

ENTERPRISE AND CULTURE COMMITTEE

Tuesday 20 April 2004
(*Afternoon*)

Session 2

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CONTENTS

Tuesday 20 April 2004

	Col.
BUDGET PROCESS 2005-06	853
SUBORDINATE LEGISLATION	896
Individual Learning Account (Scotland) Regulations 2004 (SSI 2004/83)	896
ITEMS IN PRIVATE	898

ENTERPRISE AND CULTURE COMMITTEE

12th Meeting 2004, 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 ALSO ATTENDED:

Colin Gilchrist (Scottish Executive Legal and Parliamentary Services)

THE FOLLOWING GAVE EVIDENCE:

Mr Graham Berry (Scottish Arts Council)
Mr David Campbell (New Opportunities Fund)
Councillor Graham Garvie (Convention of Scottish Local Authorities)
Mr Ian Hooper (Glasgow City Council)
Mr Eric Samuel (New Opportunities Fund)
Mr Rod Stone (Aberdeenshire Council)
Mr Jim Tough (Scottish Arts Council)

CLERK TO THE COMMITTEE

Judith Evans

ASSISTANT CLERK

Seán Wixted

LOCATION

The Chamber

Scottish Parliament

Enterprise and Culture Committee

Tuesday 20 April 2004

(Afternoon)

[THE CONVENER *opened the meeting at 14:02*]

Budget Process 2005-06

The Convener (Alasdair Morgan): Good afternoon, ladies and gentlemen. Welcome to the 12th meeting of the Enterprise and Culture Committee in 2004.

Under agenda item 1, we will take evidence from a series of panels on the Scottish Executive's budget for 2005-06. We will consider the sports and arts budgets and, inter alia, we will consider the Executive's new annual evaluation report. Prior to consideration of the budget, I invite members to declare any interests that are relevant to sport and the arts.

Susan Deacon (Edinburgh East and Musselburgh) (Lab): I am a member of the strategic advisory group that was established by the chairman of the Scottish Rugby Union to examine the future of Scottish rugby.

Mike Watson (Glasgow Cathcart) (Lab): I am a director of Dundee United Football Club.

Brian Adam (Aberdeen North) (SNP): I am a shareholder in Aberdeen Football Club.

The Convener: Our first panel of witnesses represents the New Opportunities Fund. I invite them to introduce themselves.

Mr David Campbell (New Opportunities Fund): My name is David Campbell and I am the Scotland board member on the New Opportunities Fund. With me today is Eric Samuel, who is our senior policy officer.

The Convener: You submitted written evidence, which has been circulated with the committee papers, so we will move on to questions.

Section 6 on page 7 of your submission says:

"Nor can it be assumed that sport will definitely feature in any future funding programmes as future policy directions may direct the Fund to address"

other things

"without recourse to sport".

Why is that sentence in your evidence?

David Campbell: It is there partly because we are in the throes of amalgamating with the Community Fund. With effect from 1 June, we will have an administration amalgamation. However, primary legislation from Westminster is required to enable full legal amalgamation to take place and it is anticipated that we will not be able to get that legislation through until perhaps the spring, or possibly the autumn, of next year. We will be constrained by the policy directions that we are given. It has been suggested that those directions will continue to fund programmes in health, education and the environment, much as the New Opportunities Fund does at present, and to give smaller grants to the voluntary and community sector, much as the Community Fund does at present.

The sports activities that we fund tend to come under the education part of our budget. We look on our sports programme not just as a pure sports programme but as an education programme, a health programme and an anti-drugs programme—it is probably a social inclusion programme. At the end of the day, the policy directions that we are given are up to central Government and Scottish ministers. There is an opportunity for more sporting activities to be included in those policy directions, but that is up to the Government.

The Convener: I understand that, but I presume that that was always the case. I am trying to press you on whether you have been given any hints that a change of direction is likely. Was the remark that I quoted just a throwaway remark? We know that anything can change in the future, but why was the remark put in your submission?

David Campbell: I would not read anything sinister into the remark—it was included merely to highlight what could well be the case. We were not specifically involved in sports programmes until we introduced our new opportunities for physical education and sport—NOPES—programme, which is a recent development.

The Convener: To approach the matter from a different angle, how valuable is the inclusion of sport in your programmes? Does it deliver value in relation to other areas such as health and education? To give an example, on Friday night I saw the Bank of Scotland's midnight league initiative in Dumfries, in which about 200 youngsters play football from 8 o'clock until 11 o'clock at night. I spoke to the police who are involved and they said that the number of reported incidents on Friday evenings has plummeted since the programme started. It is clear that in some circumstances sport can have a much wider effect than just as sport per se. Do you think that sport is of significant value? On the basis of that, do you

think that it would probably continue to feature if rational judgments were made about it?

David Campbell: Sport is of significant value; as I said, we consider our sports programme not only as a sports programme but as part of other areas. I recently had a discussion with some senior police officers whose work relates to drug use. I asked them to imagine that they had a fairy godmother who could come along and give them a large sum of money, and to consider how they would like it to be spent to fight drug use. The answer was unequivocally that it should be spent on providing alternatives for young people—they see that as being their biggest challenge.

I think that our sports programme is an excellent programme that is already starting to make a difference. It will take time to roll out the full programme, but I am in favour of more money being available for such activity.

Christine May (Central Fife) (Lab): I am conscious of the large part that football plays in the life of Scotland, but my interest tends to be in the importance of less mainstream sports, and the difficulty that exists sometimes in funding activities such as motorbiking and car-based activities, particularly in the context of diversionary activities and reducing antisocial behaviour. Nothing in your submission speaks about non-mainstream sports. Do you have a strand that examines such applications, and whether and how you encourage them? What discussions have you had with other funding bodies?

Mr Campbell: We have always tried to be as flexible as possible with all our programmes. We tend not to be too prescriptive in defining activities: the range of activities that we have funded through our current NOPES programme is wide and includes motorcycling, athletics, basketball, cricket and cross-country. There are 23 projects involving dance, which is an important activity for young people to be involved in. There are disabled multisports projects, fitness projects, football, girls multisports, golf, gymnastics, hockey, horse riding, martial arts, mini tennis, rugby and skiing projects. Three projects involve leadership skills. There are swimming projects, tennis projects, one volleyball project and one weight-training project, so there is a wide range of activities. It is not for us to be prescriptive and say, "You must come forward with this." It is up to communities and leaders in local authorities, who are taking the lead in the NOPES programme, to come forward with projects.

Christine May: My question was not about your being prescriptive, but about the discussions that you have had with other bodies to encourage more applications such as those to which I referred. I know that you cannot go out and solicit specific applications, but you can participate in activities to encourage awareness.

Mr Campbell: It is not our role to go out and encourage specific sports—it is up to communities to take ownership of what is happening in their areas. I will not second-guess what they consider to be the priorities that are best for their areas. We encourage them to come forward with diverse sports, because that is important.

Brian Adam: Good afternoon, gentlemen. At the top of page 4 of your submission you refer to fundamental differences between the direction that you take and the direction that sportscotland takes. To some extent my question follows on from Christine May's question. We have a plethora of programmes and a wide diversity of aims. Are you concerned that the improvements for sport—and the ancillary benefits for health, education and anti-drugs activities—might be lost because of that diversity of programmes and range of aims, and because we do not have a clear-cut direction?

Mr Campbell: That is not necessarily the case. We worked closely with sportscotland on the two main strands of our programme from the beginning. Sportscotland has been involved in shaping and delivering that programme, and it is represented on both decision-making committees that make decisions on grant applications. What we do is complementary to sportscotland's aims and goals. Sportscotland is tasked with delivering specialist sport outcomes in two subjects in which our work is not complementary, but apart from that, everything that we do complements sport 21 and sportscotland's other main drivers. Eric Samuel has been a bit more involved in that.

14:15

Mr Eric Samuel (New Opportunities Fund): I reinforce what David Campbell said. Our programmes reinforce the national sport strategy, sport 21. Nothing in any programme we operate does not support the national strategy. What we do supports in particular the participation rates and targets that are set out in that strategy.

Brian Adam: I accept that an attempt is being made to take a holistic approach, but your approach is to deliver not for sport, but for health, education and anti-drugs strategies. Sportscotland is intended to deliver for sport. Significant fluctuations occur from year to year in overall funding and greater fluctuations perhaps occur in funding of particular sports. The significant funding drop for the Scottish Cricket Union has been highlighted to us, as has the disparity between hockey funding and football funding. Given all that, do you have a role in guiding politicians on how we can ensure that we have continuing programmes? If continuity of funding is not maintained, we are likely to end up with all sorts of disjointed programmes for delivery on sport and the other objectives.

Mr Campbell: I understand the point that you make and the difficulty, but we must understand that lottery funding is intended to finance time-limited projects. It is not intended continually to provide core funding. Limited funding is available; being the main source of mainstream funding for the activities that you talked about is not the lottery distributor's role.

Brian Adam: In that case, should greater reliance be placed on sportscotland's directing where your lottery funding should go to deliver for sport?

Mr Campbell: The New Opportunities Fund was established under the National Lottery Act 1998 and was empowered to fund projects on health, education and the environment. We were not established to fund sporting activities and we should not be seen as the main funding source for sporting activities.

Mike Watson: I will ask a couple of general questions about the New Opportunities Fund and the new body, which I understand will rather unimaginatively be called the big fund.

Mr Campbell: It will be called the Big Lottery Fund.

Mike Watson: That choice must have taken much committee consideration, although not of course by the NOF.

I was dismayed to learn that the new fund will not come into effect fully until late next year. To some extent, that answers my first question, which is about the Big Lottery Fund's make-up. A slight disparity exists in that the Community Fund has a full Scottish committee, whereas the New Opportunities Fund has a Scottish dimension but not a Scottish committee. What will be the form of the new fund? How will that enable you or your successor—whoever is involved in the Big Lottery Fund in Scotland—to look after Scotland's interests?

Mr Campbell: The intention is that an administration merger will take effect from 1 June this year, which is not far away. Some form of Scottish committee, like the Community Fund's Scottish committee, will exist. I understand that the new lottery distributor's main board will have three Scotland directors. They will form the rump of the new Scotland committee and will have the power to co-opt outside members on to that committee.

I see matters continuing as they are at present. Practically all the decisions that relate to specialist funding that is granted in Scotland are taken in Scotland. We tend to set up specialist committees for programmes such as the Scottish land fund, the physical education and sport fund and some of the health programmes. I envisage that that model will continue—it works well and I am proud of it.

Mike Watson: I invite you to speculate about the future. Paragraph 6 of your submission states:

"The Secretary of State for Culture, Media and Sport has guaranteed the New Opportunities Fund ... funding streams up to the end of the current Camelot licence in early 2009."

