

# **ENTERPRISE AND CULTURE COMMITTEE**

Tuesday 27 April 2004  
(*Afternoon*)

Session 2

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## **ENTERPRISE AND CULTURE COMMITTEE**

### **13<sup>th</sup> 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 GAVE EVIDENCE:**

Lee Cousins (sportscotland)  
Stewart Harris (sportscotland)  
John Mason (Scottish Executive Education Department)  
Mr Frank McAveety (Minister for Tourism, Culture and Sport)  
Ian Robson (sportscotland)  
Mr Jim Wallace (Deputy First Minister and Minister for Enterprise and Lifelong Learning)

#### **CLERK TO THE COMMITTEE**

Simon Watkins

#### **SENIOR ASSISTANT CLERK**

Judith Evans

#### **ASSISTANT CLERK**

Seán Wixted

#### **LOCATION**

The Hub



## Scottish Parliament

### Enterprise and Culture Committee

Tuesday 27 April 2004

(Afternoon)

[THE CONVENER opened the meeting in private at 14:04]

14:33

Meeting continued in public.

### Budget Process 2005-06

**The Convener (Alasdair Morgan):** As we are going to consider the budget, I ask members to declare any registrable interests in the areas that we are about to scrutinise—namely sport and the arts.

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

**Susan Deacon (Edinburgh East and Musselburgh) (Lab):** I am a member of the strategic advisory group on the future of Scottish rugby, which the Scottish Rugby Union set up.

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

**The Convener:** For agenda item 2, we are taking evidence from sportscotland, in pursuance of our consideration of the budget. We have with us Alastair Dempster, who is the chairman—*[Interruption.]* He is not here; I am reading from an out-of-date briefing about who we hoped would appear. I should read the witnesses' names from the name-plates, but they are too far away for me to do that. We have with us Ian Robson, who is sportscotland's chief executive. To prevent further mistakes, perhaps he could introduce his two colleagues.

**Ian Robson (sportscotland):** I apologise for the absence of my chairman, Alastair Dempster, who is attending a conflicting board meeting of Communities Scotland in the west today. I am joined on my left by Lee Cousins, who is my head of policy and strategy, and on my right by Stewart Harris, who is the director of widening opportunities.

**The Convener:** We will move straight on to questions. Your submission says that your

“facilities strategy should be seen in the context of a decaying facilities infrastructure throughout the country.”

You talk about auditing facilities. The Convention of Scottish Local Authorities also referred to the problem in its evidence. I suspect that it was prepared to be a bit more up front about how bad the decline in the state of our leisure and sports facilities throughout the country is. Are you prepared to say more about how serious the problem is?

**Ian Robson:** I can report that at the end of the week we and Scottish Executive colleagues will meet the consultants who conducted our audit of facilities, which covers indoor halls and incorporates the work that we undertook some years ago on swimming pools and outdoor playing fields. It would be erroneous of me to paint anything other than a fairly challenging picture of what is likely to emerge from that.

To give us a feel for what is likely to emerge, the report “The Ticking Time Bomb”, which was on Scottish swimming pools—some members may be familiar with it—talked about a resource challenge in the next 20 years of about £450 million for investing or reinvesting in our swimming-pool infrastructure. Swimming is a sport and an activity that is incredibly important to Scots. One in five Scots swims once a month and swimming pools are a critical part of our provision. They will be especially important to our partnership work as we embrace the broader elements of a physical activity strategy for Scotland.

**The Convener:** Did you say that £450 million would be needed over 20 years?

**Ian Robson:** I think that that is the approximate number.

**Lee Cousins (sportscotland):** The figure is £540.22 million, to be precise. It is a big number.

**The Convener:** In proportion to the Scottish Executive's total budget, the amount is not huge, but if sportscotland funded that capital expenditure from its own revenue, it would find that a huge amount of money.

**Ian Robson:** It is important always to have in mind the overall decline in lottery funding that we have endured. In the period of peak lottery funding, which amounted to about £32 million or £33 million in 1997, we focused all those resources on capital endeavours. Today, we are within sight of £18 million per annum or perhaps less. We are also making significant revenue-based investments from lottery funding, such as the institute network, which involves not only the Scottish Institute of Sport in Stirling, but the area-based network throughout Scotland. That critical foundation stone for Scottish sport is funded from the lottery. The lottery is being asked to do more than it was initially envisaged that it would do, at a time of overall decline in the lottery pot. Obvious broader questions have been well discussed in the

media about challenges such as the funding for the London 2012 Olympic bid. We might or might not wish to explore that further today.

**The Convener:** I am sure that we will explore that. Is the money that you are talking about intended to address the problem of decaying infrastructure, which existed before lottery days? That is the impression that I picked up from COSLA last week. Does it also take into account the problem that the brand spanking new stuff that we have created with lottery money will not be brand spanking new in 25 years if we do nothing to it?

**Ian Robson:** Yes and yes. By way of a practical example, we are in the middle of an exhaustive process of assessing a range of submissions under the national and regional sports facilities strategy that was launched by Mike Watson when he was the minister responsible for sport; he will be familiar with that. One of the key rigours that we are bringing to that assessment process is capital raising and, dare I say it, raising the capital to get the facilities built is almost the easier part of the process. As we have seen recently with facilities such as Drumoig and Ratho adventure centre—for the sports of golf and rock climbing, respectively—the real challenge is to keep facilities open with a sustainable revenue tail that permits cash reserves to be built up for reinvestment.

More specifically, multipurpose pitches in indoor halls tend to be replaced every three to five years when they wear out. If the organisations are going to have the resources to reinvest and ensure the levels of participation in all the work that we do with young people, the word that keeps coming back is “quality”. People want to use quality facilities and take part in quality programmes, so a high level of reinvestment is critical.

**Brian Adam:** I am particularly interested in the national and regional sports facilities strategy. To some extent the convener has explored the statement on page 5 of your submission that

“the facilities strategy should be seen in the context of a decaying facilities infrastructure throughout the country.”

It is also true that we do not have a range of facilities throughout the country. I am aware that there are significant bids for regional sports facilities throughout the country, some of which seek to address decaying facilities and some to address a shortfall in facilities. What balance are you going to give to filling in the gaps? To what extent are you going to address the issue of those decaying facilities with the £30-odd million that you have at your disposal along with the lottery funding? I am particularly interested because a bid is coming from the north-east that has significant

public and private sector partners and money already committed.

**Ian Robson:** Indeed. The national and regional facilities strategy process is well advanced. Bids were due in at the end of March and, together with our consultants and colleagues at the Scottish Executive, we have been busy interviewing all the applicants and the partnerships making those applications. We plan to take recommendations to our council meeting at the end of May so that we can discuss them with the Executive with a view to the minister making announcements at the end of June, which is the well-publicised timetable.

The strategy was never focused on rebuilding or reinvesting in existing facilities per se. It came about as a result of a piece of work that focused on the gaps in provision. I understand that you have a close affinity with football, as does Mike Watson. When we say that we in Scotland do not have a full-size indoor football pitch for our national sides to use, let alone any of the younger and developing sides, and when we compare our facilities not so much with those of our Celtic cousins or those south of Hadrian’s wall but with those of countries such as Denmark, Norway and Iceland, it is clear that the issue has to be addressed.

We have spoken to our local authority partners and governing body partners. Rather than try to design bespoke solutions for some of those sports, we have tried to engineer partnerships that will bring them and their local authority partners together on a regional basis.

I have made several visits to the north-east and am well aware of the ambitions and plans that are being spoken about up there. However, we are intent on delivering a regional network across Scotland. It has been challenging, but some of our partners have chosen to make public their ambitions, particularly about what share they would like of our almost £50 million pot. That has proved to be challenging in terms of managing expectations, but we are alert to that.

14:45

**Brian Adam:** Given that the aim of the initial strategy was to plug the gaps in the range of sports that were catered for and in the range of facilities in the country, can you reassure me that most of that money will go to plug those gaps rather than to refurbish existing facilities?

**Ian Robson:** That is the strategic direction and policy that Mike Watson outlined in March last year, when he was the Minister for Tourism, Culture and Sport.

As I said, some of the aspirations that have been expressed privately and publicly go

somewhat beyond the guidance that we had given as to the levels of funding that we might be able to provide. To return to the convener's opening remarks and my response to them, we will not apologise for what will be a rigorous assessment process. If any of the applications come up short, either on the capital side or on the revenue side, or on both sides, that would be a sad outcome, but a worse outcome would be to fund facilities that either never get built because the funding packages do not emerge or have so many question marks surrounding the revenue that is required to make the facility economically viable that they would be rendered redundant almost before they are built.

**Brian Adam:** I understand that.

Can you give us an idea of where the appointment of consultants to conduct a review of youth football development will take us? When will a report be available? Mr Baker and I have a particular interest in this as we have been charged with undertaking an inquiry in this area.

**Ian Robson:** We would be delighted to spend some time with Richard Baker and you to talk about the full extent of the PMP Consultancy report. We thought that, in our discussions with Scottish football, the appropriate level of engagement for sportscotland, as the national agency, was not at the professional end of the game. There is a parallel with the challenging work that I know that Susan Deacon has been doing on the regeneration of rugby union in Scotland. We believed that there needed to be some clarity and more streamlining of processes in youth football. More particularly, we felt that we needed to find some solutions to help football to understand that, at the young end of the scale, it does not have a recruitment problem but it has a retention problem. The problem relates to young boys in particular. There is a fantastic growth in the number of young girls playing football and the Scottish women's team is in a far better position than the Scottish men's team at the moment. The performance of the team led by Vera Pauw is fantastic and we should all be proud of it.

We needed to unlock some structural barriers. Those activities do not make attractive headlines in the tabloids but relate to the registration processes and the bureaucracy that exists in some of the junior leagues. The bureaucracy is cluttered. Is there one governing body or not? We could not sit on the fence and talk about all those issues in an almost arrogant sense; we had to engage with football. The pleasing thing is that football came to us and asked for help. We worked with the Scottish Executive and engaged consultants who spoke to people across Scotland. The timing was critical as we felt that we needed to take a longer-term view. The problem has not

emerged overnight and will not be solved overnight. We thought that it was critical from the outset to take a 10-year view.

We were delighted that we, the Executive and our partners have been able to package a funding commitment involving the Scottish Football Association that will unlock some modernisation and bring about some changes in the way in which it governs the game. There will be critical points along the way. Following on from the launch, the first meeting of the implementation steering group will take place next week. It involves representatives from sportscotland, the SFA, the Scottish Youth Football Association, the Scottish Schools Football Association and the Scottish Women's Football Association. We will shortly announce the appointment of an implementation manager to drive the work forward.

