to respond to something that has not yet happened. Should we not seek to influence what happens rather than simply wait to react to it? Given that you say that there is now improved and increased dialogue between ministers, what is the purpose of that dialogue? Is it to impart information or is it to seek to influence the eventual outcome of the decision-making process at a UK level?

Lewis Macdonald: In essence, the purpose of the dialogue is to ensure that any decisions that UK ministers take are taken in full cognisance of the position in Scotland and of their potential impact in Scotland. That includes imparting information. Critically, it includes coming to an agreed understanding of what the factual position

is. As I am sure that you have discovered in the course of your inquiry, that is not a straightforward matter and it is something that we are keen to flesh out in our higher education review. It is also important to address that matter with UK colleagues who are making a decision on the areas for which they have responsibility; we want to ensure that in doing that, they are aware of the position here and the potential impact that their decisions might have.

Richard Baker (North East Scotland) (Lab): We took evidence from Professor Arthur Midwinter early on. The Executive can expect Barnett consequential as a result of the plans in the white paper for spending on the endowment in England and, potentially, on increased participation. I want to confirm whether the Executive also expects increased funds as a result.

Lewis Macdonald: Yes, we do. If the proposals on top-up fees are implemented as they are currently constituted, they will be implemented in tandem with changes to the English student support system, which will involve fees being paid directly by Government or through the student loans system from 2006. That expenditure will turn into income for Government only as loans are repaid three or four years later. That will therefore involve a significant additional level of central Government public spending on higher education in England and Wales. There will be a direct consequential from that and a percentage will feed through the Barnett formula into additional funding for Scotland.

Richard Baker: Do you think that the Executive might also accept that there is a good argument for investing those funds specifically in Scottish higher education to address some of the issues that will result from the introduction of top-up fees south of the border, particularly as those funds are being created because of the proposals in England?

Lewis Macdonald: First, I return to the point that I made at the outset, which was that the decisions that the Scottish Executive Cabinet makes on how to deploy its budget have to be informed by the circumstances and the competing claims of different sectors of potential public spending commitments. Therefore, any consequential—whether they are in health or higher education—are subject to that same approach.

If there is indeed consequential income that relates to higher education spend south of the border, that will add to the budget and the flexibility that ministers have in order to make a response in the next spending review. The more significant the impact of change in the English higher education system, the higher the consequential will be for Scotland and the more

flexibility we will have to address the consequences in our budget-making process.

Mike Watson (Glasgow Cathcart) (Lab): I have two points, but I might as well pick up the second one first because it relates to the budget consequential. In paragraph 15 of the Executive's submission to the committee, it is stated clearly that the Executive expects there to be consequential for the calculation of the Scottish budget as a result of the changes that are proposed in England. As Richard Baker highlighted, the key point is that the funds transfer across to higher education. If I wrote down your comments correctly, you just said that that adds to the flexibility of response for Scottish ministers.

Given that you have mentioned the fact that, at the moment, Scotland enjoys an advantage over England in higher education, and that—as all the opinions that we have heard have suggested—there are likely to be serious consequences for Scotland if the legislation emerges as proposed, surely it would be difficult to defend a situation in which the extra resources coming into the Scottish budget specifically as a result of the additional resources in England did not all go into higher education in Scotland and instead contributed to reversing the benefit that we have at the moment.

14:45

Lewis Macdonald: We would not want to do anything that would contribute to reversing the benefit that we currently enjoy. In examining the evidence that we gather in the course of our review and from the committee and other sources, we will consider the ways in which we can protect the competitive position of higher education in Scotland. I am sure that you would not expect me to make any commitment on behalf of my colleagues as to the ring fencing of any consequential for any particular purpose before the spending review.

As I said in response to Richard Baker, the more that we have a sense that there are potential negative effects on the position of the Scottish higher education sector relative to that of the English higher education sector, the more closely colleagues will consider the case for additional spending in that area.

Mike Watson: I would not expect you to look that far ahead, although most people would think that it would be reasonable for the minister with responsibility for higher education to argue the case that we are talking about, given the relative position between Scotland and England.

Paragraph 17 of the Executive submission says:

"Due to the way in which student loans are scored as public expenditure, use of the student loans scheme, as presently planned, could be expected to produce

consequential for the Scottish Budget worth around one-third the value of the consequential of conventional grant funding."