Is that irrespective of the current decline in funds that are generated by the lottery?

Mr Campbell: My understanding is that the secretary of state has guaranteed the funding stream, but not the amount. The forecast at present is that the amount will be between £600 million and £700 million per year, depending on a number of factors. There can be no absolute guarantee of the figure, but the secretary of state has guaranteed the principle that funding will continue until 2009.

Mike Watson: That is not as hopeful as it appears in your submission. The point is that there will be a funding stream of indeterminate size between now and 2009. Another unknown factor is the possibility that the bid for the Olympic games may be successful. How are you planning for that?

Mr Campbell: We are planning for that, although we do not know what its precise impact would be. Our best estimate is that the impact would be a maximum of 5 per cent. To put that into context, the overall funding in the United Kingdom that will be available to the new distributor for the year 2004-05 will be about £660 million, which means that Scotland will get about £76 million. If the Olympic bid were successful, the UK-wide figure for 2008-09 would drop to £607 million, which for Scotland would mean a drop to about £70 million. We are talking about a drop of about £6 million, which, overall, is manageable.

Mike Watson: If we use population as a guide, Scotland punches above its weight in respect of the share of lottery funding that it receives. Would the notional figures that you have given maintain that advantageous position for Scotland?

Mr Campbell: Yes. At present, we receive 11.5 per cent of the funding. Members who are familiar with the Barnett formula will appreciate that that is not a bad figure. We do not envisage any change in the period that we are talking about.

Mike Watson: In response to Brian Adam, you outlined the role of the New Opportunities Fund in sports funding, although I accept that that is not your primary function. The work that is being done in health-related areas is positive. Perhaps you are just being cautious, but the first paragraph of point 6 states:

"Nor can it be assumed that sport will definitely feature in any future funding programmes".

Given that you have only recently taken on that responsibility, what leads you to believe that the

funding for sport might cease in the foreseeable future, which means in the period up to 2009?

Mr Campbell: In essence, that is the same point that the convener raised. We were putting down a marker about the situation; we were not necessarily saying what will happen.

Mr Samuel: To reinforce what David Campbell said, we are in the hands of the Department for Culture, Media and Sport and of the Scottish Executive. Our work is determined for us by those two bodies, so we deal with whatever is given to us in policy directions. In 2001, the policy directions gave us the new opportunities for physical education and sport initiative, but we do not yet know what will be in the next round of policy directions; there might be a sports programme in them or there might not. All that we were trying to say was that our work schedule is determined for us by others and that what comes through the policy directions is what we must set out to do.

Mike Watson: I accept that you work within policy directions, but I find it surprising that you raise the point, because the physical education and sport initiative seems to be quite successful, so it would be surprising if it was to be terminated.

Mr Campbell: It would be equally wrong for us to raise false hopes by saying that it will definitely continue.

Mike Watson: My point is that it would probably have been better if the point had not been raised at all, because it sets people thinking about areas into which their minds may not be required to go.

On the physical education and sport initiative—what you call the NOPES facilities programme—your submission says:

"It is hoped that the facilities provided under the ... Programme will considerably improve the quality of PE provision in Scottish schools."

That is a bit vague. Why do you say that you hope that the programme will improve the quality of provision? Should you not have put monitoring procedures in place together with sportscotland to ensure that a level of improvement is attained, instead of just hoping?

Mr Campbell: I think that it may be a play on words.

Mr Samuel: Provision should improve, but teaching is dependent on more than the facilities. We can provide the facilities, but it is up to the education authorities then to provide the good teachers who provide the education.

Mike Watson: So if it does not work, it will not be your fault.

Mr Samuel: Definitely not.

Susan Deacon: My question follows on naturally from where Mike Watson left off—at least, I hope it does. You have said a lot in your written submission and your comments so far about the way that co-ordination is now taking place at national level to ensure that policy and direction of resources come together across a range of bodies. You have also made specific reference to sportscotland. Will you elaborate on the equivalent issues and considerations at local level and tell us in practical terms how your liaison with local authorities—although other partners are also clearly involved, such as those who organise sports locally—ensures that local investment strategies are as effective and, to use the old-chestnut phrase, as joined up as possible?

Mr Campbell: We have used different types of funding programme, from open-grant programmes in our healthy living centre to award-partner schemes. Fresh futures, our environment programme, is an award partner of Forward Scotland and Scottish Natural Heritage, and we have made use of Highlands and Islands Enterprise's community land unit in our Scottish land fund. Under the NOPES scheme, for example, we have used indicative allocations to local authority areas and we have in some of the health board programmes used indicative allocations to health board areas.

That is not to say that we make those allocations to local authorities or to health boards; they are made to areas. In such cases, we have asked the health board or local authority to be the lead partner, but they have—under our criteria and guidance—been asked to consult other partners in their areas. Under the sports programme, the local authorities have been asked to consult, for example, the health boards, the voluntary sector, sports governing bodies and sports councils in their areas. That is one of the issues on which authorities are judged in their submission. Some are much better at it than others—in some areas, we have to hold their hands a bit more. We try to ensure that there is joined-up working and thinking, because we think that it is important, especially in order to get community ownership.

14:30

Susan Deacon: Your description of the situation suggests to me that to some extent the New Opportunities Fund lets go and allows local decision making, involving local partner agencies and so on.

Mr Campbell: We certainly do not let go—I chair the decision-making committees of both programmes. However, in the PE and sport programme in particular we have asked local authorities to supply us with a list of projects, along with a supplementary list, and we have

asked them to prioritise projects. The aim is to help the committee to make decisions in the award-making process. We have not negated that element—we examine applications closely.

Susan Deacon: Where would the new arrangements for community planning feature, if at all, in that process?

Mr Campbell: Members who are aware of the community planning process will know that in some areas it is moving faster than in others and that in some areas it is working better than in others. We were hoping that the PE and sport programme might help to kick-start the community planning process in areas where it is a bit slow. We regard the process as being very important and we want to work through it, especially looking towards the future.

Susan Deacon: I want to pursue the theme of the experience of the impact of NOF funding on the ground. Will you comment on your application procedure? What steps have you taken to date or could you take in the future to make the procedure more accessible and less labour intensive for those who use it? It is fair to say that the NOF is not the only organisation against which that complaint is made. However, it is equally fair to say that it is suggested perennially that the mere process of applying can absorb a lot of time and energy. The period from the point of application to the point of decision can also be quite lengthy, which has all sorts of implications for local organisations and developments.

Mr Campbell: The short answer is that we have tried to simplify the process. We are aware of the concerns that Susan Deacon expresses, but everything depends on the funding stream and programme with which we are dealing. Our first programme of healthy living centres was a two-stage open-grant programme and took a long time. There were many complaints about that and we have learned many lessons from the process. That said, at the end of the day there are healthy living centres in every health board area in Scotland except Orkney. We have excellent projects, some of which would not have been as good as they are if there had not been a fairly turgid open-grant process.

I am aware that there has been criticism of the new opportunities for PE and sport programme, but I think that the application process was fairly simple. Eric Samuel has been closely involved with that.

Mr Samuel: The facilities side involved a two-stage process. The first stage was simply to provide a list of projects and to prioritise them. People were asked to answer only three questions. At stage 2—the stage that we have reached with most of the projects—we get down to

the nitty-gritty and want to know in much more detail what the building projects will be. The activities side of the NOPES programme involved a one-stage process, which was probably easier, but we asked a lot more questions.

As David Campbell has been trying to say, it is about horses for courses. In an allocation programme such as the NOPES programme, small local authority areas might receive an allocation of £200,000 whereas Glasgow received £6 million. We cannot hand over £6 million on the basis of two sides of A4. We try to learn from the process and we will consider it again with a view to how we approach future programmes.

The Convener: You talked about one and two-stage application processes, but your submission points out that certain organisations apply to sportscotland as well as to you. In both cases, the money comes from the national lottery. Is that not just plain daft?

David Campbell: I do not think that it is “plain daft”. Lottery distributors have been working together much more closely and a number of programmes have received joint funding. A number of the projects in the NOPES programme receive joint funding from sportscotland, because sportscotland regards them as good projects that meet its priorities. That is not necessarily daft.

Murdo Fraser (Mid Scotland and Fife) (Con): I was going to ask the question that the convener just asked, so I will follow his question up.

I read your written submission with interest. On page 4, you talk about the differences between the criteria that you and sportscotland apply to funding. I appreciate that you focus much more on tackling disadvantage, as your submission says, but ultimately both organisations provide lottery funding to various projects. Is there unnecessary duplication? Should we amalgamate the two bodies under one umbrella? I appreciate that you do not want to do yourselves out of a job, but would not such an amalgamation save costs and make more sense?

David Campbell: Sportscotland exists to do a much wider job than just the distribution of lottery funding to sports programmes. We have a much wider job too, in that we distribute lottery funding in other areas. People should ensure that the two bodies work closely together, complement each other and make the best use of the talent that is available to them.

Sportscotland's co-operation with us on the programme has been excellent in a variety of areas. We have used sportscotland's technical expertise in capital projects in which it was important to have that expertise and sportscotland has contributed to the decision-making committees. From our perspective, the important

issue is that we should work well together. If someone wants to take that further, that is up to them, not us.

Murdo Fraser: Your submission mentions complementary funding and there are clearly situations in which both you and sportscotland put money into a project. Would it be more sensible to operate a one-stop shop for such projects, which would make it easier for external bodies to apply for funding? I presume that such bodies currently have to spend a great deal of administrative time completing separate but fairly similar applications.

David Campbell: All the Scottish lottery distributors use a lottery forum and I know that they are currently considering the matter. We do not try to make things difficult; sometimes we channel people in another direction, perhaps to get additional funding or towards a better source of funding. We work well together and our awards for all programme is a one-stop shop, which covers small grants from £500 to £5,000—our contribution to that programme also funds some sports projects. We are considering the area and I think that such programmes make a lot of sense.

Richard Baker (North East Scotland) (Lab): You might have covered part of my question in response to Mike Watson. I thought that one comment in paragraph 6 of your submission stood out because there have been a number of submissions about the problems relating to declining lottery funding. Your submission states:

"The Fund is confident that its existing programmes or funded projects will not be adversely effected either by a decline in lottery income or the creation of a new distributor."

To what extent do you think that such issues might affect your ability to fund new programmes or projects in future, rather than only existing programmes or projects?

Mr Campbell: As I said, we envisage that, if we take a base figure of £76 million in 2004-05 for Scotland, that figure will drop down to around £70 million, although a margin of error could well be involved. In real terms, that is a drop of £6 million. That said, that still leaves quite a significant amount of money annually for continuation funding of new projects.

Richard Baker: Would that be at a similar level to the number of projects that you are currently funding?