**Brian Adam:** Do you think that having a 10-year programme is the way to go with other sports as well and that long-term funding is key to success?

**Ian Robson:** I know that there is frustration among some of our partners at the apparent inability to make long-term commitments. That needs to be said in the context of our spending review settlements and the three-year cycle of funding that is confirmed by the Executive and indeed, the four-year cycle of lottery strategies.

Beyond that, in our commitment to golf arising from the legacy of hosting the Ryder cup and in the club golf work that we are doing, there is a template for football. We would welcome discussions with colleagues at Murrayfield if a framework emerges from the work that David MacKay and Phil Anderton are leading—of which Susan Deacon has been part—and they can provide milestones and outputs that will give us the comfort to invest. That is the sort of template that we encourage.

**Richard Baker (North East Scotland) (Lab):** I welcome the chance of a meeting. I am keen that consideration should be given to supporting clubs and the community youth work that they do. I offer a supplementary to the point about the regional facilities: you say that it is partly dependent on the bids made and the funding from local authorities. Is there a danger that there will be a patchy standard of facilities and that not all the facilities will reach the standard that we want throughout the country if they are dependent on the scarce resources in the budgets of some local authorities?

**Ian Robson:** We should not kid ourselves. Some outcomes will put some areas of Scotland in a potentially stronger position than others because of the limitations that you have just described. Local authority capital and revenue budgets are a critical element of that.

We have also tried to introduce other partners, such as the university sector. Some of the professional sports, such as rugby and football, should feed off the template of partnership working that the area institute network has set in place. The link with the professional clubs is that, in effect, we are giving the clubs an opportunity to access academy-type facilities without having to stump up the cash to build or fund them other than by making a long-term commitment on how many hours a week they want to use them and how much per hour they are prepared to pay for them.

**Murdo Fraser (Mid Scotland and Fife) (Con):** I want to pursue the question of the likely impact that a successful London Olympic bid would have and how that might affect lottery funding. Have you assessed what impact that might have on your income?

**Ian Robson:** We have done some initial work based on the estimates and guidance that our colleagues at the Department for Culture, Media and Sport in London have given us and we have been greatly comforted in recent weeks by some of the discussions that we have had. We are now able to put in context the framing of the potential asks on sport as a good cause—as well as those of sport as one of the good causes. We have been able to give the DCMS comfort about the type of investment that we are already making with lottery funding—we have already touched on the facilities as one element of that. That programme is up and running; we did not need a London bid for us to be doing those sorts of things.

Equally, we are an existing and significant investor through our lottery revenue programmes—for example, in the world-class performance programmes for UK athletes. We are tremendously pleased that 23 per cent of the Olympic swimming squad that is going to Athens is comprised of Scots; by any percentage that one applies in a British context, Scottish swimming is boxing above its weight. We fund national coaches. We fund talented athletes. We have the area institute network. We are a significant investor and we are at the table now.

For us, the Olympics are always a priority. Although we want to exploit the unique opportunity of competing in London, the Olympics are always important to us. We have been comforted to the extent that we feel that a lot of what might have been seen as an additional ask on our resources is now badging up a current commitment. In a sporting context, we feel more comforted. In a broader context, there can be no denying that if the funding package as it stands is what is required, there will be an impact on all good causes.

The challenge for all of us—me, Graham Berry at the Scottish Arts Council, our colleagues in

heritage, and the New Opportunities Fund, or the Big Lottery Fund as it is now known—is how we as Scotland Inc can get a level of return on that investment. We are already involved in discussions on that with our colleagues at the Scottish Executive. My colleague David Williams, the chief executive of EventScotland, was in Queensland during the Sydney Olympics and he has good hands-on experience of the way in which opportunities were leveraged for Queensland. I take a positive view of the opportunities that are presented for Scotland.

**Murdo Fraser:** Apart from the financial issue—from your comments, it seems that that might not be as worrying as has been suggested—do you take the view that a successful London Olympic bid would be a good thing for sport in Scotland? Would it increase interest in athletics, for example, and would it be of benefit in promoting sports, which is the game that you are in?

**Ian Robson:** The way in which the opportunities are perceived is interesting. By way of contrast, I alluded earlier to our 10-year investment in the 2014 Ryder cup. Rather than waiting for a post-event legacy, we are investing now to get a legacy before the event because we think that it is a pivotal opportunity to regenerate golf in Scotland, again through young people, and more specifically through the under-nines.

We would never dispute the fact that the London Olympic bid is a good thing for British sport and, by definition, for Scottish sport—we are absolutely signed up to that notion and we endorse it. However, there is still a lot of work being done. We are working with colleagues to investigate the impact on curling in Scotland of the gold medal success at Salt Lake City. Its effect has been a positive upsurge, but one of the biggest issues and limitations in curling, notwithstanding how many people want to knock on its door, is the number of facilities. That hooks back to the point on which we started this discussion.

**Mike Watson:** My first question is on the business plan that you included with your submission. It mentions your active schools and school sports co-ordinators programmes and, under the heading “What we need to deliver”,

it says that you need to

“appoint an Active Schools Manager in all 32 local authorities”

and to extend the number of school co-ordinators to 155. Under the heading “important outcomes by 2005” you say that that will

“increase participation in schools supported by Active Schools Co-ordinators”.

The physical activity task force report said that there is a need for a minimum of two hours per



week of physical activity—not necessarily physical education—in schools, but that is not yet an Executive commitment. Can the level of increased participation that you seek through the school sports co-ordinators be achieved without that minimum length of time per week?

**Ian Robson:** That question is near and dear to Stewart Harris's heart and he has directorial responsibility for the matter, so I ask him to respond.

**Stewart Harris (sportsotland):** You are right to point out the difference between the physical education commitment in the curriculum and physical activity in and around school and in the community. There are a lot of issues to do with the statutory obligations in the curriculum, but I will deal with the out-of-school-hours issue.

To learn the lessons from our work on the active schools and school sports co-ordinators programmes, we need to increase the capacity of the staffing and leadership component. How can we do that? We need more volunteer input and, indeed, more paid input if that is possible. We need to be clear that the co-ordinators' role is about planning and ensuring that there is a coherent partnership in the community to allow young people to access opportunities. There is a drive to increase that capacity with leaders and volunteers. I am confident that, as we roll the programme out during the next two or three years, we will make huge inroads into offering opportunities. We still have to make them attractive enough for young people to pick them up, but we are making huge inroads into achieving the one hour per day of additional activity time that is required.

15:00

**Mike Watson:** I have a general question about physical education teachers in schools. Although I know that the issue is not really within the committee's remit, we have to frame our questions within the terms of the budget. Are there enough PE teachers in schools to meet the increase in physical exercise that you seek? Moreover, is there enough capacity to train PE teachers? I believe that the only PE training college in Scotland is at the University of Edinburgh. Are enough teachers coming from that college?

**Stewart Harris:** There are enough teachers to satisfy current demand. However, you are right to raise the point as far as future demand is concerned. The secondary school sector is well high care taken of; the huge investment in school facilities has been enhanced by the public-private partnership arrangements within authorities. However, we face a huge number of challenges in the primary school sector, so the active schools

project will focus very much on the shortage of PE teachers there.

Some authorities—a good example of which is Clackmannanshire Council—have bravely decided to use some McCrone money to appoint additional PE teachers. Although it is not our direct responsibility, we want to encourage other authorities to do the same. After all, the curriculum is connected to what young people do outside school.

**Susan Deacon:** I was surprised by your comments about what might be called the current state of health of the availability of PE teachers in secondary schools. It does not chime with what I fully accept are my limited bits of information about, and insights into, the local and national situation. Even locally—which in this case means the city of Edinburgh—I have picked up that there are particular recruitment issues with secondary schools, especially those in more deprived areas. I am sure that the data exist in the public domain and I dare say that parliamentary questions have been asked about the matter. Are you able to put the meat on the bones of that statement?

**Stewart Harris:** You are absolutely right. One of the issues that we faced with the school sports co-ordinators programme was that, as we diverted a little of PE teachers' time into being co-ordinators, it proved to be enormously difficult to secure supply cover. Several institutions are thinking about introducing one-year postgraduate certificate in education courses or other postgraduate programmes to help people to gain PE qualifications. Perhaps I gave the wrong impression in my earlier response; the situation in secondary schools is merely adequate and we are barely managing to cover our current needs. If we are to develop things for the future, we need more investment and we need more institutions to play a role.

**Mike Watson:** I have a couple of questions about the evidence on equality and equal opportunities that the committee received from a number of organisations. The Disability Rights Commission said that it had not been possible to obtain from sportsotland the level of detail on mainstreaming equality that it received from the Scottish Arts Council. What do you do with that information?

Secondly, the Scottish women's budget group pointed out that levels of participation in sport are considerably different between men and women: 70 per cent of men participate in sports, while only 60 per cent of women do so. The situation is particularly bad in teenage years. It appears that girls, in particular those aged 12 or more, have a very low level of activity. What is your response to the group's suggestion that you should be more careful about monitoring the effect of spending

your money, lottery money or whatever to try to close the gap?

**Ian Robson:** I have to say that the submissions raised some interesting points. On the second question about gender imbalance, we often need to remind people that sport 21 is Scotland's sports strategy, not sportscotland's strategy, and we have worked as a kind of project manager with a range of partners to bring it together. One thing that we thought would make the strategy more compelling would be reducing the number of targets and consolidating them. The original sport 21 document had something like 55 headline targets; the present document has 11. Seven of those targets are to do with participation, one is to do with infrastructure and the other three are to do with organisation and planning. Under each of those targets is a range of sub-targets.

Stewart Harris could speak specifically on the work that will take place through the active schools programme on all the local community action plans. That work will help us to address issues such as gender imbalance. You are right to say that how we engage young women and young girls in sport is still a fundamental issue in Scotland. We have to understand the challenge because young girls are increasingly deciding that sport is of zero relevance to their lives. We have to listen to that message, rather than pretend that we have not heard it.

We will be able to take our colleagues in the Scottish women's budget group through the detail of our business plan to show how it will affect local issues. We can demonstrate how the problem of gender imbalance is mainstreamed in our thinking. Equally, we could show our colleagues in the Disability Rights Commission that, within the sport 21 document—the effects of that have cascaded down in our corporate and business plans—we have values and principles that drive the way we apply our thinking and our work. If we have made a mistake, it has been in not emphasising those values and principles loudly enough to all our partners. They are, however, at the forefront of our thinking.