That might be a rather technical point and you might want to ask your officials about it. However, I would like to know what that refers to. Despite reading it and rereading it, I am not clear what it is saying.

Lewis Macdonald: It refers to the value in public expenditure terms that is put on money that is provided as a student loan. In other words, the provision of a loan that will be repaid at relatively limited interest rates over a long period is not the same in public spending terms as simple expenditure, but neither is the money 100 per cent recouped. There is a grey area as to what it represents in public spending terms. The figure of around one third is probably a conservative estimate. We would expect consequential to be affected by that, at least.

Mike Watson: Universities Scotland made a couple of comments. You will be aware—as it has been publicised—that it suggested that an investment of around £102 million would be necessary if the legislation were introduced as suggested and came into effect in 2006. The submission from Universities Scotland details that sum and gives further information on it. I accept that we are speaking hypothetically in terms of the specifics, but I think that it is likely that the legislation will be introduced. What observations can you or your officials offer on the view that that is the money that would be required simply to maintain Scotland's position relative to that of England?

Lewis Macdonald: You will be aware that that figure has been arrived at with reference to the levels of expenditure at the beginning of the spending review period and to the expenditure of a group of Scandinavian countries within the Organisation for Economic Co-operation and Development. We have not seen all the details of the basis of that calculation and we would be happy to discuss that with Universities Scotland. Although we think that it is appropriate to compare the commitment to higher education of various countries on a per capita funding basis, we do not think that the setting of necessary income levels for future years can be done simply by reference to prior levels, levels in other countries or a kind of global sum.

Earlier, you talked about ministers with responsibility for education fighting for an appropriate level of support for higher education. That will be done on the basis of what we believe is necessary to maintain the quality of Scottish higher education and the competitive edge that it has, rather than setting a global sum and then working backwards. We are happy to discuss that

with Universities Scotland. The sum might be similar to the one mentioned, but we cannot say on the basis of what we have seen.

Mike Watson: I am surprised that Universities Scotland has not sent you the information that it sent us.

Lewis Macdonald: It has sent us the paper, but some of the detail is not clear.

Mike Watson: Universities Scotland has put a price on the gap—how that stands up remains to be seen. You mentioned interministerial relations in response to Susan Deacon's question. In discussions with Alan Johnson and Ivan Lewis and their officials, was it made clear that the Scottish Executive expected that Scotland would be worse off if the proposals went through as they stood?

Lewis Macdonald: No. We have discussed with ministers what the impacts might be, but we have not tried to prejudge those, because we are not yet in a position to quantify them. Although we have seen interesting figures put forward from various directions, until we know what will go through in UK legislation and how that will be implemented, which universities in England will implement it and what effect that will have, we cannot quantify the impact. It would be difficult to expect others to quantify precisely what the impacts might be. However, we have discussed the consequences for Scotland of changes in England.

Mike Watson: It may be difficult to quantify what the effects might be, but the fact is that there will be a deleterious effect on Scottish higher education vis-à-vis the current position which, as you will have noticed from today's edition of *The Herald*, the University of Glasgow is stressing again. That has been the view of all universities. I find it surprising that you are not willing to say that you know that there will be a negative effect although you do not know the precise effect.

Lewis Macdonald: We are having the phase 3 review because we want to pin down the potential impacts. It is far better to substantiate the issues at stake and quantify what might be involved than to raise concerns that we find difficult to substantiate further down the track. We are keen to work with Universities Scotland and other stakeholders to put together a clear body of evidence on which we can base the discussions and lay out the potential impacts on Scottish higher education.

Christine May: Throughout the inquiry I have been anxious to stress that the provision of tertiary education in Scotland is not confined as significantly to the university sector as it is in England. The further education sector contributes significantly to the total of 51 per cent participation. The demographic mix in our institutions is

different, with more adult returners, more part-time students and more degrees being done in further education. I notice that in paragraph 8 of your submission you quote paragraphs 5.7 and 5.10 of the white paper, which are on expansion into foundation degrees, which might be said to be similar to the higher national diploma, which is the norm here. In paragraphs 11 and 12 of your paper you consider what might happen to the total of any increased funding coming in.