Mr Campbell: It is difficult to say. One can probably make such comparisons with sportscotland and some other lottery distributors that make straight grants, but we fund a variety of different and new projects. Things depend very much on the type, size and complexity of the project and it is probably easier for us to talk in money terms. We are probably talking about a

drop of around £6 million. Obviously, we would prefer that not to happen, and if Camelot is clever in its marketing and receives increased ticket revenues, perhaps it will not happen. However, that is currently what we are planning for, using our best judgment.

Richard Baker: My second and final question is on the paragraph on community sport on page 2 of your submission. Would you say more about the key stakeholders with whom you are liaising to develop the youth sport initiative, and youth football in particular? I am aware that there are excellent schemes in clubs to deliver community youth coaching, but some of those schemes are apparently under threat as a result of lack of finances. Can you say whether some of those coaches and clubs are among the stakeholders?

Mr Campbell: We have ring fenced about £6 million of the fund to help youth football and are still developing the programmes, so I cannot give you further information. A balance of £5.5 million will be spent on encouraging the widening of participation in sport in communities. Again, there is consultation. I think that we have had one consultation meeting.

Mr Samuel: We had a very targeted event on widening participation, in which more than 20 organisations were involved, including the Scottish Executive, sportscotland, governing bodies, Scottish Disability Sport and black and ethnic minority groups. The event was very targeted because only a small amount of money was available. That part of the programme will be aimed at getting people who are currently inactive in some way active through sport.

As David Campbell said, we are still having early discussions with the Scottish Executive, sportscotland and the Scottish Football Association about youth football. However, if the fund's remit is to tackle social inclusion, I think that we can forecast that we would definitely want to get involved at grass-roots level. We are not really involved at performance level—we are more interested in encouraging more young people to play football at grass-roots level.

Richard Baker: Absolutely. I would like to make a plea, in a way. Obviously, clubs are involving young people in their thousands in their schemes; that is not just about performance, but about those issues to which you referred.

The Convener: If there are no further questions, I thank the witnesses from the New Opportunities Fund for their evidence.

Before we move on to the second panel, given that we are considering the Executive's arts and sports budget, I should ask Chris Ballance whether he has any interests to declare, as the other members did earlier.

Chris Ballance (South of Scotland) (Green): Yes. I should probably declare an interest as a member of the Writers Guild of Great Britain and as a playwright.

The Convener: I think that you are also a director of a theatre group.

Chris Ballance: Yes. Thank you for reminding me of that. I am a director of Borders Youth Theatre and of 2000 & 3 Estaites Ltd theatre company.

The Convener: Thank you. Before we move on to our second panel of witnesses, I should tell members that Jamie Stone has now sent his apologies for not attending the meeting.

Our next witnesses are from the Scottish Arts Council. I ask Graham Berry to introduce himself and his colleague.

14:45

Mr Graham Berry (Scottish Arts Council): I am the director of the Scottish Arts Council and I am accompanied by Jim Tough, who is the head of arts.

The Convener: Thank you for attending the meeting. You have submitted to the committee a paper and your draft plan for the next five years. I know to my cost as a member of the Finance Committee that, during scrutiny of the budget, the committee is always very keen to see what it is getting for its money. The Executive has set various targets that you repeat in your submission. How useful have you found them? Looking through some of the targets, I wondered whether simply meeting or exceeding them might take you down routes that you did not particularly want to go down. Moreover, you might meet the targets in some strange way that might not necessarily benefit what many of us would take to be the arts.

Mr Berry: First, it is important to say that targets are useful. This is the first time that the Scottish Executive has set us formal targets. In the past, we have been given a grant on the basis of a whole series of discussions, plans and so on; having the targets has helped us to direct our work.

That said, these overarching targets cover only a small proportion of our work. Although they have to be met, they are rather all-encompassing and do not direct our detailed activities. In fact, they are more or less secondary to the main work that we carry out, although they are always in the background and we seek to achieve them.

The Convener: The first target concerns numbers of people, taking part in cultural events and activities. Even if we get around the definitional problems that are bound to arise from

such a target, will attempting to meet it not drive you down certain routes? In other words, will you not need to have a certain proportion of events that bring in more and more people?

Mr Berry: Yes. However, part of the Scottish Arts Council's work has always been to involve more people in the arts. For example, one of the specific targets is to engage what the Executive regards as under-represented groups. We are equally aware of the need to make the arts available to as wide a range of people as possible. Again, I think that our aims very much accord with what the Executive is seeking to achieve in making the arts available to all sections of the people and to everyone who wants to be involved. As a result, although we support an element of our work to ensure that we meet the targets, it is not terribly different to what we would have been doing anyway.

The Convener: I want to move on to the balance between lottery funding and—if you like—Executive funding. You have highlighted the fact that the amount of lottery funding has sharply declined and that Executive funding has more or less come up to match it. Much lottery funding was predicated on the idea that it would not provide core funding, but would be used to start projects that would then finish or go off on their own. You said in paragraph 5.2 of your written submission that the

"decline in Lottery funds has already caused serious problems of sustainability for many projects."

Can you say a bit more about that, particularly about the kinds of projects—if there is a pattern—that are having problems? Do you regard the sustainability problems as a trend that will get worse?

Mr Berry: As you said, I highlighted the disparity between lottery funding and the funding that we receive from the Scottish Executive. Not so many years ago, lottery funding was considerably in excess of Executive funding, but that situation has changed markedly. As my written submission indicates, national lottery funding will be further reduced. Obviously, we continue to fund a range of projects through national lottery funds, but we have had to reduce the number of projects that we can continue to support. For example, the Lochaber Music School in Fort William was started off with a national lottery grant for three years. At the end of that period, we were unable to continue support because the lottery fund is not allowed to be used on a continuing basis for that type of activity and because Executive funding was not sufficient to increase funds to support the music school.

Projects such as that generate interest in music and provide the capacity for people to learn about

music, but then they suddenly have to stop. In theory, the lottery fund is unable to continue to support such projects, but sufficient changes take place in projects to allow additional grants to be made occasionally—for example, projects can change the way in which they deliver things. However, many projects that are similar to the Lochaber Music School do not continue.

The Convener: I suspect that many of us have seen in our constituencies cases that are similar to the projects that you describe. The lottery fund was never meant to deliver continuous core funding, but many people spend much time tweaking their presentations to bring some novelty to what they do year on year so that funding will continue. However, such projects have the same people, the same organisation and the same premises as they did previously. The paperwork changes and the money keeps rolling in.

Mr Berry: There is an element of that, but it is not as overt as you suggest. Most projects that come up for funding are new and are sparked off by people having been involved as participants or artists in a previous project. Therefore, it is not true to say that a new project is the old project in disguise; it is a different project that might be related to an initial project, which has been prompted by people becoming more interested in the arts. A range of projects that were initially supported by the lottery has prompted a general expansion of interest in the arts. However, we are not able to sustain interest that has been generated from earlier projects.

The Convener: To the extent that the lottery funding does its job by setting up a project that then moves off according to its plan, has a false prospectus been sold? There must be many projects, like the Lochaber Music School, that had no provision in their mainstream budgets for when they ran out of initial funding. To what extent do your budgets have provision for the future? Do you look ahead and say, "In two years' time such and such a project is going to run out of its lottery money—is there something that we can do?" Is that part of your planning process?

Mr Berry: That is becoming more a part of our planning process because lottery funding rules have gradually changed over the years. When lottery funding first started, there were severe constraints on the use of the funds—for example, we were not even allowed to have a budget. Over the years, the rules have altered and relaxed slightly so that we are allowed to plan ahead. If we feel that something merits continuing support we are able to at least attempt to build that in to our on-going funding from the Scottish Executive, but that is not always possible as it depends very much on the nature of the project and the amount of Executive funding that we get, which remains at

a fairly constrained level. Planning has been improved because of relaxations in how lottery funding is allocated, but our ability to deliver that kind of joined-up approach is not as great as we would like because of the lack of flexibility in Executive funding.

The Convener: Could you quantify in a qualitative sense—I suspect that that is a contradiction. Could you describe in a qualitative sense how much disappointment there is among organisations that have been stimulated by lottery funding and see that they are going to run into problems when that comes to an end?

Mr Berry: It is difficult to quantify the disappointment. The feeling that I get from talking to people is that a lot of activity is taking place that could be supported should the funds be available. We have had to cut back on all aspects of our funding in relation to the lottery, from the capital expenditure programmes through to the various short-term programmes that we support in communities. Jim Tough may have some further detail.

Mr Jim Tough (Scottish Arts Council): There are specific examples in which we have improved our planning so that down the line, if it all goes well, we can seek to secure through Executive funding projects that get a start from lottery funding. Examples include arts and disability theatre companies such as Lung Ha's Theatre Company and in the music sector the Drake Music Project. We have used lottery money to help them to build their artistic quality, their skill and their capacity with a view to revenue funding them in due course. We have managed to do that in some cases and that is the proper strategic use of lottery funding.

The lottery has brought cultural democracy through funding many community projects. Once people see the benefit of arts to their community they want the provision to continue so it is inevitable that there is sometimes frustration when it does not. When we talk to projects at the start about what they hope to achieve, we explain that partnership funding and—in respect of many local projects—the local authority's commitment to it is critical in the long term. We address the issue of helping projects to consider their future development and making them less dependent on lottery funding, with a view to local authorities also having a role.

Christine May: Graham Berry will remember from my time on the Scottish Arts Council lottery committee that one of my areas of interest was encouraging projects and activities in disadvantaged communities and overcoming the difficulty of doing that under lottery rules then and now—partly because many of those projects would never wash their faces financially and one

of the criteria for lottery funding in the early days was that eventually they should do.

Moving away from the lottery, can you talk to us in more detail about what you are doing through your mainstream funding to encourage activity in the arts in disadvantaged communities?

Mr Berry: We have a range of programmes that we operate directly through schools co-ordinator schemes—creative links posts that work in communities—and through the core-funded organisations that we support.

A huge proportion of our Scottish Executive funds go to roughly 104 or so core-funded organisations, which range from Scottish Opera down to small art galleries and so on. They are funded on a regular basis specifically to allow them to tour, undertake education work and engage with the communities in which they are involved. In many cases that relates to small, local festivals or to large festivals, such as those in Edinburgh.

All of those organisations are encouraged to involve communities, engage with audiences and improve their marketing to ensure that there is as much participation as possible. We undertake research to find out the best way to get people involved in the arts. We produce publications and run conferences to encourage individuals to get involved and to ensure that we have information that enables us to help people to get involved in many ways.

We undertake a range of activities with the Scottish Executive funds. More specifically, the funding that supports community activity comes from the national lottery through the awards for all scheme that was mentioned earlier by David Campbell. We also run various schemes in social inclusion partnerships. Perhaps Jim Tough could enlarge on the issue of the community work that we do in order to engage with people.