At our previous appearance before the committee, Jackie Baillie asked us about our spend on social inclusion. If that question were asked again today, I would not be able to rattle off an immediate answer. Social inclusion runs right through our work; it is mainstreamed in our work. If you would like a sense of how it is mainstreamed, Stewart Harris could give some practical examples. We are mindful of these issues and would certainly be keen to sit down with our colleagues at the Disability Rights Commission and the Scottish women's budget group to give them greater comfort than they have apparently received so far.

**Mike Watson:** My final point is also to do with the submissions that the committee has received. I do not know whether you have seen the submission from the Scottish Sports Association.

**Ian Robson:** I have seen a short form of it but have not read the full submission.

**Mike Watson:** I suggest that you read it; you should because of your role. You might not like it, however. The association is not a happy bunny and the submission contains all sorts of comments about sportscotland, which is what we asked for. The comments are fairly pithy—about sportscotland's not representing value for money, spending too much on central administration and sending out mixed messages on the Olympic bid. The submission also criticises sport 21 and says that funding for the national governing bodies is too prescriptive. The association finishes by saying that the Executive should review sportscotland's role.

What is your relationship with the Scottish Sports Association? Reading the review, I find a lot of it to be not only opinionated but often ill-informed.

**Ian Robson:** It is true to say that our relationship with organisations such as the Scottish Sports Association has moved on dramatically from the situation five years ago, let alone 25 years ago.

**Mike Watson:** For better or for worse?

**Ian Robson:** We believe that our relationships with the governing bodies are far better now, because we are driving and developing relationships one to one. I know that the Convention of Scottish Local Authorities' evidence has made similar comments in respect of our relationships with local authorities. One of the first things to be done after my appointment was the driving of a quinquennial review of sportscotland conducted by external consultants. First, it addressed the fundamental question: should we exist? It then addressed questions about whether we were doing the right things and, if so, whether we were doing them right. All our partners were engaged in that process, including the governing bodies. We have partnership managers and I get a sense from some of the submissions to the committee—the one on swimming, for example—that some governing bodies are happier than others.

I do not propose to respond on a point-by-point basis to what the SSA has said. In the past two years, through various forums, I have been involved in two major public consultation exercises. The first was on sport 21, and we had 16 public meetings at about eight different venues throughout Scotland. The second was consultation on the national regional facilities strategy. I think

that the level of consultation that we have is appropriately high and is driving the quality relationships that we aspire to have.

**Mike Watson:** The SSA's comments surprise me, in that case.

**Ian Robson:** They surprise me.

**Susan Deacon:** In an earlier response, particular emphasis was placed on the need to develop voluntary and community endeavour to implement the active schools programme and wider aspects of the physical activities strategy. I ask you to tell us in fairly focused terms—I am being rushed by the convener—what practical measures you have taken or are taking, on your own or with other agencies, to make the engagement with voluntary and community endeavour easier and more straightforward. In particular, I would be interested to hear your comments on some of the existing barriers, of which the funding application process remains a huge one. You refer in your written submission to the need to develop a one-stop approach, but I would like to know how extensive that would be. Is that one stop for everything or just for certain bits?

I would be interested to hear your thoughts on some of the issues around adults getting involved in working with youngsters and some of the understandable but, nonetheless, sometimes quite time consuming and demanding vetting processes that are now in place, which people are required to go through before they can do that. I would also be interested in anything that you may want to say about your relationship with local authorities concerning the practical issues—I keep stressing the word practical—and, especially, the wider use of school or community facilities not just to forge relationships between sports, local authorities and agencies such as yours, but to deliver real results that mean more participation at all the different levels.

I reassure the convener that I will not, having asked quite a long question, ask a supplementary question—unless a really important point is raised in the answer.

**Stewart Harris:** There is a lot in that question. If I miss anything out, you must remind me.

In modernising our organisation following the review, we undertook to engage in a partnership process with local authorities in particular. That process is replicated with the governing bodies. Previously, we had five, six or maybe more funding streams. We have replaced the individual application with a joint planning process. We are working at a strategic level with each local authority and we are following that through at operational level to achieve the planning that is required for each community. Within the active schools programme, we are dropping down to a

cluster level that is closely focused on communities.

There have been signs of early success, and people have welcomed that approach. It has taken away a lot of what may be termed useless bureaucracy and has replaced it with a plan that we own jointly with the local authority. Dropping down to the cluster level—the community level—within the active schools programme, a key focus of the co-ordinators will be on getting parents involved and developing the network within each community according to the community's ability to deliver. They will focus on how we can offer opportunities to young people, whether at school, around school or in the community.

One of the big issues is how we unlock the facility capacity that I believe exists in many places to allow that increase in participation to happen. We do not have the answer to that. However, encouragingly, because we have reached a certain level of debate locally, we are now able to get into those issues. We could not get into those issues by asking people to fill in an application form. Now we can sit across the table from people and talk about them.

We do not always have the solution because, inevitably, a lot of money is sometimes involved and a lot of practice has to be changed to unlock the facilities. We are in the early stages of modernising our organisation and practice, especially with our local authority partners. That work is replicated with governing bodies.

Have I missed anything out?

**Susan Deacon:** There are issues about which I would like to ask, but I value my future on the committee too much.

15:15

**The Convener:** I thank the witnesses for their evidence. I had a question about the submission from the Scottish Ladies Golfing Association. I would be interested to see in writing your reply to the points that it makes about bureaucracy and form filling.

We move to our next panel of witnesses. There is a great deal of work in front of us this afternoon, so I urge members to keep their questions as focused and brief as possible in order that we can get through it in time. We have before us Frank McAveety MSP, the Minister for Tourism, Culture and Sport. Once he has introduced the officials, we will move straight to questions.

**Mr Frank McAveety (Minister for Tourism, Culture and Sport):** On my right-hand side is John Mason, the head of the tourism, culture and sport unit in the Scottish Executive. Donna Bell is

from the Finance and Central Services Department.

**The Convener:** I want to ask a technical question about the three-year budgeting in which the Executive now engages, which we all think is a good idea. How far down the feeding chain does three-year budgeting go? In other words, can an organisation at the bottom of the heap get a three-year budget from whatever organisation gives it money, who gets that money from someone else, which gets the money from the Executive at the start of the process?

**Mr McAveety:** I do not know the particulars of the process, but some non-departmental public bodies would like to consider putting organisations on a more structured funding programme. Everything depends on the historic funding route and the way in which organisations are able to draw down money from a combination of sources. A number of partnership bids are dependent on lottery budgeting, as well as NDPBs, grant bodies and local authorities.

**John Mason (Scottish Executive Education Department):** That is a decision for each of the bodies that receives money directly from the portfolio. Those bodies are made aware of their three-year budget allocations. In effect, they know that they will get that money and it is for them to decide—when they consider the priorities that they want to attach to their funding regimes—whether they will make commitments for three years, for a year or to projects. In their corporate plans, which we agree, organisations set out to the minister how they expect to use the funding over three years. We do not have a role below the level of bodies such as the Scottish Arts Council and sportscotland.

**The Convener:** For the same reasons why it is good and reasonable for the Executive to budget three years ahead and to tell bodies such as sportscotland and the Scottish Arts Council what they will get over that period, would not it be reasonable that they, in turn, should let the bodies that are dependent on them have the same kind of certainty so that they can plan? I exclude from that specific project funding. At least one body—I am sure that others feel the same—is uncertain from year to year about its position. I do not see how that can be satisfactory.

**Mr McAveety:** The situation depends on the nature of the NDPB and the clients to which it gives grant. The request that you make is not unreasonable and I can consider the detail of the process. However, the Scottish Arts Council would like to have flexibility in core budgeting that would allow it to consider ways of shifting its priorities. For example, there has recently been a shift away from adult drama towards a focus on children's

theatre. The SAC has to make such choices within finite resources.

Many of the comments on funding that have been received—certainly in the correspondence that I have had—have been about the process by which it was flagged up to people that their funding would change from being core funding to project funding. People have then asked questions about whether their ability to move out of project funding in subsequent years would depend on whether they met observable criteria.

There is nothing unreasonable about the request for three-year funding, but further detailed discussion with the NDPBs would be required to determine whether that would be appropriate and whether they would be able to pull that together.

**Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD):** As I have mentioned to the minister before, I have a technical point about sportscotland. I appreciate that the relationship between the minister and sportscotland must involve a certain distance, but a small football club in east Sutherland has not been able to get a grant because of sportscotland's rigid interpretation of the rules about other contributions. As I said when I wrote to the minister, it seems that the Executive's laudable intention to take sport to the more socially disadvantaged areas is being stymied. Does the minister, or do his officials, intend to look at the modus operandi of sportscotland at some time? I realise the nature of the relationship, but is there any intention to revisit that issue? I could certainly demonstrate that there seems to be a blockage in the system.

**Mr McAveety:** I am not unattracted to the idea of taking up issues that members raise about how organisations in their constituencies are dealt with by our NDPBs.

Two or three things should be said. First, given that there will always be finite resources, we need to consider the criteria that have been identified. If organisations cannot fit into one set of criteria—for example, due to scale and size, people in some parts of Scotland have been unable to apply under the national and regional facilities development strategy—they may be able to use the other more flexible capital and revenue funds that sportscotland has available.

The overall issue of the revenue funding that is available for running sports organisations is slightly more problematic, given that the proliferation of demand for such funds might well exceed the total that is likely to be made available. However, we can also take up that issue.

Let me mention two other issues. If the organisation to which you refer is a local sports organisation, the role of the local sports council in highlighting the issues might be an avenue that is

worth exploring. Finally, if there is an issue of process amongst officialdom, I will be happy to investigate that if it would be of benefit.

**Mr Stone:** The organisation to which I refer is seeking capital funding rather than revenue funding. I am talking here about Embo Amateur Football Club, which is near Dornoch. The money that the club needs is very small in the overall scheme of things, but it would help the club's young football players. The problem concerns interpretation of the rules that govern land that has been given to the club, but I think that there may be some mileage in the issue.

**Mr McAveety:** We are willing to explore such issues in different parts of Scotland with local authorities, which obviously have a critical role. If, over the next few months, different parts of Scotland have not submitted applications under the national and regional facilities development scheme, we will want to discuss with sportscotland how it might meet some of those needs. Obviously, that has been an issue in the northerly parts of Scotland, such as Caithness, on at least two occasions, but I am sure that there will be similar issues in other parts of the country once topography is taken into account. We will be happy to consider that issue, but I think that the argument is about the need to pull partners together better. Obviously, that is why there is a role for the local organisations and local authorities.