I return to Richard Baker's question on the hypothecation of moneys coming through the Barnett formula. If you were minded—and if you won the argument—to have any such moneys hypothecated for higher education, would you include in that tertiary education as a whole in Scotland?

Lewis Macdonald: I have not made any commitment to seek hypothecation. I am sure that that is clear from the *Official Report*, but it is perhaps worth repeating. On plans for the future funding of tertiary education in Scotland, the plans that we have to merge the funding councils for further and higher education indicate the direction of our thinking and our recognition that the strength of our higher education sector and the strength and potential of our further education sector cannot be separated—on the contrary, we want to pull them together.

We have also probably led Europe—we have certainly been among the leading players—in developing the Scottish credit and qualifications framework, which allows different qualifications across the further and higher education and other sectors to be related to one another, in terms of value and importance. I suspect that the Scottish model for that will become at least part of the model for similar efforts that are being made throughout Europe to allow easy transfer between institutions and between the further and higher education sectors.

The funding of higher and further education will be taken forward by a single funding council. This year, the two funding councils produced a joint corporate plan for the first time, and we expect to see increasing coherence between the ways in which we fund higher and further education. In discussions about future funding, we will certainly advocate on behalf of both sectors.

Christine May: That is what I hoped to hear for the broad range of students who are going through tertiary education. However, there is an issue to do with the support for, sustainment of and improvement in research to enable us to keep our competitive edge. What thinking has the Executive done on introducing funding or support mechanisms to improve our research capacity?

Lewis Macdonald: A number of things are already in play. A few moments ago, we talked about liaison with UK colleagues. We have a good deal of regular official dialogue about research provision and funding with the Office of Science and Technology, and 12 per cent of the UK research councils' funding comes to Scotland, which contrasts with our 9 per cent of the UK population. We do well in that respect, but there are no grounds for complacency. Looking ahead, we want to build on those strengths.

In my introductory remarks, I mentioned the intermediary technology institutes that have been designed in collaboration with Scottish Enterprise specifically to identify areas of the economy where we have economic strength, academic excellence and research strength. Communications media, the energy industries and the life sciences are all areas in which we want to increase both the amount of original research and the efficiency with which that research translates into commercial opportunities for Scottish companies and thereby into business and jobs. If we are successful in that, it will foster yet further research in those fields. That is one specific area in which we are using our command of enterprise and lifelong learning to strengthen both and put funding in place for more research.

Christine May: That prompts a further question. As was pointed out to us when I asked a question, the work of the ITIs will be subject to national and international bidding processes, and there is no guarantee that that work will stay in Scotland. What steps are you taking to ensure that those areas of Scottish research and collaboration that are already world class will continue to be world class while we continue to identify and develop others?

Lewis Macdonald: You are right to say that we would not instruct the ITIs to commission research only from Scottish universities. We want them to commission the best research. However, we also want them to enable Scottish universities to be in a position to win that work. They are already talking to Scottish higher education institutions about how those institutions can best relate to the ITIs and take advantage of the investment that we are putting into them.

That is one way in which we are seeking to stimulate the participation of the universities in that new initiative. We are also encouraging universities to talk to one another about areas in which they can collaborate fruitfully, recognise their strengths and build on them. That is the right approach. It is for the universities themselves to identify the research areas in which they are strong and to build on that strength. We would encourage them to do precisely that. We have increased the funding available. For example,

SHEFC's research grant funding has gone up by around 20 per cent in the course of the current spending review. That is a significant additional financial resource for Scottish universities to carry out their research.

15:00

Mr Stone: I want to press the minister about the interface between enterprise, business and the universities. There is an ivory-tower problem. If you have people in a successful business in a high-tech area, or even a successful graduate, those people or that graduate may be contacted by their alma mater asking for a large cheque. However, such people are not going to universities to give lectures or tutorials in their subjects. If they did, that would be a small acorn from which mighty oaks might grow, in the sense that companies might employ research facilities at universities to develop products. What proposals does the Scottish Executive have to address the fundamental problem of lack of communication?

Lewis Macdonald: Mr Stone is right to suggest that there is potential—we want to pursue that. Again, we would encourage universities to talk to businesses and industry in their areas to promote that kind of cross-fertilisation. That is the right direction to take.

Mr Stone: Is there a problem with academic elitism? People may say, "We don't want those people in here because they might not understand what we're on about." I feel that that is what sometimes happens.