15:00

Mr Tough: Most of the work that we do that is supported by the Scottish Executive's funding to tackle areas of disadvantage has to do with what you might call communities of interest. For example, in the past year or two, we have put a significant amount of effort into the arts and disabilities sector. We have worked with Lung Ha's Theatre Company, the Theatre Workshop in Edinburgh, the Birds of Paradise Theatre Company and so on, which are working to address participation in that area.

To be honest, we are still quite dependent on lottery funding to enable us to reach into the most disadvantaged communities. Graham Berry mentioned the social inclusion partnership

scheme, which was evaluated as being relatively successful in that sense and, again, our local authority partnership scheme was intended to enhance arts provision in areas where such provision was modest. Lottery funding is important for all that work. However, the good practice that has built up through lottery-funded projects has, rightly, put pressure on us to address people's aspirations and needs through the Executive grant. That is a useful dynamic.

Christine May: Given that the national lottery funding is circumscribed by time, in that it will run out at some point, what research have you done to find out what general lessons have been learned from those lottery projects and how have you built in that information to your budgetary discussions with the Executive? What changes do you hope that the Executive will make in its approach following the review as a result of the lessons that have been learned?

Mr Berry: The research that we have done in relation to lottery funding has been based on an evaluation of the effect of the funding that we have applied in the years to date. That has shown that the money has been spent fairly wisely and well and that there has been a large increase in participation.

The main lesson that we have learned is that there is still a huge demand for arts activity. The lottery has sparked off a huge amount of interest in the arts. The fact that interest in the arts has widened immensely since the national lottery started is not purely because of the lottery; there are all sorts of reasons. However, the lottery has allowed that increase in demand to be met. Now that that funding is diminishing, we will try to pick up a lot of the gap from Scottish Executive funding. Sadly, however, although the Scottish Executive funding has increased significantly, a large part of that increase has been tightly targeted towards specific initiatives, such as an increase in youth music provision. While that is extremely valuable and we are pleased about it, that funding has not increased our general fund in a way that would allow us to meet our various demands and take on board the benefits that were brought by the lottery funding.

Chris Ballance: When the arts councils were set up, the aim was to ensure that arts funding and grants were entirely separate from the Government. Is the relationship between the Scottish Arts Council and the Government in terms of priorities and so on still correct? Do you feel that there is far too much hypothecation of your funds from the Executive? If so, do you think that it is appropriate that you have funds that are ring fenced for particular elements of the arts, given that you have set new targets and priorities?

Mr Berry: There is certainly more hypothecation of the grant that we receive, although the amount that is hypothecated still accounts for a relatively small proportion of that. With the establishment of the Scottish Parliament, it was inevitable that the Scottish Executive would be more involved in the way in which our money is allocated, but it is proper that arts funding should be examined in that way. From the Scottish Arts Council's point of view, there are times when the relationship is, to be frank, a little bit tighter than we would like, but it is not yet at a stage where we are being directed in any way.

On the moneys that are hypothecated, although the Executive earmarked specific sums for youth music—some £5 million in 2004-05, increasing to £10 million in 2005-06, which are huge sums—that money arose directly from a research report that was undertaken by the Scottish Arts Council. We started off a research programme to find out what was needed in youth music, so it is not really a surprise that, when the report went to the Executive, the Executive responded by awarding us an increase in money. One cannot have it both ways. We identified a need to which the Executive responded. A similar situation arose with the national theatre. The Scottish Arts Council, in co-operation with the Federation of Scottish Theatres and others in the theatre community, developed a plan for a national theatre that was submitted to the Scottish Executive, which eventually responded with funds to support that development. Those items are the larger parts of the funds that are hypothecated.

As I said, the rest of the money that is specifically earmarked accounts for a relatively small part of the total money that we receive. Given that we have a relatively new Scottish Parliament, which clearly wants to be involved in what is going on, it is not surprising that, without directing the funding, the Executive needs to be able to influence what is being done with the money that the Parliament votes.

Chris Ballance: On a slightly different topic, are you entirely happy with current spending on voluntary arts in Scotland? For example, we have received evidence from the Scottish Community Drama Association that the Scottish Arts Council is not quite sure what criteria to apply to voluntary arts organisations in deciding whether to continue their funding.

We have also heard about the complications that smaller voluntary organisations face in filling in application forms, which can be 20 pages long for a £500 grant. Certainly, when I managed a voluntary arts organisation in Glasgow, there seemed to be a direct rule that the less money that one was applying for, the bigger the application form that one had to complete. I think that the

application forms for our £10,000 grant from the Scottish Arts Council took several days more to complete than those for the much bigger grants. Are you happy with the Scottish Arts Council's current relationship with voluntary arts organisations?

Mr Berry: The straight answer is no. I am not happy with the relationship that we have at the moment with voluntary organisations. There is a lot that we can do to improve that.

We have done a lot in the past 12 months to alter the style and format of the application forms that we ask people to complete. We have simplified the decision-making system and have made it much faster. We have provided a much more standard application form for all the departments and range of funds that we have. We have reduced the number of our individual funding schemes to a minimum. There has been a huge change in the past 12 months. If you were to look at our application forms now, you would probably find that they are a lot simpler than they were the last time that you experienced them.

That said, there is still room for improvement. This is an area that is difficult to take down a lot further, as the real problem that we have is the fact that the demand always outstrips the supply. The people who do not receive funds—inevitably, there will always be a greater number of those than of people who receive funds—want to know why we have selected someone else. The only way in which we can justify making our selection is to ensure that we have as much information as we can reasonably collect about the particular scheme or project that is being undertaken and ensure that it is properly assessed and compared with all the other applications, so that the process is as fair as possible. To do that, we need to collect quite a lot of information. There is always a trade-off between collecting too little information to make a decision and collecting too much information and overburdening people.

Traditionally, the Scottish Arts Council has supported almost solely professional arts activity. That has changed over the years and we now support the Voluntary Arts Network and a whole range of voluntary arts activities. There has definitely been an improvement but, as I mentioned, we need to take that a bit further. Our draft corporate plan, which was submitted to you, indicates our aim to increase participation in the arts, and supporting the voluntary arts sector is one of the ways in which we can seek to do that. There are changes that we will need to consider how to implement.

Chris Ballance: There does not seem to be much about the Voluntary Arts Network in the draft five-year plan that has been circulated to the committee.

Mr Berry: No, there is nothing specific in there, as that is an overarching plan that does not mention many organisations or activities by name. Nevertheless, that is something that we will look at.

Chris Ballance: On page 5 of your written submission, you give a list of Scottish Arts Council grants and how much other funding they draw down to the arts. It looks as if Scottish Arts Council grants make up about a third of the total arts expenditure. Do you have any figures that relate to the contribution that the arts make to the Treasury on the basis of that Scottish Arts Council spend? How much money comes back from arts organisations through VAT, income tax and other forms of taxation? I believe that those figures have been worked out for England or possibly for the United Kingdom. Do we have the equivalent figures for Scotland?

Mr Berry: There are no specific figures of that sort. We recently commissioned an economic impact study of the arts in Scotland from the University of Glasgow, and the results are now available although they have not yet been published. I expect that, within the next few weeks, we will have more information about the contribution that the arts as a whole make to the economy. Arts Council England has supported a study specifically on the contribution that theatre makes to the economy as a whole. We participated in that, to some extent, by inviting it to include a certain number of Scottish theatres in that survey, which will be published in the next week or two.

We will have some information about the general economic contribution that the arts make, although I am not sure that those surveys will refer specifically to the money that is generated from taxes. It may be possible to calculate that from some of the information that is available in those reports.

Chris Ballance: It might be useful if you could ensure that the committee clerks have details of those economic impact surveys.

Mr Berry: Yes, indeed.

The Convener: It would be helpful if we could get copies of those surveys as soon as they are available.

Mike Watson: I would like to follow up the points that you made in relation to the lottery. It is helpful to have the draft corporate plan, in which you outline the review that has been undertaken of the lottery strategy and list four priority points. However, the plan contains only notional figures projecting lottery income ahead over the years, which, not surprisingly, tapers away. That impacts on a point that you make in your submission. You say:

"If public support to the arts is to be directed towards all arts activity, ... to stimulate and grow audiences and to engage all communities of Scotland, then the loss from Lottery funding should be reinstated."

Reinstated from where? Straight from the Executive? Should there be diversion from other lottery funds, or should there be some other means of raising the money? It is not clear from your statement.

15:15

Mr Berry: Ideally, I would prefer it to be reinstated from Scottish Executive funds. It would be difficult to realign lottery funding because of the pressures on it. Much of our loss of lottery income has been simply because of the decline in sales. Income is not coming into the lottery stream as a whole.

From the Scottish Arts Council's point of view, the other lottery funding problem is that the distribution pattern has altered over the years and we now receive a smaller share. Therefore, two forces have been at play in reducing our money. The easiest way to replace that money would be for it to come from the Scottish Executive. Whether that is possible is another matter.

Mike Watson: If it is not possible, or if for whatever reason lottery funding continues to decrease—whether overall or simply your allocation—how will your lottery strategy be affected? In your submission, you make four basic points and indicate how they fit in with the Executive's priorities. If funding is not at the level that you have anticipated, would you have to revisit your strategy for the period from 2004 to 2009? Would you reduce pro rata? You have listed your priorities 1 to 4, although I do not think that you have listed them in order of importance. It seems, from my reading of the list, that you regard the priorities as equal. What adjustments would you make if you did not have so much lottery funding and if there had been no reinstatement?

Mr Berry: We would have to discuss that in detail with our council, but my inclination would be not to reduce funding pro rata across all activities but to reduce levels in a way that protected to some extent the community-based activities that the lottery fund supports, and perhaps to have a greater decline in the major capital expenditure funding that we support from lottery funding.

Mike Watson: I understand that answer. However, you may have heard the evidence of the witnesses from the New Opportunities Fund. We talked about the work that the fund does within its health, education and environment remit. Sport has been brought into the remit of health, for obvious reasons. In your draft plan, you mention, twice, the linking of health and arts. That seems to

me something that could well be developed. Your plan mentions two or three projects for the immediate future. Will funding for those projects come from existing funds, or would it not be perfectly reasonable for you to say to the New Opportunities Fund, "Look, this is arts, but it is arts in a cultural setting and arts in a health setting. Could we work with you in the same way as you currently work with sportscotland?"?

Mr Berry: We will take money from whatever available source. Typically, we would try to use our own funds to spark things off and perhaps to get a pilot study going. Then the first approach would be to the Scottish Executive to see whether additional funds were available from the health budget, to use your example. There has been some indication that we may be able to do that at some point in future.