**Brian Adam:** I will ask about sportscotland's national and regional facilities development strategy, to which the minister referred, and about the Scottish Arts Council.

On the national and regional facilities development strategy, we have just heard from sportscotland that it believes that the big capital funding decisions that the minister is likely to make in the near future should aim to plug the gaps by providing new facilities. However, there is evidence that at least some bids have been made for the refurbishment of existing stadia. Can the minister give an assurance that, in his decision-making process over the next two or three months, the priority will be to plug the gaps rather than to refurbish existing facilities?

**Mr McAveety:** It is difficult for me to answer that because the matter has been nowhere near me as a minister. At the moment, we are still in the process of evaluating the bids that we have received, a variety of which are core-funding driven. They have been mainly from local authorities; others have been submitted in partnership with other public sector and private sector partners. One or two, as far as I am aware, are essentially private sector submissions.

The criteria are about trying to meet the commitments that we need to make in order to have a range of facilities. I genuinely have a fairly open mind about whether that means using existing resources and adding more to enhance provision so that need in a locality is met. Other cases require new development—a number of the submissions certainly depend on brand new development—because the existing facility or the nature of the sport that the bidders aspire to provide for may require more focus on the kind of quality that we will want over the next 20 or 30 years, rather than what we had in the past 40 or 50 years. The real issue is about evaluating that.

The third big issue that we need to be careful about is that we ensure that there is equity throughout Scotland. That, I admit, depends on the quality of the bids, so I cannot give a full or certain view on that. I know that there are parts of Scotland that have not put bids in but which evidently require good quality facility development. That is why I referred earlier to the fact that underneath the national-regional facility debate there may be a series of other applications that could coherently be put together to meet some needs. At the moment, I have an open mind, but I would like to wait until we have completed the evaluation process.

John Mason may want to add some comments. He has been involved in the process.

**John Mason:** Nothing was set out in the criteria for the bids about facilities having to be new or refurbished. It was down to bidders to make proposals for meeting need. In some cases, that need has been identified with new facilities and in others with refurbished facilities, but the criteria by which bids will be judged will not look specifically at whether facilities are new or refurbished; rather, they will consider whether bids meet specific needs.

**Brian Adam:** Is the matter not about filling gaps in provision? One of the reasons why there are gaps in provision is that there may be no provision, whereas refurbishment of a facility suggests that there is already some provision. I am concerned about the balance between filling the gap, which appeared to be the primary motivation, and finding a way to address decaying facilities, which seems to me to be a secondary motivation. I was interested in exploring how that balance is seen by the Executive, as opposed to by sportscotland.

**John Mason:** The need is for good quality facilities to be available throughout the country and, as has been identified, there are national and regional elements to that. Some facilities are at the end of their life cycles, so they must either be renewed or disposed of and replaced with something new. It is not a matter of updating

facilities that may be fairly recent. If a facility is being refurbished, it is because the asset has come to the end of its life cycle.

**Brian Adam:** I would like to move on to the arts. The lion's share of the core budgeting from the SAC is currently spent on the four national companies. Some might argue that what they are providing is culture in Scotland and that we are short of finance for Scottish culture. Could you give us an idea of whether you wish to see change in the balance of provision in terms of finance for cultural activities in general in Scotland, and of what balance there might be between provision for the national facilities—which, I have heard argued, provide culture in Scotland—and provision for Scottish culture, which is not exactly the same thing?

15:30

**Mr McAveety:** A week ago, I finished reading Alan Peacock's book on his experiences as chair of the Scottish Arts Council, in which he says that the perennial question was about balance in the distribution of resource. There is a variety of passionate views on all sides on that question. Having been a participant in a series of cross-party groups in the recent past, and having been invited to speak to a number of organisations across the music sector, from traditional and classical to contemporary, I know that there is a variety of views on how to deal with that issue.

We must continue to give support, where we can, to traditional music, because that is an important legacy that we need to sustain and defend. The growth of support for traditional music in the SAC has been a commendable development in recent years and I am sure that there will be arguments for increasing traditional music's share.

There have been other recent developments in relation to popular and contemporary music, partly, no doubt, because of my interests, but also because people realised that pressure was building in the Parliament. I noted with interest that the highest ever number of Scottish bands attended the recent south by south-west music festival in Austin, Texas, which is the premier contemporary music festival in the United States. One of the bands that went to Austin has already made substantial inroads into the international markets. There are wee snapshots of change in that direction.

Obviously, the dominant spend has been on what we call the traditional music arts, by which I mean the classical arts such as opera and ballet. There is continued pressure and the cultural commission will certainly have a role to play over the next year in interrogating that debate on behalf

of the people of Scotland, to see whether there are ways in which resources can be rebalanced. As part of that debate, we must consider how that rebalancing can happen in the context of the existing resources, how we use those resources now and how we might better deploy them in the future. That is one of the big issues about the share of the budget.

We should celebrate the variety of cultural activity that flourishes in Scotland, some of which is traditional and some of which is the kind of music that you, too, have a passion for. We must keep trying to improve the quality and range of support wherever we can.

**Brian Adam:** What is provided through a policy of arts for all will depend on what we regard as art. Traditionally, the financial support that the SAC has provided has reflected and appeared to cater for the views of a small section of society. You described the kinds of cultural activity that have a much broader appeal. Will you direct the finances to reflect that broader appeal?

**Mr McAveety:** We will try to create the space for the people who make those decisions—in essence, the SAC's arm's-length committees—to do that. There is already evidence of a welcome shift in priorities. We need to continue to encourage that.

One of the Executive's big commitments is that, by the end of the parliamentary session, music tuition should be provided for children by the time they reach primary 6. We are committed to ensuring that that strategy recognises traditional music as well as the major performance arts such as opera and ballet. The music committee of the SAC is genuinely pursuing that.

The debate is difficult, because we can easily be accused—and some people might occasionally accuse arts ministers—of being self-confessed philistines about the matter, but I remind folk that only because the Philistines lost the battle were the winners able to rewrite history to portray them as uncultured, when in fact they were a very cultured nation. In essence, there is a perennial debate and it is absurd in 2004 to try to play the different sides off against each other. We must try to celebrate the total capacity of the cultural activity that enhances Scotland and—

**Brian Adam:** At the end of the day, you have to decide where the money will go and I have not heard you say whether you are prepared to change the direction.

**Mr McAveety:** It is not for me to impose a centralised directive. It should be recognised that there are a number of ways in which we can celebrate different cultural activities. Things are changing, but the pace of change will obviously depend on the starting point and people come to

the debate from different starting points—they do not necessarily meet in the middle.

**Christine May (Central Fife) (Lab):** I have been a beneficiary of Frank McAveety's performances—and very enjoyable they were, too—in the days when we served on local authorities.

**Mr McAveety:** Tell me more.

**The Convener:** Do you want to rephrase that comment, Christine?

**Christine May:** We will not go there.

I will make two points: one picks up on the question that the convener asked earlier and the other is on the tourism review. First, how does the Executive measure the impact of the overall policy objectives that it sets in the budget? What mechanisms have you put in place to ensure that the bodies that are funded by the Executive, local authorities, NDPBs or whomever are delivering what they said that they would deliver, in line with your broad strategy? Although it is not for you, necessarily, to tell the SAC which bodies it should support on a three-year basis, how do you know—and how does the SAC know—that the organisations that it supports will deliver on the priorities?

**Mr McAveety:** That is one of the most important questions, for which we need better answers. I am not convinced that we have enough of the statistical analysis that we require to get to the heart of that. I mean collective statistics, not just Executive statistics. I am thinking of statistics from local government, many of which are stabs in the dark. They are reasonable assumptions, but not necessarily nailed down. We need to get a much better statistical base to operate from, so that we can ask questions about how far our initiatives and investments are making a difference to as large a number of individuals in Scotland as possible. We need to know whether those initiatives and investments meet the Executive's commitment to ensuring that the opportunity gap is closed and that people with the least opportunity have a greater opportunity to achieve and to develop. There is a real need to do that more effectively.

On the role of the NDPBs and the tracking of resources, much of the release of resources has been dependent on whether the reasonable track that has been set for targets has been met. Most of the targets are fluid, because some of the statistical base is subjective rather than objective. There is a real chance to do something about that. I met COSLA last week to discuss a more coherent base for the statistical evidence that it can submit, so that we can come to a better agreement about what the key objectives are.

For the record, I was singing and playing guitar that morning, rather than anything else.

**Christine May:** How long will it be necessary for those statistics to be collected before we can make use of them? I have been in the Parliament only for a year, but the answer that I have received each time is, "We don't have the statistical base." When do you think that we will have that base?

**Mr McAveety:** I do not think that we will ever have it exactly. That is an honest appraisal. In the achievements world, or the cultural expression world, we are dealing with subjective bases. Some factors, such as participation levels, we can nail down a bit more accurately. Other factors include social class, the experience of different communities, urban or rural exclusion and how many people are involved in a variety of different activities. There are some hard statistics that we should get for the committee so that members can be more assured about what is going on. We must continually strive to pull together the information more coherently, while accepting that there will be some grounds for flexibility. Because of your background and experience, you will recognise the importance of that.

**Christine May:** My second question is on the tourism review. As part of the review, you announced quite significant sums of money. The review and the reorganisation will, however, have costs associated with them. Will you make specific resources available for those reorganisation costs so that the additional money that you announced can be devoted to the tourism targets rather than to an internal reorganisation?

**Mr McAveety:** Built into the resources that we are making available is the assumption of a transition from 2005. VisitScotland has put together a series of task groups to consider a range of issues. One of the core costs in tourism is labour: personnel in the information centres as well as the support staff at area tourist board level. Another key factor is the development of assessment and the quality assurance scheme—the whole issue of the judgment of quality. Those are two big issues.

I will chair an implementation group made up of a number of senior individuals, including folk from the private sector, the public sector—represented by COSLA—and other agencies. The group will try to get a hold on those issues to ensure that we are meeting the objectives. The schedule is tight for 2005. There is a lot of hard work to be done. I will spend a fair amount of time meeting significant contributors to tourism, including a number of local authorities, to try to ensure that the money is sustained within the system. The consensus is that, where possible, we should continue to keep the maximum resources on the marketing side, because that is how we can get the advantage that we need in relation to the international competition.