Lewis Macdonald: That is not my experience. In recent months, I have visited a number of universities and a number of university spin-out companies and I have been struck by the increasing cross-fertilisation between industry and higher education. I think of the life sciences in Dundee and of the energy industries in Aberdeen, among others. In those areas, the universities seek to work with industry and progressive employers see great advantages in working with universities. For example, a senior member of staff in an academic institution might spend a day or two every month working with a team in a private company on a particular project to carry that project through to fruition. The same company might well have an arrangement to take students during the summer or to give them work experience at other times during the academic year. That allows the company to take advantage of the academic process through which those students are going.

A good deal of that kind of collaboration is going on, although I agree that you can never have too much. We will do anything helpful to encourage it, but a lot is going on already.

The Convener: I want to raise two final points. The white paper proposes raising the earnings threshold for repaying the student loan to £15,000, but the original Cubie proposal was £25,000. Is £15,000 a sensible figure for Scotland? Do ministers have scope to choose a different figure for Scotland?

Lewis Macdonald: I am not sure whether there is scope for that; I think that there is probably not.

Lucy Hunter (Scottish Executive Enterprise, Transport and Lifelong Learning Department): Because we use the student loan scheme, which is collected by the Inland Revenue, there is a single threshold for student loans that applies throughout the United Kingdom, no matter where the student is resident or domiciled. The proposed £15,000 will apply throughout the whole UK.

The Convener: In theory, we can collect income tax at a different basic rate in Scotland, so can we not have a different threshold for student loans?

Lewis Macdonald: The 3p-up-or-down principle might not apply quite as directly as you suggest.

The Convener: I was thinking about administration: this is an administrative problem, rather than a problem of principle. The problem is that it would be administratively too difficult.

Lewis Macdonald: You raise an interesting point, but not one that we have pursued thus far. The adjustment of the threshold is an interesting proposition and we will watch it closely. We have not investigated the matter, but I have a funny feeling that you might be about to ask me to.

The Convener: My second point is more general. We all agree, in comparing Scottish education with education south of the border, that we have a competitive advantage—I think that that was the term that you used—and we all agree that a good higher education sector is essential for the health of the economy. However, given that we have that competitive advantage, a taxpayer might be tempted to ask why the Scottish economy does not perform better than that of the rest of the United Kingdom, rather than not quite so well. Are you concerned that there does not seem to be transference from higher education to the wider economy?

Lewis Macdonald: A moment ago, we discussed the intermediary technology institutes, which are designed precisely to address that issue. We want to strengthen the feed-through from academic excellence to the wider economy. The Scottish economy's structural weaknesses have been explored elsewhere and will be again but, in my view, those weaknesses do not include weakness in our academic research base. Historically, there have been serious difficulties with commercial research and development,

which—with my enterprise hat on—I am keen to address. It is important that we have direct feed-through from academic research into the commercial sphere but, as I said, that is beginning to happen significantly more.

I agree that there is an issue, but we have taken a number of actions to address it because that feed-through is key to our future economic prosperity. On the structural strengths and weaknesses of the Scottish economy, the heavy industries, which are no longer so prominent, used to provide much of the employment and economic activity in Scotland, but in recent years those things have been provided by sectors such as the energy industry, life sciences and communications media, which also have the potential to add more to the economy. Had we not had academic excellence in those and other areas, our economic position would be significantly less good than it is at present.

Susan Deacon: When you mentioned that we would receive a copy of the interim report of the Executive's various working groups, I think that you used the word "shortly". Could you be more precise?

Lewis Macdonald: The ambition is to have the report with the committee during the first week or two of December—before you go home for Christmas, if you want extra reading.

The Convener: I thank the minister and his officials for attending.

I apologise for the constant noise from the blinds, which seem to be going up and down. I do not think that that is anything to do with the sunshine—or lack of it—outside.

Renewable Energy Inquiry

15:07

The Convener: Agenda item 4 is on the renewable energy inquiry. We have a paper that makes certain recommendations on how we might proceed in taking evidence, although I do not propose to go through the whole inquiry. A call has gone out for written evidence and we have identified the three main areas on which we might want to take oral evidence. However, the list is illustrative and does not preclude our taking evidence on other issues that members raise, or which become more obvious as we receive written evidence. We already have three public petitions to consider as part of the inquiry and there are potentially another two, depending on what we decide under agenda item 5.