I would also want to approach the New Opportunities Fund. Earlier, David Campbell mentioned the lottery distributors forum in Scotland. I have already met the other chief executives and the interim chief executive of the new distributing body in Scotland. I have indicated that I would like to talk to him about the possibility of that funding supporting a range of arts activity. That could cover a whole range—not only health activity but some of the major capital expenditure possibilities as well. At the very least, there are opportunities to explore. We could consider what could be done jointly with that particular fund. Such a meeting has not taken place yet, but I would be fairly confident that a sensible solution could be reached.

Mike Watson: So there are prospects, whether directly from the health budget or from the NOF.

Mr Berry: Yes.

Mike Watson: The other point relates to targets. Your submission states:

"Development of targets and monitoring achievement is an area of concern which we are currently working on."

It also states:

"Targets are monitored by a number of means",

including "annual forum events". What are the problems in monitoring and what form do the annual forum events take?

Mr Berry: The annual forums are twofold. We have forums relating to each specific art form, so there are separate forums for drama, dance, music and so on, to try to gauge what is going on in those sectors. We have also had forums to engage with the general interested public on what they consider appropriate for the arts and how they might contribute to the development of our aims and objectives. We hope to be able to improve on that process gradually over the years,

as we started only in the past 12 months or so. Jim Tough may be able to add more to what I have said.

Mr Tough: The forums give us a way of hearing different voices on the arts in Scotland. Inevitably, there is a tendency for us to engage with the folk we fund, but we are also interested in speaking to other people about their aspirations for the arts in Scotland, and the forums are intended to allow that. We have not finalised our arrangements, but I think that the plan for the coming round of forums in the autumn is to focus on young people and to hold discussions in schools so that we can talk to young people about what they would like to see with regard to the arts in Scotland.

On monitoring, one of the issues relating to targets is setting the benchmarks. It is about how, for example, we can assess the current involvement of under-represented groups in the arts so that we can increase such involvement. That is a difficult thing to set benchmarks for and to monitor, but we are looking at different ways to do that.

As Graham Berry said, our easiest route to delivering those targets and to measuring their success or lack of success is through the major arts organisations. One of the challenges is that arts organisations are, to some extent, hesitant about the management language of targets. That is understandable; they are arts organisations. However, we are clear that it is about public benefit and public money, and we are working closely with those organisations to try to find a common way to look at the issue in a sensible fashion.

Mike Watson: I very much welcome what you say about the forums. As a spin-off from that, you say that your target is to achieve a 70 per cent satisfaction rating. What was the most recent rating?

Mr Tough: I do not have the figures to hand, but we have measured those targets only once in the last round and I think that we exceeded that target.

Mike Watson: My final point relates to a comment that the Convention of Scottish Local Authorities made. It may be a slightly disingenuous question, and you can probably anticipate it, but what do you think your working relationship with COSLA is?

Mr Berry: We have a good working relationship. We recently had a meeting with the team at COSLA. As with all relationships, there could be improvement and more co-operation. We also have meetings with most local authorities, either individually or as cluster groups, to discuss what is and is not supported in the areas that they represent.

Mike Watson: I shall raise the issue with COSLA representatives when they come before us, but I wonder whether you could comment on something that COSLA has said. It said:

"Cosla and the Scottish Executive jointly issued guidance to councils . . . in March 2003. The input from sportscotland and the Scottish Arts Council was not significant and again is an area where more discussion should be taking place with local government."

Given the extent of local government funding for arts and culture in Scotland, I was slightly concerned about that and I must admit that I was also slightly surprised. How would you respond to that comment?

Mr Berry: That assertion is not quite correct. I acknowledge the fact that the input from local authorities to the arts is immense. We certainly would not argue that we are the only or main player. We work in partnership with many organisations and interested parties, and local authorities are clearly one of the key groups that we would seek to continue to operate with. As I said, we do that individually as well as collectively through COSLA, VOCAL—the Voice of Chief Officers for Cultural, Community and Leisure Services in Scotland—and various cluster groups.

Jim Tough may have a comment on the specific point about the national cultural strategy.

Mike Watson: My question was not about the national cultural strategy, but about the guidance.

Mr Tough: My colleague Caroline Docherty and I were involved in a few meetings with the planning group to develop the guidelines. I share Graham Berry's surprise at COSLA's comment. My recollection is that the guidelines include a series of specific case studies, which we provided.

Susan Deacon: As it seems fashionable to quote from COSLA, I ask you to respond to the suggestion that COSLA made to us in evidence that the Scottish Arts Council is not sufficiently focused on providing strategic leadership but is overly concerned with the administrative disbursement of grant funds. I listened carefully to what you said and I do not ask you to repeat any of it. However, I remain unclear about where you think the balance rests. We are in the realms of an imperfect science, but can you add anything to, or summarise, what you have said to give us a clear sense of the extent to which you feel that it is your role to establish a strategic direction and leadership for the arts in Scotland or to contribute to the Executive's doing so and then to implement much of that?

Mr Berry: The Scottish Arts Council is the only national body that exists to develop and support the arts alone. That is why we exist. We are the only body that has a national remit, although local authorities properly have a remit in their areas,

and we are the only body that has been set up specifically to support the arts alone. Although as we mentioned, many instrumental benefits, such as economic and health benefits, flow from the arts, they flow only as a natural consequence of the intrinsic value of the arts. We exist to support the value of the arts, with the understanding that the instrumental benefits flow as a natural consequence.

Our activities extend well beyond funding. There is often misunderstanding about our role because the media's key interest is in our funding decisions. Although distributing a large sum of money is a hugely important part of our work, it is only one part. We also carry out general development work, undertake research and advocate for the arts. As well as funding, we have three other strands of activity. In all those activities, our role is national, but is set in an international context. Much has been said about the arts and culture determining Scotland's image and place in the world, which is hugely important. The Scottish Arts Council has a key role in developing that image and putting Scotland on the map. In the past year or two, we have initiated a range of activities that aim to put our mark on the world in the arts sense.

Our role is to consider the national context of what the arts are trying to achieve, to support the arts and to deliver arts of quality. The quality of the art that is delivered is a key criterion and one that we use all the time—it is the main issue that we consider when we judge whether an arts activity is good. However, there is a misconception that if we fund an activity, it is good and if we do not fund it, it is bad. A huge number of excellent activities do not receive funding simply because the funds are not available. The balance between funding and not funding is extremely fine. The differences between the applications for funding that we receive are tiny and we must make a fine judgment. We bring the expertise that exists only in the Scottish Arts Council to bear not only on the individual applications that we consider but on general development of the arts, in dealing with arts organisations and artists across the country. That is our key role.

15:30

Susan Deacon: I am sure that that discussion could continue indefinitely.

I would like you to respond to another point that has been put to us in evidence—a concern that the role of the Scottish Arts Council is directed increasingly towards social action, to the detriment of consideration of how artists work and create. I guess that balancing those different objectives is a perennial challenge for you and for those involved in sport. Do you have any thoughts about how in

funding and wider practices you can strike the appropriate balance between encouraging excellence and elites—that is the appropriate terminology to use—and widening experience of and participation in the arts? I know that that is a big question to which to give a short answer.

Mr Berry: We struggle all the time to balance access with excellence, but I do not think that there is a conflict between the two. One is a natural consequence of the other, just as the instrumental value of the arts is a consequence of its intrinsic value. Over recent years, to encourage access we have become engaged in more work that is based in communities and so on. Historically, it was quite acceptable for arts councils to support a very narrow range of arts activity. At the time, that seemed to be fine and acceptable, but that is no longer the case. We are trying to widen the range of activity that we support to encourage people to become involved in the arts.

The arts in which we want everyone to be involved are arts of quality, wherever those may be delivered. The standard of delivery must change in relation to the circumstances in which the art is delivered—the experience is not always exactly the same. However, we must seek the highest possible quality of art, wherever it happens to be delivered and on whatever scale. I believe that only quality in the arts is worth pursuing and will attract a greater audience for and more involvement in the arts. Access and excellence run together. As we said earlier, the real dilemma is that, having used lottery funds and so on to create a little more interest in the arts across the population, we are unable to sustain the kind of development that we have managed to stimulate.

Susan Deacon: I was particularly interested in what you say on pages 11 and 12 of your draft plan about the First Minister's St Andrew's day speech last year and about developing the idea of putting the arts, culture and creativity at the heart of learning, especially in our schools. If we do not have time to pursue that issue this afternoon, perhaps we can get further written information on the matter, because it may be germane to some of the committee's wider thinking and work.

I am interested in two issues. The first is the information that is available about participation rates. The plan states:

"95% of children participate in one or more arts related activity".

For policy-making purposes, that figure needs to be subdivided a great deal more, to indicate the nature of the activity and participation. The same applies to the other data that you provide.

The second issue takes me back to the budget focus of this discussion. You highlight the

forthcoming curriculum review as a key opportunity to translate the First Minister's aspirations into practical reality in the classroom. Who will lead and fund that change? Are we looking at the right part of the Executive's budget as we consider how that will happen in the classroom, or do you expect local education authorities to address that?

Mr Berry: You raise a number of points. In addition to our corporate plan—committee members have a draft of the plan—we have an education strategy, which explains in more detail how we hope to achieve various aims. However, the resources that would enable us immediately to implement that strategy and those aspects of the corporate plan are not there. That will be a tool in our discussions with the Executive and perhaps this committee, local authorities and other organisations, about how we can achieve the overarching objectives in education and the arts.

The answers are not there, but the aims are—Jim Tough might have more information on that. The plan is an aspirational document, rather than an outline of a detailed series of activities. Clearly, in education, anything that we do must be done in co-operation with others. We cannot attend to the matter on our own and we are already engaged with various partners in trying to achieve an element of those objectives. We want to continue to work on further objectives.

Mr Tough: Part of our advocacy and research role is to encourage and demonstrate the idea that creativity at the heart of learning has profound effects, not just on individuals, but on the community, whether that is expressed in the creative industries or in cultural confidence. We strongly believe that. In the spirit of the First Minister's speech, we have been in discussion with people involved with Executive portfolios other than the one that serves us, to try to encourage commitment to pilot projects that would tackle the matter.

The corporate plan covers a five-year period, but some of the matters that we talk about in relation to education and creativity require a 10, 15 or 20-year vision of activity that will build something that is fundamental to the learning experience of young folk in Scotland. Our main role is to advocate that approach and to present evidence and make the case for it.

Brian Adam: I commend the Scottish Arts Council for the second of its three principal aims, which is

"to improve the quality of life for all through the arts".

What evidence can you present that you are doing that, bearing in mind the heavy public subsidy that the four main national music and dance companies receive and the small proportion of

Scots who make use of their work? What are your plans to grow participation—of players or audiences—outwith the four national companies, which appear to take the lion's share of your funding?