As I said, assumptions are built into some of the costs for the transition arrangements and I hope that those issues can be addressed through the working groups. Perhaps John Mason would like to add to that.

**John Mason:** I will say only that the resources will not come from the additional money that has been earmarked for tourism marketing or the quality assurance standards scheme, but be found from elsewhere in the Scottish Executive's budget for restructuring costs.

**Christine May:** Do you mean elsewhere other than the money that was previously there for tourism?

**Mr McAveety:** Yes.

**Christine May:** Thank you. I am reassured by that.

**Murdo Fraser:** I have two questions on the arts. The first picks up on something that Brian Adam said about the national companies. Given that the national companies absorb so much of the arts budget, are you satisfied that enough is being done to challenge them to find new audiences for their work?

**Mr McAveety:** It would be worth your while asking them how they feel about the role that I have played as a minister. I have been caricatured as being tough on one or two arts companies in that respect, but we need to be tough to try to ensure that we get the maximum return for the contribution that we make. There is also room for a greater contribution from other sources of income. For example, some arts organisations have gone out and marketed more imaginatively, run different ticket-pricing schemes or engaged in a series of new joint sponsorship initiatives.

The situation is tight: because of Scotland's size, we have a limited number of major companies as potential sponsors, so there will always be a greater pressure on them than there would be on equivalent companies based in London or in a large European nation. There is a real pressure to try to secure sponsorship, but there is room for it. One of the key objectives that we have set for the cultural commission is to consider ways in which such ideas can be generated more effectively. I have been encouraged by the number of folk whom I have met at different events, even since last Thursday, who have said to me that they have ideas about how to generate audience and income outwith the assumption of Government contributions and that they see that process as positive. We need to build on the enthusiasm that exists for different ways of generating new income.

**Murdo Fraser:** My second question is on a slightly different topic—regional theatre and other arts funding. To what extent do you regard the

Scottish cities as the key areas in which to invest arts funding? I ask that because some of the non-city theatres in the region that I represent—in places such as Perth, Pitlochry and St Andrews—have expressed to me concerns that they have been left out on a limb and that there is much more focus on the cities. How much priority do you give to city status when you think about allocating funding and resources?

**Mr McAveety:** I do not do the allocation; that would be within the SAC's remit. To be fair to the SAC, a lot of its discussions are about where audiences can be best and further developed. In some cases, that will be about enhancing the role of some of the city theatre companies; in other cases, it might be about finding a different way of utilising more regional theatres, if that is the term that we want to use, although I know that some people feel sensitive about it.

An opportunity exists in the evolution of the national theatre concept to provide support, although not necessarily always to the premier league of the theatre companies. We can also consider how the national theatre, through its commissioning and investment roles, can use other theatres throughout Scotland. Different pressures exist. In Perthshire, there will be debates about the role of Perth, which is, essentially, nearly a city—it is as near as we will get to an option for another city in Scotland. There is a real issue with how we can utilise its role in Perthshire. Such decisions are matters for the SAC's performing arts committee, but the national theatre gives us an opportunity to use the non-city theatre companies, because that will grow theatre for all Scotland, rather than only in the areas that have always had some capacity because they are major population centres.

**Mike Watson:** My first point relates to the declining effect of the lottery, which was raised last week when Graham Berry of the SAC gave evidence to the committee. David Campbell of the New Opportunities Fund, who was also present last week, estimated that in the areas in which the NOF operates—it is involved more in sport than in the arts—the decline was containable. However, Graham Berry said clearly that Executive funding would be needed to help to make up the deficit. How do you plan to deal with the fact that the lottery is still on a downward spiral, although it is not projected to decline much further? Obvious problems result from that.

15:45

**Mr McAveety:** Two or three options are available for dealing with that. One option involves how the process is managed. Many NDPBs need to put out early warning signals on a range of issues in the sectors that they support, so that



people are not surprised—they often claim that they are surprised when they start to correspond with elected members. We need to manage that more sensitively.

The second option is to examine gaps. I discuss such matters with fellow ministers throughout the Executive as part of the spending review process. I have no doubt that declining lottery income is having an impact on one or two areas throughout the Executive. The effect is more marked in the tourism, culture and sport portfolio—a substantial amount of the portfolio receives a lottery contribution, which is matched by other agencies.

The third option is to consider ways in which other sectors that have substantial resources have allocated resources to arts and cultural activity. The grant-aided expenditure figures for local government show a substantial increase for such activity. We have discussed and will continue to discuss with COSLA whether that is fully reflected in outturns and local authority priorities. We should raise the debate in all sectors.

The cultural commission that was announced last week presents us with an opportunity to increase the role of culture, sports and the rest of the portfolio in enhancing many bigger objectives. They are not obvious service policies, but they can make a difference. Enhancing the contribution that a variety of sources can make is one way of dealing with the situation. We genuinely think that we in Scotland must collectively manage the process because of the decline in lottery income throughout the United Kingdom.

**Mike Watson:** I imagine that, proportionally, the drop in lottery income hits your portfolio hardest. Is the Minister for Finance and Public Services likely to be receptive to that point in the current spending round?

**Mr McAveety:** If members can help me to read the psychology of any finance minister, I will be delighted to share that experience. We are all entering into a tough process. I am trying to argue the case that, for all the Executive's broad commitments, the portfolio interests for which I have responsibility can provide substantial development.

To return to what Christine May said, one downside is that the statistical basis for that is more subjective than objective. Sometimes, that makes the boulder harder to push uphill when dealing with the objectivity that is required for assessment by a finance minister. We continue to work on those issues. Any assistance that the committee's deliberations can provide would be very welcome.

**Mike Watson:** You mentioned the cultural review, which relates to points that Brian Adam made. He seemed to be against an art-for-art's-

sake approach. I am always amused by the phrase "art for art's sake" because of the 10cc song—you will remember it—which contained those words and in which the following line was "Money for God's sake".

I mention that because the SAC gave us its draft plan for 2004 to 2009, which makes it clear that the council could not be moving further from an art-for-art's-sake approach and towards meeting targets on under-represented groups and so on. My question is not about the substance of the draft plan, but about the cultural commission. I assume that the draft plan is on your desk. It is scheduled to come into effect this year. How will the cultural review affect it? The commission's conclusions could seriously question assumptions in the plan and how it would be rolled out over four or five years. Do you intend to validate the plan on the basis that the cultural commission's report will not be produced until about June next year, so that the plan is put in place as if the review were not being conducted? How do the two sit together?

**Mr McAveety:** At the moment, we will continue with the current corporate plan. When we have the outcome of the cultural commission's review, we will consider whether there should be a gear shift. Certainly last week's outline statement and the remit that we have given to the cultural commission have raised fairly fundamental questions. As you have rightly pointed out, the question is not whether we should have art for art's sake or whether we should ensure that art is about accessibility, inclusion and participation; we can aim to include both elements and more. We need to move the debate in Scotland on a bit more.

You mentioned a 10cc song. The anorak in me knows that it is from the album "How Dare You!". Thanks for that question, Mike.

**Mike Watson:** No doubt that will be the next album that you review in *Holyrood* magazine.

As far as the cultural review is concerned, I noticed in the *Official Report* of last Thursday's meeting of the Parliament—which unfortunately I could not attend—that in response to a question you talked about dealing with other ministers. I remember that, in October, you told us about the need to bid across departmental boundaries—the committee has indeed been examining the budget's various cross-cutting aspects. Similarly, I notice that John Mason has mentioned taking a collaborative approach to new initiatives.

Last Thursday, in response to a question on your statement, you said:

"Like Rhona Brankin, I believe that it would be welcome if the commission's inquiry resulted in additional resources for culture in schools."—[*Official Report*, 22 April 2004; c 7614.]

I can see how that might work in general cross-cutting terms. However, given that the commission will report in the mid-term between spending reviews, how would the commission's findings produce those additional resources?

**Mr McAveety:** In his first St Andrew's day speech, the First Minister made a substantial commitment to hold a series of bilateral meetings with various ministers. A number of those meetings—including some, obviously, with the Minister for Education and Young People—are exploring options for potential bids, shared between departments, to the spending review. We are still discussing those matters not just with regard to education; the discussions are underpinned by a whole host of the principles about how we might impact on young people. Schools are one of the core places where young people will most benefit from activities and we want to discuss a range of initiatives in that respect.

As for your other question about the spending review, we should remember that the three-year spending commitments for local authorities will also be announced in that time. Slippage can take place. As you will be aware from your experience of the tourism, culture and sport portfolio, ministers will be able to bid for resources for a number of proposals. Such options could act as ready reckoners if, for example, we already have commitments. Assuming that underspend money was still available, we could put some firm commitments on the table. We have a whole range of measures to find better ways of putting additional resources into the sector.

**Mike Watson:** My last question, which is about targets, is for John Mason. Two of the nine targets listed in the AER are marked with the word "slippage". For example, of target 1, which is to increase adult participation in sport to 70 per cent, the report says that such an increase

"would require a 12 per cent increase against a decline in population numbers in key participating age groups".

Moreover, of target 9, which is to identify

"the number of Scottish world class artists, companies and institutions",

the AER says that such proposals

"in particular those requiring for example peer group assessment, would require consultation with the cultural sector."

I do not doubt that that is the case. However, those targets were set two years ago and nothing seems to have happened in the relevant sectors to change the situation. Why were the targets not couched in those terms when they were set instead of now when we are at the midpoint of delivery?

**John Mason:** Target 1 was challenging when it was set and has become more so over the past two years, particularly since the results of the census have made more information available about local and national age structures. It would be fair to say that slippage in this case is likely to mean that the target will not be met. A substantial change would be required over the next two years for the target to be met—it was very optimistic at the time and was based on a lot of good work that was done through sport 21 and on what partners thought was possible. However, the indications are that the target will be difficult to achieve. We have to be upfront about that.

On target 9, a lot of work has been done to develop sensible measures of excellence. We have had discussions with the Scottish Arts Council and the British Council Scotland and we have identified a number of indicators to measure excellence. We are doing the final work on that and, as the minister said, a lot of extra resources are going into improving research and statistics in the area. We hope to publish in the summer a review of the literature and of our views on what should form the basis of targets. Later in the year, we will be looking to produce a compendium of all the statistics and research that is available on culture and sport—not only from the Executive and NDPBs, but from all the information that is generally available. That will give us a much better information base, which will let us track our targets.