It seems that it would be sensible to hold at least one committee meeting outside Edinburgh. We are thinking of Kintyre, which is one area in Scotland in which the renewable energy industry—leaving aside hydro power—is established, not only in generating industry, but in creating commercial advantage. We must also consider whether to meet outside Edinburgh so that we can talk to people who wish to protest about wind farms. The problem that I foresee is that, because those people are not centred in one part of Scotland—the two main areas that seem to be cropping up are the Moray coast and the Ochils—there is no central location that would suit people from both those areas.

It is clear that there are opportunities for case studies and I suspect that it might prove to be useful for three members at one time to go on one of the case studies that we have identified. Again, the list is perhaps just illustrative; for example, I am conscious that hydro power is not mentioned and that there might be other examples that we should examine. We do not necessarily have to confine ourselves to the examples that have been given.

It might also be sensible to do an overseas case study. I suggested Denmark because it already has considerable experience in the field, and Portugal because of its policy commitment to funding renewable energy development. However, I suspect that Denmark would be the better bet because of its breadth and depth of experience. Of course, I realise that Portugal might hold more attractions at this time of year.

I have also distributed a schedule of proposed meetings. Those meetings will be weekly to start with, but will thereafter alternate with our business growth inquiry.

Finally, I make this proposal now to get it out of the way: although it is some time away, it is suggested that consideration of our interim findings and final report should be discussed in private. Are there any comments?

Mr Stone: If I am reading the first two paragraphs of page 2 correctly, you are saying that the anti-wind-farm people will be asked to give evidence at the Campbeltown meeting.

The Convener: No. I know that the paper might give that impression, but that is not what I meant. Although I redrafted that paragraph, I am conscious that I did not get it quite right. I am not aware that there is any significant body of objectors in Campbeltown at the moment. We are getting an economically positive message from that area, although if there are people in the Kintyre peninsula who think that the whole thing is going in the wrong direction, the committee would be a useful place at which they could give that evidence. I am saying that if we are to hear from some of the current campaigns against wind farms, particularly in relation to the petitions that we are going to be discussing, we would not hold that meeting in Kintyre because it would not be very convenient for the Ochils or the Moray coast.

Mr Stone: That clarifies matters. As you rightly say, there is no real pattern—objectors are scattered all over the place, so that sort of evidence could be heard here in Edinburgh. We might want to put a bit of weighting for that into our annex A.

I have made the point that the many people who contact me—and, I am sure, those who contact the convener—must co-ordinate their efforts and find people who can speak on behalf of them all. Otherwise we will become bogged down. The name has occurred to me of someone who has written to all of us. John Campbell QC has fought several anti-wind-farm campaigns. It is up to the committee to decide, but it would be very effective if he came here, especially on the day when he is due to take evidence from me at the Holyrood inquiry.

The Convener: We will leave that one sticking to the wall.

We will set aside one evidence session for objections to wind farms. It is clear that we will have to be selective about whom we invite, but I do not want to prejudge whether certain organisations could be involved because some are lobbying organisations. I would like to get some genuine grass-roots opinion. We will have to use the written evidence that comes in to judge who we should ask to come before the committee.

Murdo Fraser: I had a members' business debate on wind farms the other week in which there was substantial public interest. It was clear

from that that people were prepared to travel to Edinburgh to make their cases. I do not think that we have to worry too much about going beyond Edinburgh to take evidence from people who might be objectors.

I was just looking down the list of potential witnesses; it seems to be weighted towards the interests of the producers. Perhaps we should consider bodies that might have a different opinion. I recall that, at our committee away day, we heard from a chap—his name completely escapes me now—who gave us what I thought was a fairly objective and interesting opinion on renewable energy and wind power. I dare say that we could hear from him again, although I am sorry that I cannot remember who he was. Perhaps he might suggest some people who would give a slightly different opinion.

The Convener: I accept that point—I had a meeting with the chap subsequently. His name escapes me, as well. [*Interruption.*] I am informed that his name is Chris Bronsdon. Although he was from an organisation that supports renewable energy, he certainly gave a balanced presentation. It might be useful to take evidence from him.