Mr Berry: We fund a range of organisations in addition to the four national companies. We support about 100 core-funded organisations and we consider that their task is to engage with as many people as possible. The national companies are no exception to that. Although some of the companies currently reach relatively small numbers, they aim to increase their audiences over the years. Our task—

Brian Adam: Surely there is no great evidence that they are increasing their audience numbers over the years. They appear to develop programmes, but they satisfy only the same, small audience.

What happened yesterday with Jack Vettriano's very commercially successful piece of art provides an example of how the arts lobbies reject something when it does not fit in with what they think is art. Surely we should make the arts available to all, as the New Opportunities Fund says, including those who have few or no opportunities to appreciate the arts. Perhaps what the great majority of Scots regard as art and culture does not fit in with what people in the arts communities regard as art. We should redress that balance, both through the budget decisions and through the direction we take to increase participation.

Mr Berry: The Scottish Arts Council has made a lot of changes in the past year or so. One of the key changes has been to accept that the public funds that we have at our disposal are there for all people. We are talking about public money, so the public as a whole have to benefit. The other change that we have made is to accept that all arts are worthy of support in some way—they are valid as art forms, whatever they are. We encourage people to understand that they are involved in the arts—whether or not those arts are supported by the SAC—because they read books, go the cinema and listen to music. Those are all arts. They might not all need a subsidy from the SAC, but we have to get across the message that they are all valid art forms and part of the arts continuum, which is huge and touches everybody's lives at all sorts of stages and in all sorts of activities.

People almost vote themselves out of being involved in the arts because of their narrow definition of what is and is not art. We have to get that across, which partly comes back to the advocacy and research roles of the SAC that I mentioned. We are undertaking a detailed audience research survey, which will examine who

goes to the arts activities that we support and, more important, who the people are who do not go and why they do not go. We want to get more information on that to try to extend audiences.

We have a range of audience development initiatives and an expert member of staff who deals with them. She helps the core-funded organisations, including the national companies, to engage in marketing plans and gradually to extend the nature of their audiences. She also encourages other people through our advocacy programmes that art is much wider than the activities that we support. Your question has a range of answers. A lot of the activities that we support will never have mass appeal, but there is nothing wrong with that.

Brian Adam: What might be wrong with it is a continuing skew in favour of small interest groups in terms of the national companies. Unless we grow the arts budget or change the distribution, we will not see a change.

Mr Berry: Those two points are correct. We have to work with the national companies to help them to increase their audiences, but one of the key factors that determine the audience for any performing arts or visual arts organisation is the amount of money that it has. At the moment, a large proportion of the funds that such organisations have is directed towards simply existing—paying the bills, maintaining the roof and so on.

If the money that is available to organisations was raised, that would directly increase the amount of arts activity that takes place. The audience number runs in direct proportion to the amount of activity that goes on. If theatres were able to produce another two productions a year, for example, the audience numbers for those theatres would increase. Likewise, if visual arts organisations were given more money, they would be able to present more exhibitions, which in turn would encourage more people to go to them. Audience numbers directly relate to the amount of activity and the amount of activity directly relates to the amount of funds.

Brian Adam: My worry is that if we continue to do the same thing—which is what appears to be happening—all we will do is allow the same people to go to more events. I do not know that that would satisfy the second of your principal aims, which is

“to improve the quality of life for all through arts”.

If a new opera is put on, the audience for that new opera would be substantially the same as the audience that attended other operas, which means that more public subsidy would be going to the same small group in society rather than to

increasing the number of people who go to arts performances.

15:45

Mr Berry: That would be true if nothing else changed, but we are working with all such organisations to make them change, as I said. They must understand that the challenge to arts organisations is to increase their audiences. They must do that. Another change in our draft corporate plan is the SAC's recognition that we must engage with far more people. We can deliver that only by encouraging the core-funded organisations that we support to increase audiences.

Mr Tough: I will give two examples to reassure the committee that we are not standing still and that we want to improve the situation. The Scottish Chamber Orchestra, which is a national company, has an exemplary education programme and its reach is extending. It hits the creativity in learning theme and engages new young folk in the experience of the arts.

Another musical theme involves our tune up programme, which we launched this year. In partnership with promoters, we have allowed diverse musical styles to reach distant parts of Scotland through a touring programme that is intended to reach new audiences and let them hear different kinds of music. That is a good example of a national overview allowing us to reach different communities and to give them a high-quality experience that they can enjoy.

The Convener: On a different tack, the national companies and their supporters complain to many of us about the companies' inadequate funding. It looks as though funding for the four national companies will never be adequate. Have you thought about saying, or will you ever reach the stage when you say, that rather than funding four national companies inadequately, you will forget about one and fund three well? Should that option even be considered for the sake of balancing the budget and doing things well rather than always being kicked around?

Mr Berry: I would not restrict that to the national companies. We support roughly 100 core-funded organisations that cover the country and operate across all the art forms. Some have a greater audience than others and all produce quality work. If funding to the arts is not increased in the coming years, we will need to review the role of all those organisations and whether we should fund fewer of them but to a greater extent.

As I suggested, greater value for money can be had from giving more money to some organisations and allowing them to become a resource for the community that engages with

audiences and provides arts of excellence. However, that would be a drastic step to take. Members know what follows the announcement of any reduction in funding to an organisation. The decision to reduce the funding to major organisations would be extremely serious and would be taken only after considerable consultation and thought, but it is an option.

The Convener: I thank the SAC witnesses for attending.

Our third panel of witnesses comprises Councillor Graham Garvie, the Convention of Scottish Local Authorities' culture and leisure spokesperson, and his colleagues, whom I ask him to introduce.

Councillor Graham Garvie (Convention of Scottish Local Authorities): First, I would like to say that it is a great privilege to be able to speak to you in the chamber today. I am a councillor on Scottish Borders Council and COSLA's spokesperson on art and sport. With me is Rod Stone, the head of lifelong learning and recreation for Aberdeenshire Council, and Ian Hooper, the deputy director of culture and leisure services for Glasgow City Council.

The Convener: On sport, COSLA's submission says:

"42% of Sports Lottery Funds ... is to be allocated directly to achieving Excellence ... and 33% to delivering the 6 key targets related to Widening Opportunities".

It goes on to say:

"the six key targets aimed at widening opportunities are the biggest challenges facing Scotland that require the most investment."

By that, are you saying that too much money is being devoted to achieving excellence and not enough to widening opportunities?

Mr Ian Hooper (Glasgow City Council): I suppose that the evidence insinuates that that is the case. COSLA's view is that the key challenges relate to widening opportunities. Addressing through sport the wider quality issues facing Scotland in relation to health, social inclusion, physical activity and community safety involves increasing participation among priority groups such as children and young people. We agree that the key challenges are the six targets that are set out in the sport 21 strategy, particularly in relation to increasing participation among those who are more disadvantaged and who are not participating at the moment.

The Convener: It is interesting to hear you say that. I know that sportscotland has a programme that is designed specifically for people who are achieving excellence in their particular sport. Similarly, one might argue that the Olympic bid is about the small set of people who are at the

pinnacle of their sport. Are you calling for a reappraisal of that strategy or, at least, a considerable shift in the balance of investment?

Mr Hooper: Possibly the latter. The sport 21 strategy addresses the full range of challenges in sport, from widening opportunities to achieving excellence. The issue that we raise in our submission relates to the implementation of the strategy and the balance of resources. We are supportive not only of the six targets that relate to the widening of opportunities, but of the rest of the 11 targets that are outlined in the sport 21 strategy. Obviously, local authorities focus on the grass-roots participation, although we do not do so exclusively; we do it with regard to sport 21 and to the wider policy issues that are core to the main priorities of local authorities.

Richard Baker: In your submission, you state that one way of getting around the problem of aging facilities is to improve community use of schools. I am aware that there were initially some problems with community access to schools that were built by public-private partnership schemes. Has that situation improved at all?

Mr Rod Stone (Aberdeenshire Council): A study on the community use of schools has been commissioned by sportscotland and it is nearing completion. It is likely to show that there is a great deal of underuse of school sports and arts facilities for community use. There are a number of reasons for that, many of which relate to resources and management regimes and some of which relate to facility design. COSLA says, and I certainly agree from the perspective of a rural authority, that one of the best ways of improving access to facilities is to widen community use of school facilities.

Richard Baker: That is an interesting point. It would be interesting for the committee to see the details of that research. My second point is a broader one on the role of national agencies. Your submission implies that you would like greater strategic direction from, for example, the Scottish Arts Council, but you are also looking for more local flexibility on how awards are spent on delivering programmes. Is that a contradiction? Can you give us more detail on how local flexibility could be given?

Councillor Garvie: I have been in local government for a long time and I have seen a gradual drift to the centre. I am excited about the new community governance arrangements that are on the statute book. This is a good time to revisit the role of local authorities in the provision of a range of services, of which the arts and sport are two. There is an opportunity for a clear distinction to be made between the wider strategic issues that have to be addressed and the delivery of those services to the people whom you and I

represent. If more authority was given to people locally under the community governance arrangements, the system would be more efficient and effective and the decisions would be better appreciated in the localities that we represent.

Richard Baker: Does that mean that the moneys that are administered by the New Opportunities Fund should be administered by local authorities or just that those funds should be implemented and managed locally?

Councillor Garvie: As a local government man all my life—I was an officer and I am now a councillor—I would argue strongly that governance of society has drifted to the centre. This Parliament was set up because that had happened over hundreds of years. We now have this tremendous Parliament and we believe that the time has come for Scottish local government to be given close consideration, so that we can give power back to the people. I am pleased that the Parliament has recognised that in the statutory framework. Everyone to whom I speak wants the Parliament to succeed and wants local authorities to succeed in delivering what the Parliament and local councillors want to do. I urge you as MSPs to consider that, to see how we can improve delivery. Across the spectrum of bodies, there are many agencies that are confused, through no fault of their own, by their multifunctional roles in delivering both strategy and grant funding.

Mike Watson: I will ask a couple of questions on sport and one or two on cultural issues. I am not sure whether you heard the evidence from the New Opportunities Fund witnesses.

Councillor Garvie: We did.

Mike Watson: They talked about their role in working with sportscotland on funding sporting facilities and activities. In your submission, you say:

“Lottery Funds should continue to support improving the infrastructure.”

Obviously, you will be pleased to hear what they had to say on that. You go on to say:

“It is ... recommended that ‘Levelling the Playing Fields’ support for PPP’s be extended to include cultural and leisure facilities.”

Will you explain what you mean by that?