**Mike Watson:** So that is a slippage rather than a target that is not likely to be met.

**John Mason:** It is a slippage in the process of identifying the target, rather than in the process of achieving the target.

**The Convener:** This is not directly to do with your department, but there are other targets for which the description is not really correct and "on course" really means "don't know". Those are the targets for which data are not yet available, where "on course" can be interpreted as meaning, "We are on course to collecting the data." Of course, once you have the data, you may find that you are behind. It would have been helpful if, instead of saying "on course", the document simply said "no data yet". The phrase "on course" is a bit misleading.

**John Mason:** I take your point, but I do not recall that "no data yet" was given to us as an option when filling in the boxes. However, we will take that idea away with us for when we consider improving the language.

**Mr McAveety:** I have a funny feeling that those words might appear in the next AER.

**Susan Deacon:** I want to pick up on a theme that Mike Watson and others—including the

minister—have touched on, which is the importance of trying to work across Executive portfolios to achieve shared solutions. That is very important in the minister's own portfolio.

Minister, you have said quite a lot about collaboration in the arts, but will you elaborate on how you can work jointly with health ministers? I am thinking of your shared objectives in general, but of physical activity in particular. How is the strategy affecting actual budget decisions? How are the respective resources being brought together to deliver shared objectives?

**Mr McAveety:** The current issue is about who can lead the debate on physical activity and the impact that exercise has on health and well-being. The role of sportscotland is to support the development of sports and activities and the achievement of excellence. I would hope that excellence would be a product of increased participation. The Scottish Executive Health Department should take a strong lead on the health agenda. Together with Malcolm Chisholm and Tom McCabe, I have given commitments on finding ways of working better together.

We have already had one bilateral agreement and have identified two or three areas in which there could be positive developments. However, the debate comes back to the role of schools—the debate is almost circular. We have to ask how much exercise and activity there is, and what the quality of that exercise and activity is. In the debate on physical education in schools, it has been pointed out that even if two hours of PE are provided, particular target groups are not being hit if only traditional PE is delivered. We have to consider changing the form of PE provided at local level.

The second big issue on which we want to get a better picture is the benefit of activity aimed at helping an aging population. There is no doubt that if we can get more older folk just a wee bit more active there could be a great impact on the health bill in the long term. At the moment, there are problems associated with lack of exercise and with older people falling. That is something that we want to change and we have a real opportunity to deal with it. The work that Mary Allison has been doing with sportscotland on the sport 21 agenda is valuable, and we have had a couple of discussions about how we can get better crossover links into that. Specific projects are still evolving at the moment, and I hope that the discussions that ministers are having will result in some benefits.

16:00

**Susan Deacon:** Can you give us any practical examples of how specific budget decisions have

been taken to bring resources jointly to bear? For that matter, are there examples of how, say, health improvement resources that are currently located in the health budget can be routed via sportscotland? I have certainly heard the suggestion that such a move is under way. Is that something that has been, or is being, done?

**John Mason:** The previous spending review identified a substantial amount of money from the health budget that went into what was then called the school sports co-ordinator programme and is now called the active schools programme, which forms a major part of the physical activity strategy. In the minister's bilateral discussions, we are exploring different ways in which we can expand that provision. That could be done through initiatives around mental health; arts companies can do a lot of good work in engaging with people with mental health problems. We are examining how the environment of hospitals and other built facilities in the health sector can be improved by having art or performance going on in them. A whole range of things is being considered at the moment, but a substantial amount of the health budget is already being put through the minister's budget into sportscotland as a result of the previous spending review, and we hope that there will be similar developments in the next spending review.

**Richard Baker:** The first of my two questions is on tourism. Christine May rightly pointed out that the extra investment in VisitScotland should go to marketing rather than to infrastructure. We also want strong local tourism hubs, to which the minister referred in his announcement on the review. Indeed, we saw good examples of local tourism marketing last week in Aberdeen. Will there be many costs involved in establishing the hubs, or will it be possible to use established offices and bases for them?

**Mr McAveety:** It is probably a bit too early to say with total accuracy, but essentially that is one of the remits of the task groups that have been commissioned by VisitScotland. We have already appointed to those task groups three very senior executives from existing area tourist boards, who are highly rated across the sector, and I hope that they will bring some perspective to the matter.

I met representatives of COSLA to ensure that it is committed to giving guidance to local authorities on retaining the contribution that local authorities make. The core money that the local authorities—and in some, but not all, cases, the area tourist boards—provide constitutes one of the key contributions to local tourism spend. Local authorities also contribute to visitor centre experiences and can make visitor attraction commitments. We want to develop such contributions and commitments effectively over the

coming period. As I said in Parliament, we certainly want to retain the best local provision and to maximise that in promoting Scotland generally so that we can grow the numbers.

As was said last week, although we may spend less than some other nations on marketing, the return per pound spent on Scottish marketing is markedly better than even the Irish equivalent, which is often invoked as a comparator. It is important to stress that we are getting better spend per pound that we put in, compared with our colleagues across the sea.

**Richard Baker:** My second question takes us back to the commission and the culture strategy, which Mike Watson mentioned. Are there many costs associated with establishing the commission? As you said, it will not be there just to call for extra expenditure across the board but will make tough decisions on priorities and on allocations to various bodies within the current funding parameters.

**Mr McAveety:** We have put aside Executive resources to ensure that the review, as it was called in the partnership agreement, can be carried out. We have appointed a tough and demanding chairperson. As James Boyle said after his appointment last week, do not expect anything other than a rigorous and honest assessment from him. He will pick commissioners who I expect to be individuals of high quality from both the public sector and the private sector in Scotland.

The cultural commission will have three major tasks. The first, which involves an area that has been mentioned by many people, will be to explore the big issue of the definitions of culture and the role that it can play in the lives of individuals and communities in Scotland; the commission will also deal with cultural rights. The other two big questions are: what do we do with existing resources; and are there ways in which different agencies can work more effectively together to try to maximise current spend? For example, agencies might have different ways of working, which might require a different funding approach or a change to the way in which we allocate the grant. We might need to find a mechanism whereby we could replicate funding through other contributions.

The commission will interrogate all the ideas that are out there. I have heard three very different but interesting ideas in the past 24 hours alone about how we could change the economic infrastructure of the arts in Scotland. One idea is to demand more from the Government, which is a legitimate aspiration that will be part of the process. We also have to generate other income from sponsorship, endowments and so on. James Boyle will put together a team to carry out that process.

I expect the commission to report within the 12-month timescale that we have set. It will make a series of recommendations that might mean some tough decisions for ministers to evaluate at that time to see whether we can buy into them for future development.

**Chris Ballance (South of Scotland) (Green):** I will also ask you briefly about target 9. In its evidence to the committee last week, the Scottish Arts Council said that one of its targets was to ensure that 80 per cent of what it funded was artistically good. That links in with the targets that you have presented. However, is a league table of arts companies helpful to those companies, given that five arts critics will have five different ideas of what is artistically good; that, in the performance arts in particular, each production depends on the individuals involved, who will change from production to production; and that companies will have mixed values of work? Could that lead to a tendency to play safe and go for the tried and tested rather than an approach that tries to push barriers, be experimental and do all the things that the arts should do if they are to be challenging? What is the value of targets?

**Mr McAveety:** If any organisation or individual seeks taxpayers' money, there have to be some benchmarks against which they can reasonably be measured. There is always a trade-off between artistic inspiration and aspirations and public support, but we are not talking about a society in which people have benevolent sponsorship from benefactors and so on; we are talking about money that comes from ordinary people in Scotland. As politicians, we have a responsibility at least to try to create a framework in which a reasonable assessment of the use of public money can be made. That can be done.

Some of the most challenging work in modern Scottish drama at present is being produced by David Greig, whom I quoted last week in Parliament. His work is not everyone's cup of tea. Although he spent two months changing the nature of his play "San Diego"—which ran during the festival—for its recent showing at the Tron theatre, one notes from the reviews that it still bitterly divided the critics. Nevertheless, it had an audience, and the international assessment was that it was valuable.

With regard to target 9, the Scottish Arts Council needs to draw up a series of criteria—both local and international—to assess whether there is public consensus or bitter division about whether a piece of work is valuable. That is not really our debate; it is a matter for those who consume the work individually. Our debate is about whether the work has contributed something new or different or has made a difference in Scotland. In some cases, such work might be challenging and experimental,

but in others, it might be by folk who get a lot of individuals in; they might be going for a populist approach, but the work might genuinely make a difference. Those are continuing tensions to which no arts or culture minister can have absolute answers. If they say that they have an absolute answer, they are being an absolute fool.

**Chris Ballance:** That is the difficulty: targets give the appearance of being an absolute answer. Is the slippage at all linked to the difficulty in assessing whether, for example, 10cc is artistically better than the Proclaimers? That is the sort of issue that we get into when we start to talk about targets, league tables and some works being world class and some not.

**Mr McAveety:** It is difficult, artistically—

**Chris Ballance:** The difficulty is over what is causing the slippage. Is it possible that the difficulty is an extreme one?

**Mr McAveety:** No, I do not think that it is an extreme difficulty, and the Scottish Arts Council will have to devise a series of measurements that at least allow for some reasonable benchmarking to take place. It is not unreasonable to ask our major arts quango to do that, but we need to engage with the individuals in the process so that they understand it. When there is a finite level of resources, there will always be individuals within the artistic community who say, "It's no fair that so-and-so's no gettin it, although I am." That is the nature of the collective consciousness that exists in passionate hearts. However, we are talking about people's opinions, and we must try to find our way through that fog a bit more accurately than we sometimes did in the past.

**The Convener:** We thank you and your officials for your evidence.

**Mr McAveety:** Thank you for your time.

**The Convener:** We now have with us Jim Wallace MSP, Deputy First Minister and Minister for Enterprise and Lifelong Learning.

Good afternoon, minister. Please introduce your officials, and then we will move straight on to questions.

**The Deputy First Minister and Minister for Enterprise and Lifelong Learning (Mr Jim Wallace):** On my immediate right is Graeme Dickson, who is the head of enterprise and industrial affairs in the Enterprise, Transport and Lifelong Learning Department. Next to him is Jane Morgan, who is the head of the enterprise networks division. On my left is Mark Batho, who is head of lifelong learning in the department, and on his left is Chris McCrone, who is the head of the enterprise and lifelong learning finance team.