People would clearly be prepared to come to Edinburgh, but I suspect that we might wish to consider somewhere like Perth, which is handy for the Ochils and a lot handier for people coming down from Moray, which is a fair journey away. I am conscious that any meeting outside Parliament incurs a fair amount of cost, given the need for an *Official Report* of the meeting and so on.

15:15

Murdo Fraser: I will make a couple more points, if I may. The suggested case studies do not include offshore wind, which we should also consider. However, I appreciate that the list is not intended to be exclusive.

On overseas case studies, Denmark would be interesting because, having made a huge investment in renewable energy, Denmark is now going a bit cold on the idea, I understand. Although the weather in Portugal in February will be a lot warmer than the weather in Denmark, Denmark would probably be the more useful case study.

The Convener: I think that there are other potential case studies, although I suspect that it will be possible to do some as desk studies rather than as actual visits. You are right that some objectors cite Denmark as an example in their favour. Hopefully, by studying Denmark, we might get some indication as to where the truth of the arguments lies.

Christine May: For the anti-wind-farm case, we need to be clear about the parameters within which we want to take evidence. For example, we might want to hear from some folk about planning issues, such as the planning system's capacity, but they must come with personal experience and evidence about the nature of the problem. It will not be helpful to our inquiry just to throw it open to anyone who wants to protest about wind farms per se.

On the case studies, I was pleased to hear the convener say that the list was for illustrative purposes. I suspect that, as the remit of the inquiry becomes better known, we will receive notification of other examples that might be more interesting or more relevant. Those might be combined with other suggestions to make a day visit more appropriate. On whether we should have an overseas visit, I say yes. Why not? However, I could not go in February. Could I go some other time?

The Convener: Indeed.

On oral evidence, clearly the first route is for people to provide written evidence. It is only fair that people who have lodged petitions be heard. Other people will be selected on the basis of how representative or interesting their views are and based on what scope would be provided by interviewing them in person. If people have nothing further to add to what they said in writing, taking oral evidence from them will not be a good use of anyone's time.

I am sorry that we will not see Christine May in Denmark—

Christine May: Does that mean that the committee has decided to go to Denmark?

The Convener: No—that is up to the committee, although Denmark seems to be the more reasonable option.

On the case studies, all requests for approval for travel must go to the Conveners Group, but I suspect that we could decide later that, say, three members should go on a particular visit. That would not be a major project; such a visit would usually involve being away for just one day. I am sure that other visits can be arranged if sensible suggestions are made. We are seeking only approval in principle that we undertake case studies, rather than approval of these specific case studies.

Are there any other comments?

Chris Ballance (South of Scotland) (Green): The people who have been selected for oral evidence so far are very much the large-scale producers. Is there any room for smaller bodies? I am also a little worried that not enough time is being made for organisations that, to quote from

the paper, "make interesting written submissions." I imagine that that day will be taken up with objectors. Apart from that, there is a little space for taking witnesses on an ad hoc basis on 24 February. I wonder whether the time scale might be a little optimistic; we might need to schedule another day for oral evidence.

The Convener: One of the reasons why the names of the smaller-scale producers are not included in the paper is that we do not know them. The call for written evidence or the announcement that an inquiry is to be held allows such people to make themselves known to us.

One of the issues that flows from the problems with the grid is that renewable energy may be more suited to being produced locally to meet local needs. I would like us to pursue that issue. We have not excluded it. I hope that some of the smaller-scale producers will give evidence and I hope that some of the case studies might produce local evidence.

I am relaxed about the time scale. The schedule that is set out in the paper is illustrative—if issues arise that are interesting or that appear to need further investigation, I am prepared to extend the inquiry as far as is required. Issues such as the energy problem and the global warming problem are going to be with us for a long time. We do not have to finish the inquiry by the middle of May.

Mr Stone: I have a quick question to which, I am sure, the convener or the clerks can give me the answer. When we considered the remit of the inquiry at our previous meeting, I am sure that we said that we would like to quantify the benefits for communities—by that I mean the sums of money that are involved. Where are the bullet points in the paper that would allow those facts to be brought out?

The Convener: We can ask the different providers of alternative energy about the benefits that they perceive for the communities in which they are located. Our meeting in Campbeltown is the obvious location to bring that out.