16:00

Mr Hooper: That point is raised in the context of the condition of many public culture and leisure facilities, including sports facilities, in Scotland and the United Kingdom. That is a significant issue. The paragraph that you highlighted relates to the different ways in which, through funding, we can raise finance to address the condition and quality

of aspects of the infrastructure—I am thinking of swimming pools, playing fields and so on—that through sheer age are past their useful life. Lottery funding is one approach and the prudential borrowing framework that is being introduced for local government offers local authorities another good option for raising funds. Moreover, extending the PPP model for improving schools in Scotland to culture and leisure facilities, as has been suggested, might be another option for raising finances to address the serious problem of the state of some of Scotland's facilities.

Mike Watson: Your response is helpful, although I interpreted the statement about PPPs slightly differently. I can speak with any knowledge only about Glasgow, but I know from my experience and from anecdotal evidence that PPPs have produced new schools and sporting facilities that cannot be used significantly outwith school hours because of running costs, which means that the full community cannot use them. Apart from the obvious answer that local authorities need more resources, what is COSLA's response to getting round that problem?

Councillor Garvie: I do not have a lot of experience with PPP projects; indeed, I do not like the system in principle. However, I suppose that we have to live with it, and I understand that Scottish Borders Council is considering such an approach for the current school estate.

I very much take Mr Watson's point. We have to find ways of writing into the contracts in a cost-efficient and effective way that the purpose of the exercise is to serve not just children during the day but those in the rest of the community who want to use the facility. For example, the new extension to Peebles High School is not used after 4 pm. We are looking at that situation, but the mentality of serving the community has to be written into any PPP contracts that a local authority enters into. If it is not, what are we about? We are not about funding private companies, but about delivering services to the people whom we represent. We have to get round that problem, but I cannot give you any details because our authority has not yet examined the matter.

Mr Hooper: Although I feel that we have addressed the issue in Glasgow, I concur completely with Councillor Garvie's remarks. On the arrangements for, and the scale and extent of, community use of school buildings outwith normal school hours, the devil is in the detail that is written into the PPP contracts. Such detail is crucial to the effectiveness of those contracts, not only in delivering for schools and the curriculum but in allowing schools to fulfil their wider role of providing valuable facilities for the community.

Mike Watson: I wonder whether that response is connected to a comment in your submission

about the action plans to deliver the sport 21 targets. You say:

"There are issues still to be addressed particularly regarding the resources required to implement the Action Plans".

Does that comment cover the areas that I highlighted in my previous question?

Mr Stone: Yes, to some extent. There is no getting away from the fact that, for us, funding is the great limitation of PPP programmes for schools. There are two difficulties: unless adequate funds are available, both the number of sports and arts facilities that can be included in a new school design and the ability to staff facilities outwith the school's core operating hours will be constrained. Local authorities are able to deal with the problem only by what might euphemistically be termed the rationalisation of existing resources. I say "euphemistically" because, if we wanted to invest more money in community facilities in a PPP school, we would really need to close other facilities or reduce funding elsewhere.

On the broader question of implementing sport 21, I should point out that very ambitious targets are set in that document. We will achieve the massive increase in participation and the significant rise in standards and the number of facilities to which we aspire only if we address the funding issue. We are not so gung-ho as to believe that a raft of new resources will be provided. We are realistic enough to accept that we must consider making better use of existing resources. However, there are major issues about how we use existing resources to best effect, which must be tackled by all concerned—local government, sportscotland and national governing bodies. If the issues are not tackled, the targets are unlikely to be achieved.

Mike Watson: Your final point was important. I want to turn to the cultural sector and your comments about the national cultural review. I understand that the minister will announce the publication of the review on Thursday. You pointed out in your written submission:

"There might be opportunities for a degree of rationalization among the range of NPDB's"—

and so on—

"given the complexity arising from the current structural arrangements".

Can you explain what you mean by "complexity"?

Mr Stone: We touched on that in the last line of the paragraph from which you quoted. I apologise for the paragraphs having bullet points rather than numbers. However, the paragraph refers to the number of cultural agencies in Scotland with which local authorities, individuals, voluntary groups and so on must deal.

Mike Watson: So it is the very number of organisations that leads to the complexity.

Mr Stone: Yes.

Mike Watson: That need not be the case, but it is.

Mr Stone: Yes, it is the case. For example, a voluntary organisation in the middle of Glasgow or Aberdeen that wants to apply for help, advice or money might cross the boundaries of the cultural agencies, which would have resource implications for the voluntary organisation. We feel that the time is right to have a good look at that situation. The cultural agencies have been in place for a long time and they do first-class work. However, you and I represent the customer's point of view and we need to ask whether the existing situation is working as well as it can for them. COSLA is not sure that it is.

Mike Watson: I look forward to reading COSLA's submission for the review.

My final question is one that I asked earlier of the Scottish Arts Council, which you might have heard. You have commented on your relationship with the Scottish Arts Council and, to some extent, sportscotland, particularly in terms of how you operate. I previously raised the question of the guidance on the national cultural strategy. However, you raised another point in your written submission about the active schools programme:

"The Active Schools programme is an example where earlier discussion may have led to a less inflexible and more creative approach to programme delivery."

Those are serious criticisms and I am sure that they were not made lightly. In general, how do you feel about your relationships with the Scottish Arts Council and sportscotland? Apart from the points that you have highlighted, how could those relationships be improved?

Mr Hooper: Perhaps I can use the active schools programme as an example of how the relationships could be improved. That is not to say that there are not reasonable working relationships. The issue is more about how we can be constructive and strengthen the relationships. That is the approach that I want to take, and it has come up in a number of places in the evidence, including the earlier discussion.

In terms of the key role of the national agencies, the issue is the balance between their strategic, developmental, research and best practice, and grant administration roles. I suppose that we are asking whether the balance is right. For example, one could argue that there is too much discussion about the administration of grant initiatives. Perhaps more of the discussion between the local government sector and the national agencies could be about the core issues—for example,

issues that have been discussed here today, such as the infrastructure, how we raise participation levels and how we improve the community use of schools.

Greater discussion, more officer time and more political time should be devoted to the core issues and perhaps less time should be spent on the implementation of grant initiatives, such as lottery applications, the cultural co-ordinators programme and the active schools programme. A lot of time is devoted to detailed local discussions about how we administer the implementation of the programmes, but there are more cost-efficient ways of dealing with that, which would allow more resources or time to be spent on core, strategic issues.

Mike Watson: That seems to be a question of relationships with the Executive, rather than with the Scottish Arts Council or sportscotland.

Mr Hooper: It is about relationships all round. The Executive is involved, as are sportscotland, the Scottish Arts Council and local government.

Mr Stone: I heard your question and the responses to it from Graham Berry and Jim Tough. We are not saying that there is no contact at all, but we are suggesting that there is some scope for improving the nature of the contact. It is one thing to have periodic meetings, but it is another to have regular meetings to consider major strategic issues that are of concern to both sides and to work together to try to tackle them. It is one thing for us to be involved in cluster meetings with the Scottish Arts Council or to have meetings with the partnership manager in sportscotland, and another for us to have engagement at a senior level in organisations.

We need to ensure that the national agencies engage not only with front-line staff who are involved in delivering local sports and arts programmes, but with chief executives and directors of education, for example, to consider the role that sport and the arts can play in the cross-cutting agenda and to consider resource issues within local authorities and the amount of attention that is being given to sport and the arts and how they can contribute to better health, lifelong learning and inclusion. It is only in the nature of the contact that there is some scope for improving on the existing arrangements.

Brian Adam: I am broadly sympathetic to your suggestion that consideration should be given to a little more local decision making on the distribution of funds, but it would be a little refreshing if someone were to appear before us and suggest that they had too much decision making and that it might be better if someone else took it on and took the budget with it. Inevitably, you are open to charges of self-interest on that.

You suggest that national organisations devote too much resource to the administration of the distribution of grant funds. Would you care to give us some specific examples in which you feel that that is the case? You also suggest that the accounts of the Scottish Arts Council and sportscotland are not as accessible and transparent as they might be. Would you care to give us some examples of where you find those accounts to be rather opaque and suggestions on how they might be better presented?

Councillor Garvie: I will take a second to deal with your first point. I am not a councillor for self-interest: I represent the commonweal and the common good of the people. I have no self-interest, and I do not really understand the point.

Brian Adam: The comment was facetious. Do not take it to heart at all.

Councillor Garvie: Ian Hooper will deal with the first question.

Mr Hooper: I have given one example already—the active schools initiative—and another might be the cultural co-ordinators initiative. The social inclusion project lottery programmes that are administered by sportscotland and the Scottish Arts Council involve national agencies in local, detailed discussions at community level. Might there have been another way of dealing with the allocation of funds? It is interesting to note that the New Opportunities Fund has developed some different ways of dealing with lottery programmes, such as giving allocations to agencies that work more locally, which allows a more strategic but more flexible approach to be taken locally. Perhaps there are some lessons to be learnt from the way in which the New Opportunities Fund has dealt with some of its programmes, such as the NOPES programme.

Mr Stone: Brian Adam asked for examples. The example that springs to mind is the new opportunities for physical education and sport programme, which has been mentioned. Two years ago, we were working on programmes and project proposals to submit to the NOF. Local authorities had six months in which to consult, put together costed proposals and submit those proposals to the NOF. Some 20 months later, we still have not obtained all the funding for the projects that we proposed. There is, therefore, frustration with the time that it takes to process applications, as well as with the amount of work that has to be put in to satisfy some lottery distributors that the money is being used prudently. We are sometimes asked to put in a great deal of work in relation to relatively small amounts of money.

16:15

Brian Adam: Surely the point that you made in your submission is that too much of the distributors' resources are being tied up in that process, but you are now saying that too much of your council's resources are being tied up, with no certainty of a return. That is a perfectly valid point to make, but it is not the point that you made in your submission. Are there examples of how distributors use too many of their resources on administration rather than on grants?

Mr Stone: I apologise, as I have obviously not answered the question clearly. The point that I was making was that a great deal of a local authority's time is required not only to make an initial submission, but to deal with all the subsequent inquiries and provide all the information that the NOF seeks. A great deal of administrative time on the part of the NOF is also required to process such things. We suggest that a much more efficient way of dealing with things would be by following up the allocation to each local authority that was indicated at the outset with a requirement on the local authority to indicate the outcomes that it saw being achieved. The check would be that such outcomes were being achieved. It would be left to the local authority to be able to determine exactly what happens to satisfy the NOF, or whoever, that outcomes are achieved. Currently, there tends to be a lot of scrutiny relating to inputs and processes before we get the money drawn down, which is frustrating.

Christine May: I want to return to aging facilities. I recognise the validity of all the points that are made in the submission, but if there are no facilities in which any of the activities can be delivered, all the schemes are worthless. To some extent, are we not pussyfooting around the fact that there is a huge capital investment crisis, as there was in the schools estate? I see nothing that says that you are talking to the Executive about something like the education PPP, which grew out of frustration that, at current levels of growth, budgets in education would not be sufficient to deal with that crisis. What is COSLA doing to find a similar innovative solution for cultural and sports facilities?