**The Convener:** Is your department still responsible for the improving regulation in Scotland unit?

**Mr Wallace:** Yes.

**The Convener:** Although the IRIS unit would clearly not have a large spend and therefore would not, I presume, feature in one of the budget lines, the importance that business places on regulation makes the outcome of the unit's work important, so why is nothing at all said about it in the annual evaluation report?

**Mr Wallace:** The immediate answer is that no budget item is attached to the IRIS unit. Graeme Dickson might want to explain the mechanics of that in more detail, but it is covered within running costs.

**The Convener:** I am more interested in the targets. If we look at the various targets in the AER, we find that there are lots for your department that do not correspond to any budget line at all. For example, one such target is to

"Reduce the proportion of 16-19 year olds not in education, training and employment by 2006."

I know that you cannot have millions of targets in the report, but given the importance that business places on the need for less and better regulation, why are no targets set for that area?

16:15

**Mr Wallace:** That is an objective and ambition of business with which I have considerable sympathy. I meet many businesses that highlight regulation as a key concern but, in fairness, they identify that many of the difficulties that they face emanate from regulations that have been made by the European Union or Westminster. Some businesses have been kind and have said expressly that their biggest problems do not come from regulations that have been laid by the Scottish Executive and made by the Scottish Parliament. Nevertheless, the subject is a standing item on the agendas of ministerial small businesses consultative group meetings. That allows issues to be brought up. As a result, I have asked my department to examine ways of improving engagement with businesses when we prepare regulatory impact assessments.

I am keen to tackle any unnecessary regulation for which we have a responsibility. Our problem is that general criticisms are made that are difficult to pin down. Sometimes, I offer challenges: I have said to many business people whom I have met that if they have specific concerns, I am more than willing for my department or another department to examine them. If the regulation is necessary, we would explain why; if it is deemed unnecessary or gold plated, we would consider how we could

relieve business of it, whether wholly or partly. That offer stands.

**The Convener:** My second point is on targets and commitments. In the preamble to your section in the AER, you stress a commitment to “supporting science and innovation”. Last week, I talked to representatives of the biotechnology industry who moaned that they lacked graduates in science subjects—in particular in chemistry. However, I noticed that no target on graduates is set, although a general target is set for people going through higher and further education. With the caveat that we do not want millions of targets, I wonder whether there is a case for the education target to be more focused on your commitments—otherwise, how will you deliver them?

**Mr Wallace:** Ministers and central Government always have a difficulty in giving specific directions to the funding councils about the number of student places that they will fund in each discipline. We have discussed that collectively. In a subject such as medicine, it is more obvious that a certain number of places should be funded, but it has not been the practice to give directions in such detail to the funding councils. However, as the convener has said, our commitment to promoting science is clear. We have the Scottish Science Advisory Committee and a science strategy, which we intend to review and renew later this year. It has never been part of our proposals to ask for X number of chemistry undergraduates, Y number of physics undergraduates and Z number of biology undergraduates. I am reminded that I cannot statutorily dictate that either, and I would hate to breach the law.

**The Convener:** I am sure that you have powers of influence.

**Christine May:** Growth in the economy is the Executive’s key priority, yet the budget figures for enterprise and lifelong learning show a relative decline, or a smaller increase, compared with other parts of the budget. How does that smaller relative increase reflect the priority?

**Mr Wallace:** That question was raised, fairly, when I appeared before the committee in autumn last year. Also fairly, Christine May points out that the position is relative to other increases. The health figure has gone up very significantly, which, of course, increases the base against which other percentages are measured.

Spending has grown at a rate above that of inflation and during this spending review period significant savings have been made through Scottish Enterprise’s business transformation project. As a result, funding for Scottish Enterprise goes further. I am sure that the committee has welcomed those savings. European spending has a downward profile. Previously, European

structural funds have been bottled up until the later stages of the review period. However, under the spending profile that was agreed at the Berlin summit, expenditure will be more programmed. In that context, we should note that the Executive has fully committed up to our N+2 requirement.

It is fair to look below the headlines. After all, our role is to create the correct conditions for development. We believe that money for funding education—from primary through to secondary and tertiary, which comes under my department—and transport infrastructure is money that funds the conditions to promote economic growth. There are other steps too, such as encouraging the take-up of broadband and working with the financial services sector. The amount of money that we will put into offering support to the financial services strategy group and funding its secretariat is probably small compared with what we hope to gain from supporting the industry in that way.

We are working with the energy sector to promote a renewable energy industry in Scotland. We are providing some money, but some will also come from the Department of Trade and Industry. The committee might query our actions if we were providing money that the DTI might have provided otherwise.

The lifelong learning forum brings people together to try to ensure better governance of the money that we spend. There is also IRIS, which the convener mentioned in his first question and which has involved minimal cost but can have a very beneficial effect on businesses.

Yes, spending in other departments contributes to our overall objective of growing the economy, which is a theme across departments, but I believe that, in the spending of my own department, a little often goes a long way.

**Christine May:** I will take that answer at face value and accept it.

You have spoken about spending by bodies such as local authorities and NDPBs. What steps have you taken to ensure that the way in which they spend money actually delivers the benefits for the economy that you are counting on?

**Mr Wallace:** The NDPBs operate under a framework document that ministers agree. From her local authority experience, Christine May will know that central Government and local government constantly discuss how much central Government should direct local government or ring fence moneys. I have generally supported local democracy and local decision making. The biggest item of local authority expenditure is education. We do not ring fence all the GAE for education but, nevertheless, a substantial amount of local authority expenditure is directed towards education.

Subject to the extent to which Parliament and the body politic believe that central Government should dictate to local government and the extent to which there is a political choice, I think that the balance should be more towards local government, but the issue is a constant about which there have been debates and arguments in parties, politics and Parliaments over the years.

**Christine May:** I do not quarrel with the need to allow as much flexibility as possible; however, I want to know what evidence you have or are asking for that the outcome of such expenditure, as democratically decided by the various local bodies, is actually benefiting the economy and helping us to achieve our primary target of growing the Scottish economy.

**Mr Wallace:** I will give some specifics of where we have invested money but where delivery has been, by and large, by local authorities. We have piloted the education maintenance allowance in four areas and are now rolling it out progressively, by age, throughout Scotland. Some of the early study work on the pilot areas has shown that there is a higher continuation rate—that is probably the best way of describing it—of pupils staying on at school beyond the school leaving age. The evaluation will continue in order to ensure that such investment gives young people over the age of 16 a proper choice as to whether they access education beyond that age rather than feel under pressure to cut short their educational experience for financial reasons. We will continue to evaluate and determine whether the objectives have been delivered in practice. I unveiled the wider roll-out in Dundee and had the opportunity to talk to local authority representatives there. I spoke not only to the education committee's political leaders, but to those who have been engaged in the work, and I was impressed by the practical arrangements that they had put in place to facilitate the roll-out.

Another important example is the money that we are investing in the strategy that is outlined in "Determined to Succeed: A review of enterprise in education", which, over a longer period of time, could result in the cultural change and shift in attitude towards enterprise and entrepreneurship that we wish to see. It will probably be our successors who will judge whether we have achieved such changes. Again, that investment is delivered primarily through local education authorities, to which funding is allocated, and we want to ensure that there is evaluation of how well that money is being deployed.

**Brian Adam:** The Executive wants growth in the economy to be its number one target, so can you tell us what the targets for growth in the Scottish economy are over the spending period?

**Mr Wallace:** Do you mean gross domestic product growth targets?

**Brian Adam:** Yes.

**Mr Wallace:** We have deliberately not set growth targets in the way that they are sometimes announced by the chancellor. Not doing so is a recognition that, although we have a good number of supply-side and microeconomic levers—which feature in our budget and which we use well—within our competence and responsibilities, there are, equally, things on a macroeconomic level for which we do not have prime responsibility. However, we work alongside three independent growth forecasters—the Fraser of Allander Institute, Cambridge Econometrics and Experian Business Strategies Ltd. We facilitate much of their work with information and receive their independent growth estimates for the economy over the coming years. "A Smart, Successful Scotland" has an overall target of increasing gross domestic product per head in comparison with the Organisation for Economic Co-operation and Development average.

16:30

**Brian Adam:** You appear to be saying that, although you are prepared to support the measurement of GDP growth in Scotland, you are not prepared to set targets, for the reasons that you have given. Is that right?

**Mr Wallace:** I said that we have made a conscious decision not to set a growth rate target, but a number of the targets that you have in front of you are relevant to promoting economic growth. There is a considerable volume of work to suggest that investment in research and development is important for Scotland's longer-term economic growth prospects. Although much of that investment will be done by private business, we deploy a variety of schemes to promote and encourage research and development.

Target 1 for ELL in the AER is to

"Increase business investment in research and development compared to OECD competitors."

That target is highly relevant to the promotion of economic growth. Target 2 is to

"Improve productivity levels in Scottish industry compared to OECD competitors."

The improvement of productivity is an important factor in the promotion of longer-term growth in the Scottish economy. That is a specific target, which we believe is highly relevant to the promotion of growth. However, you are right to point out that there is no specific growth target.

**Brian Adam:** I am happy to accept that there are individual components of a strategy on GDP in the AER, but in each of the areas that you have mentioned, we are currently well below the OECD averages. That is why we have not done terribly

well over the past 30 or 40 years. Although the relative position might be improving to some extent, we are still well short of reaching even the average in OECD countries. Although I acknowledge that under the current financial settlement we do not control all the levers of power, I would have thought that it would have been useful to have an overall target for growth. I recognise that the AER contains some components that might be helpful, but the Executive might find it worth while to reconsider having an overall target.

In response to Christine May and in previous responses, you offered an explanation of why, although the relative position of the ELL budget has declined and continues to decline, you can still reach some of the individual goals. Given that you have some components of the GDP figures, do you have any estimate of the impact on the growth rate that your policies—especially the non-budgetary policies—will have? What changes will they deliver—whether in investment in research and development, productivity or any of the other measures—to help us to move up the GDP ladder? Which of the non-budgetary policies will deliver those changes?

**Mr Wallace:** Our economic advisers indicate that it is very difficult, if not impossible, to say that a 0.3 per cent increase—for the sake of argument—in business spend in R and D will lead directly to a 0.X per cent increase in economic growth. That is the advice that we have been given and I am not sure that there are many economic commentators who would gainsay it. Although I accept that there is not a straight correlation between investing £X million more in regional selective assistance and producing a Y per cent increase in growth, I still think—

**Brian Adam:** Surely all those aspects are built into the modelling that the Executive supports and that is being done by the three academic institutions and economic modellers. If not, the assertion that you and other ministers make about the relative decline in the budget to support economic activity is unsupported. You cannot square the circle. Undoubtedly, there has been a relative decline in investment from the Executive budget in growing the economy. If you are saying that other factors have made up for that, you need to explain to us how those factors will deliver change, based on the economic models that you say you use to monitor the situation.