Mr Stone: Is it your intention not only that we get community representatives to meet us, but that we draw out of them what they perceive the benefits to be?

The Convener: I think so. We need to explore the precise structure a little more. We want to draw out that evidence, which is an important part of the debate.

Brian Adam: Others have suggested that there is a preponderance of industry interests on the list. Why are we to have Scottish Power plc and Scottish and Southern Energy plc? What will one company tell us that the other will not? Why should we hear from two nuclear power firms?

The Convener: The clerk reminds me that the paper is based on suggestions that members made at the last meeting. The problem, Brian, is that I am just too democratic.

Brian Adam: I am just intrigued to know what British Energy plc would tell us that would be different to what British Nuclear Fuels Ltd would say.

The Convener: To some extent, there is value in two people's saying the same thing to us. That said, some people might feel that British Energy is not quite the same as BNFL in many aspects of its operation. If two companies appear to be too similar, we can put their representatives on the same panel. That way they will not take up any more time.

Christine May: That was partly the point that I wanted to make when I said that we could include some more interesting, useful or relevant suggestions for witnesses. For example, an Aberdeen offshore energy company might come forward with something in respect of wave energy that we might want to look at. Talisman Energy (UK) Ltd has a big project for a 200-turbine offshore plant and we might also want to consider that. Rather than make a commitment to any of the names, I suggest that we note them at the moment and, as the next couple of weeks unfold, we can add or subtract names.

The Convener: We need to start slotting in names. When dealing with firms, in particular, we need to set up evidence-taking sessions well in advance to ensure that people are available to give evidence and that we receive submissions from them in good time. However, we will try to be as flexible as possible.

The nuclear industry's argument that nuclear power is a source of renewable energy does not meet with agreement everywhere. However, the point is also made that when we use renewable energy we need to ensure that there is a base load. Some people say that that load would best be provided by nuclear power. We need to explore those arguments.

Are members happy to agree recommendations 1 to 6 and the points in recommendation 7, for which we need to seek authorisation?

Members indicated agreement.

The Convener: Can we specify Campbeltown as the venue for the meeting that will be held outwith Edinburgh?

Members indicated agreement.

The Convener: We do not need at this stage to worry about case studies. However, because the Conveners Group is not meeting often in this session, we need to decide now where we want to

go if we go abroad. Denmark seems to be the best option. Is that acceptable?

Members indicated agreement.

Christine May: I will come with you. I will not make you go on your own.

Mike Watson: Point ii) under recommendation 6 uses the phrase

"members to conduct each case study".

It might be helpful for us to decide now who will do what. I would like to conduct the study of wave and tidal power, rather than a study on either Denmark or Portugal. I put down that marker, in case we choose not to make a decision now. However, for the sake of members' planning, it might make sense for us to do that.

The Convener: We have not nailed down which case studies we will do. We will put more work into that because we would like the matter to be clear in our diaries before we break up for the Christmas recess—hopefully, by early December.

Chris Ballance: Recommendation 2 invites the committee to

"give the clerks direction regarding oral evidence".

We have agreed to do that, but have we actually done it? What direction have we given?

The Convener: At the moment, the direction is to proceed with the indicative list that is before us and to identify further potential witnesses as written evidence is received. As always, members are invited to submit suggestions to the clerks.

Petitions

Renewable Energy Projects (Funding) (PE615)

Wind Farms (Planning and Environmental Procedures) (PE664)

15:27

The Convener: Item 5 on our agenda is consideration of public petitions. Two more petitions are before us. PE615, from Mr Peter Hodgson, calls on Parliament to ask the Scottish Executive to reconsider its funding of renewable energy projects in Scotland. PE664, from Christine Grahame MSP, calls on Parliament to examine the planning and environmental procedures for proposed wind farm developments in Scotland. In response to queries that were raised when last we considered petitions, members have been provided with the briefings that accompany the petitions.

I recommend that we take evidence on the petitions as part of our renewables inquiry. Is that acceptable?

Members *indicated agreement.*

Mike Watson: As a member of the Public Petitions Committee, I second that proposal.

The Convener: Eventually the petitions will return to the Public Petitions Committee.

We move to item 6 on our agenda, which we agreed earlier to discuss in private.

15:28

Meeting continued in private until 15:57.

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