I will make a second point, if I may. Disadvantaged groups in particular need facilities close to where they are, because they cannot afford transport costs to get them to larger, more concentrated facilities that are a little further away. Would you therefore deal with that transport issue and the local, smaller issue?

Councillor Garvie: I assure you that, under the comprehensive spending review, colleagues and I regularly meet the Minister for Tourism, Culture and Sport, Frank McAveety, and his civil servants,

and Pat Watters, who is the president of COSLA, and emphasise the point that you have made. That is not in the submission, which is not all-inclusive, but we press constantly for capital expenditure availability, whether under PPP, prudential schemes or whatever, to do the kind of work that is essential to bring our recreational facilities up to the standards of many other western European countries. My colleagues might wish to amplify the details, but, as far as I am concerned, that is a high-priority issue for us at a political level and we constantly raise it. The issue is before the Executive and ministers.

Perhaps Mr Stone would like to add to that.

Mr Stone: The need to tackle infrastructure problems was the single biggest issue that COSLA flagged up in its submission on the comprehensive spending review. VOCAL has made exactly the same point. We have suggested that there may be a variety of ways in which we can lever in money to address the problem of aging facilities, but the scale of the problem is huge. Sportscotland has estimated that we need to spend something like £500 million over 25 years to upgrade the existing stock of swimming pools. It has just completed research that is likely to indicate that several hundred million pounds of investment is required for other indoor and outdoor sports facilities. Clearly, that sort of money is not available, so we must look for imaginative ways in which to tackle the problem. Unless we start to make inroads into that, participation in sports and the arts will no longer be attractive because we will have no functional and attractive facilities to offer to the public.

Councillor Garvie: I ask Mr Hooper to answer the question about disadvantaged groups and transport facilities.

Mr Hooper: We know from our work in rural areas and in Glasgow that lack of transport can be a key barrier to the use of local facilities. Local facilities, including schools and primary schools, can play a key role in providing opportunities for community participation. We make the point in our written evidence that the Disability Discrimination Act 1995, which must be implemented, has significant implications for many cultural and sporting facilities in Scotland. It adds weight to the need to address the issue of infrastructure and the cost that the public sector in Scotland faces.

The Convener: One final question arises from the section of your written evidence that is entitled "Role of National Agencies". You say:

"At the heart of questions such as value for money and cost-effectiveness is the key question of whether agencies such as sportscotland and Scottish Arts Council are effectively fulfilling their key roles."

Having posed the question, what is your answer to it?

Councillor Garvie: I have never been keen on what are now called NDPBs—they used to be called quangos. I am a great democrat—as I am sure that you and your colleagues are, convener—and I think that society should be sparing in what we put out to non-elected bodies. Some are essential, but it is time for us to have a long, hard look at what we do with those bodies and what roles they are being asked to fulfil. We think that there are too many of those bodies in the area of arts and sport, and I beseech you to have a long, hard look at the matter with the Scottish Executive to see whether there can be a rationalisation. I hope that that might happen in the review. My personal view is that it is time to look at the matter to see whether our scarce resources can be used more effectively for the people whom we represent.

The Convener: That was not quite the question. You ask whether the agencies are fulfilling their key roles. Are they?

Councillor Garvie: I do not know the answer to that question. Perhaps my colleagues can answer it. I have not been involved directly for a long time: I was elected to the council only last May, so I am new to my role. So far, I have dealt with sportscotland. I am not really qualified to answer that question, so I ask my colleagues to do so.

The Convener: It is an old adage in politics that one should never ask questions unless one knows the answers. I wondered whether, having asked the question, you had an answer—collectively.

Councillor Garvie: I have found generally, during my life in local government, that remote government rarely means excellence. We should look at who is doing what in Scotland in this area. I am sure that the bodies in question do excellent work within their roles, but it is time that the roles were revisited. That is my position. I am not sure whether my colleagues wish to add to that.

Mr Hooper: I would add only that, by definition, the bodies in question are national agencies whose role should be, in large part, strategic. When areas of their work impinge on local delivery or are more concerned with local delivery, one might question whether that is an effective use of their resources. I am expressing again something that I said earlier. The key question is whether their staff—they would argue that they have scarce staff resources—are fully dedicated to their strategic roles or whether staff sometimes get too tied up in what might be better delivered by other agencies more locally.

Mr Stone: The organisations are, to some extent, fulfilling their roles, but the big issue is to what extent. COSLA will wish to make a detailed

submission to the national cultural review, but it has concerns about the degree of centralisation that is taking place and about the number of organisations, the potential duplication and the lack of clarity about who is responsible for what. The sheer number of such organisations, particularly cultural ones, is a matter that must be addressed. However, the situation is complex and to give a sensible answer, we would need to go into much more detail than we could do this afternoon.

The Convener: I am sure that we will hear your views in due course.

Councillor Garvie: That is what I meant to say, convener.

The Convener: I thank the witnesses from COSLA for their evidence.

Subordinate Legislation

Individual Learning Account (Scotland) Regulations 2004 (SSI 2004/83)

16:26

The Convener: Agenda item 2 is to consider under the negative procedure the Individual Learning Account (Scotland) Regulations 2004 (SSI 2004/83). We have taken evidence on the matter previously. We have with us officials from the Enterprise, Transport and Lifelong Learning Department and the Executive's legal team, should members wish to ask further questions on the issue. Do members have any further points to raise?

Christine May: You will recall, convener, that the Subordinate Legislation Committee made detailed comments, particularly on aspects of determining what might or might not be a suitable person or organisation to deliver individual learning accounts. Given that you are my colleague on that committee, do you feel that we should pursue the issue, or should we simply accept the responses that we were given?

The Convener: Because the regulations are being considered under the negative procedure, the only courses that are available to us, other than questioning the officials who have kindly agreed to appear before us, are to lodge a motion to annul the instrument or simply to take no further action. Although the points that the Subordinate Legislation Committee raised are of interest, and the Executive in its response said that it would consider them, nobody would take the view that they should be fatal to the regulations. However, the points raise interesting issues about the interaction between domestic and Community law—I suspect that the lawyers are even now poring over them.

Christine May: I flagged up the issue merely because I felt that it was right that the committee should know that the Subordinate Legislation Committee commented on the regulations, in case members had missed that in their briefing papers.

Mike Watson: I want to mention question 5 in the Subordinate Legislation Committee's report. On the issue of the treatment of European Union citizens, the report mentions

"doubts, acknowledged by the Executive, as to whether"

the regulations are

"wholly compatible with Community law."

The report mentions

"the Executive's undertaking to look further at the point and to bring forward amending legislation if necessary."

However, I am not sure that simply amending the regulations in future would be appropriate. Should we proceed with legislation when we know before it is introduced that it may well need to be amended?

The Convener: At this point, I will introduce our two witnesses, who are Laura Barjonas from the Enterprise, Transport and Lifelong Learning Department and Colin Gilchrist from the Executive's legal team. I ask whether they wish to address that point.

Colin Gilchrist (Scottish Executive Legal and Parliamentary Services): The Subordinate Legislation Committee raised a doubt as to whether the restriction on UK working of European Economic Area nationals is in compliance with Community law. We investigated the point and found general grounds for doubt in article 12 of the treaty of Rome—the prohibition of discrimination on the ground of nationality—and in provisions in Council regulation 1612/68 that say that European Union nationals should have the same ability as UK nationals to access vocational training and retraining centres. It is not clear cut that a limitation on UK working in the regulations necessarily breaches those general provisions. The Executive has acknowledged the doubts that the Subordinate Legislation Committee expressed, but we do not take the view that the provision necessarily contravenes EU provisions.

16:30

Mike Watson: It struck me that a relationship existed. When legislation to end student tuition fees was introduced, a clear distinction was made on the Executive's ability to deny students who are resident in England, Wales or Northern Ireland free tuition and not to deny it to those who are resident in the Republic of Ireland, France or Germany, for obvious reasons. Does a similar situation arise with the regulations?

Colin Gilchrist: The limitation on UK working is slightly different from residence criteria. In the recent case of Collins, which was about jobseekers allowance residence criteria, the European Court of Justice held that if residence criteria are based on objective grounds, irrespective of nationality, they can be justified. The regulations that we are discussing impose a UK working limitation, which is different from a residence limitation.

The Convener: Does the committee agree to take no further action on the instrument?

Members indicated agreement.

The Convener: I thank the witnesses for attending and I am glad that we could put you to some use.

Items in Private

16:32

The Convener: Agenda item 3 is consideration of whether to take in private a briefing from the Finance Committee's adviser at our next meeting, which is on 27 April. I intend that item to be placed at the beginning of next week's meeting so that we can inform ourselves before we talk to sportscotland and the minister.

Christine May: As I intimated to you at the beginning of the meeting, convener, I feel slightly concerned about the item in the papers that we received today that said that neither of the two candidates to whom the position of financial adviser to our committee had been offered had been able to take up the post. My concern is that, although I am a committee member, I learned about that through publication of the public papers. I would have appreciated an e-mail to let me know that in advance.

The Convener: There was a delay in getting hold of the first potential adviser whom we identified. When we did so, we found that he had changed employment to the extent that he could not act as adviser. By that time, we were close to the beginning of the recess. We tried to contact the second potential adviser, who was also unavailable. I take your point that we could have told members about that by e-mail in the week before the recess. We undertake to do that should a similar situation arise again.

Mike Watson: Is it too late to take on anybody else? We are at the start of the process, which runs for a considerable time.

The Convener: We could consider that. We are due to report to the Finance Committee by 18 May. To an extent, the budget process never stops. We will need to consider how we proceed. I do not want to do that without an adviser, but at present we have no opportunity to follow the necessary procedure to identify another adviser and to report to the Finance Committee on time. I thought that at least having the advantage of Professor Midwinter's advice would be better than no input.

Mike Watson: We have a good paper from Stephen Herbert of the Scottish Parliament information centre. He is here in the room, so I will not say anything unpleasant about him—as if I would. Could he give us more advice than normal, given that we have a gap?

The Convener: Yes. We will ensure that Stephen Herbert attends for the item at next week's meeting. Do members agree to take that item in private?

Members *indicated agreement.*

Meeting closed at 16:36.

The Convener: The final decision is on whether we will consider in private our future work programme at our next meeting. I have put that on the agenda because the committee has existed for almost a year and I thought that now was a good opportunity for us to take stock, to examine whether any of our decisions about our work programme need revisiting and to decide whether we want to delete or add anything. That will give members the chance to say how they wish the committee to proceed in the coming year. Do members agree to take that item in private?

Members *indicated agreement.*

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