**Mr Wallace:** I make it clear that there has been a relative decline in the ELL budget as a proportion of the total budget. There has certainly not been a decline in the ELL budget—it has been acknowledged that the budget has increased in real terms.

An important component of the budget is funding of the Scottish Higher Education Funding Council and the Scottish Further Education Funding Council, which has risen from £928 million in the first year of devolution to £1.15 billion. By 2005-06, it will be £1.3 billion, which is a very significant increase in real terms. That increase has taken place because we believe that the higher education agenda, the skills agenda and the work done by our further education colleges bring benefit to the economy: they produce skilled people, the people who tomorrow or the day after will have ideas that can be commercialised and create jobs for Scotland. Experts such as Richard Florida would say that it is important to have a strong, dynamic tertiary education sector.

It is not possible to quantify the effect of the increase in SHEFC and SFEFC funding to the point of saying that it will lead to a particular percentage increase in growth, principally because much of that effect will become apparent only over a period of time. I emphasise that the objectives and ambitions of the Administration are not limited by the horizon of the next Scottish parliamentary election. Much of the work that we are doing is an investment in the long term that will reap benefits in the long term. The agenda of determined to succeed is about turning around a culture of dependency that may have lasted generations and ensuring that generations with a much more can-do attitude rise up and that skills such as self-confidence are fostered. I had the great pleasure of visiting Oldmachar Academy in Mr Adam's constituency, where I met some great young people who, even before the introduction of determined to succeed, were pursuing an enterprise in education agenda. That bodes well for the member's constituents and for wider society.

**Brian Adam:** My family were beneficiaries of Oldmachar.

**Mr Wallace:** I do not claim that we will be able to quantify the impact on GDP growth in 2007-08 of the funding to which I have referred. However, there is a wider question. Growth in the ELL budget takes place relative to growth in other parts of the budget. Growth in the health budget is not unrelated to our aim of promoting and supporting an economic growth agenda. Over the past four or five years, there has been greater emphasis on health promotion, which plays directly into ensuring increased productivity levels in places of work. Having a health service that is able to get people better more quickly plays into the agenda for improving productivity. The effect of that funding is hard to quantify, but it has an important part to play.

**Mike Watson:** I am afraid that I must return to the point that Christine May and Brian Adam have



made about the percentage increase in the enterprise and lifelong learning budget. I do so because, as you said, the issue was raised when you appeared before us in October last year. Since then, we have received a copy of the Scottish Parliament information centre briefing of March this year entitled "Key Trends in the Scottish Budget 1999-2003". From that, we note that between 1999 and 2003 the enterprise and lifelong learning budget has increased by 7 per cent in real terms. However, that increase is considerably below even the average increase of 12.9 per cent across portfolios.

I know that you have previously said that to look at ELL in the narrow sense misses the point. I am trying not to miss the point; I am trying to make the point. You quoted Richard Florida, whose comments on higher education I agree with. However, while things are happening in transport and other areas of economic growth, enterprise and lifelong learning, which is a key factor, is stuck low down in the ratings. I do not expect you to divulge what you are bidding for in the spending review, but would it be reasonable to assume that you are looking to improve the percentage increase for your department, or do you think that, given all the other issues that contribute to economic growth that you mentioned, the level is suitable for enterprise and lifelong learning?

**Mr Wallace:** Mike Watson is right not to tempt me down the road of saying what I am going to bid for in the spending review.

**Mike Watson:** Not in financial terms.

**Mr Wallace:** However, the First Minister and I have placed on the record the fact that additional funding will go to higher education. The Minister for Finance and Public Services gave to the Finance Committee today some estimates of the size of the total cake, but until we know its size, the question is impossible to answer, particularly as we are talking about matters in relative terms.

The position has not changed, because we are analysing the same budget that we analysed when I came before the committee in October last year, so if I give the same answers it is because we are in the same position. The more interesting discussion will come 6 months or 12 months from now, when we can examine the budget in the aftermath of the spending review.

After the debate we had in September I was criticised for not mentioning all the other aspects of Executive policy that were relevant to growing the economy. To have attempted to have done so in 12 minutes would have been to attempt the impossible. However, it is important to remember that the enterprise budget alone is not the sole promoter of growth and enterprise in Scotland.

**Mike Watson:** I understand the minister's comments, but in some ways we are not in the same position. You mentioned the general commitment to higher education, which we expected, but since we saw you in October we have had this committee's report on its Scottish solutions inquiry, there has been a decision in the House of Commons on top-up fees in England and Wales, and we have had phase 3 of your own higher education review. Those have all contributed in different ways and moved the debate on.

That partially addresses my question about the enterprise and lifelong learning budget. We hope to see consequential additional resources from Westminster budgets in the years down the road.

My other question relates to targets in the annual evaluation report. You will not be surprised to learn that I have targeted enterprise and lifelong learning target 3, on regional selective assistance, which, I am pleased to note, is the only one that has been subject to slippage. In response to a question from Susan Deacon in October, you talked about the fact that the volume of applications for RSA had decreased, particularly abroad. I know it has only been six months since then, but what is the current situation?

The target states that implementation of the proposed methodology will now happen later this year, but I do not understand why that should be. It states that RSA grants

"will be assessed against the Executive's sustainable development objectives by 2004."

Those objectives have existed for some time, so I do not understand why there has been slippage.

**Mr Wallace:** I am grateful to Mike Watson for asking that question. When the document was submitted, it was the case that the methodology was being considered by ministers, and implementation was anticipated later this year. In fact, subsequently, the methodology has been approved and the new procedures are being applied to all relevant operations as of 1 April 2004. That means that the target can be regarded as being on course to be met, rather than as being subject to slippage. There was simply a question of the timing of the submission of the annual evaluation report.

On regional selective assistance in general, in the year to 31 March, businesses operating in those parts of Scotland that are covered by RSA accepted offers linked to the planned creation and safeguarding of more than 7,000 jobs, which exceeded the published target of 6,000 planned jobs. Often, there is a roll-out of the funding as grants are allocated and jobs have to be seen to be being created before the money is handed out.

However, the target for planned jobs has been exceeded.

16:45

**Murdo Fraser:** On the size of the budget and its relative decline, I quite appreciate the point that you made about expenditure in other areas supporting economic activity. The same point is considered by Professor Peter Wood in a paper to the Finance Committee, which your officials will have seen. Speaking of the areas in which the impact of that support activity was significant, Professor Wood made the point that much of the growth in support spending had been in public transport and schools spending and that it had not been as high in roads, or in higher and further education spending, although those were the areas that were more likely to contribute to economic growth. Do you agree with that? For example, roads and motorways are extremely important to most Scottish businesses—although a limited number of businesses can move goods around by rail. Has spending on roads and higher and further education kept up with spending elsewhere? If you are serious about growing the economy, should not those areas be more of a priority?

**Mr Wallace:** Obviously, the Minister for Transport will have the opportunity to explain more about the transport budget but, in more general terms, I can say that it is clear that we have a substantial investment programme in road and rail transport. Indeed, money has been effectively spent on the route development fund, which now involves around 17 or 18 routes direct from Scotland. It is fair to say that that has exceeded our expectations. I am not sure whether Professor Wood made any comment about that expenditure in his report. Some of the larger capital expenditure is still to come. Given the large sums of money involved, it was inevitable that, during the first session of the Parliament, we would have to spend a lot of time getting the engineering and planning right. In this session, of course, people will want the major infrastructure projects to be delivered.

I do not accept Professor Wood's comments on further and higher education. I believe that he said that those areas had experienced "noticeably slow growth" in support spending. Since the Scottish Parliament was established, there has been a 13 per cent real-terms increase in the combined figure for the budgets of the Scottish Further Education Funding Council and the Scottish Higher Education Funding Council and, by 2005-06, there will have been a further 8 per cent real-terms increase. Concentrating on higher education, we can see that the allocations that were announced by SHEFC in March this year

took its budget over £800 million for the first time. By the time we come to the end of the spending review, the cash increase will be at least 6.9 per cent in real terms. Further, Scotland has a participation rate in higher education of more than 50 per cent, compared with a United Kingdom average of 33 per cent. As the situation has effectively stabilised at that figure, one might well argue that the additional resources do not have to fund a great additional number of students and that therefore that is an effective use of spend. Given our additional spending on universities research, I do not accept Professor Wood's comment that the increase is slow. Far from it—the increase in spend on further and higher education has been significant.

**Murdo Fraser:** I am sure that Professor Wood will have the opportunity to respond to that.

Is your ambition of growing the Scottish economy assisted or hindered by the fact that 52 per cent of our GDP is in the public sector?

**Mr Wallace:** That depends on how the 52 per cent is spent. If it is spent effectively in the public sector, it can promote growth. For example, the funding that we put into our universities and further education colleges is badged as public sector expenditure. If it is well spent and well deployed in our higher and further education sectors, it contributes to growth.

**Chris Ballance:** Mike Watson covered the question that I was going to ask about target 3, but I have two questions about the figures in table 7.01 under the heading "Other enterprise and lifelong learning". I congratulate you on the fact that funding for energy efficiency has been stabilised at the higher level of £10 million. I do not ask you to pre-empt the spending review, but is it a priority for that expenditure to continue to rise at least by the rate of inflation, and preferably at a higher rate, in the years after 2006? What will the increase from £1 million to £4 million on renewable energy largely be spent on?

**Mr Wallace:** One concern that was expressed during the previous budget process was that the funding for energy efficiency measures had not been consolidated.

**Chris Ballance:** Congratulations on doing that.

**Mr Wallace:** We were pleased to do that. It would be improper of me to second guess what might happen in the spending review, but I am sure that the committee will have noted that, towards the end of March, I announced a £20 million public investment programme for energy efficiency in the next two years for local authorities, NHS boards and Scottish Water. The objective is that the fund should be a continuing revolving fund. We strongly believe that proper investment of money in energy efficiency can

produce savings, which should allow the public bodies concerned to reinvest some of the savings in energy efficiency and to put some towards the services that they deliver. That is a win-win situation. We have established a fund that should replenish itself and ensure that the impetus for energy efficiency is maintained.

**Chris Ballance:** Where does that fund appear in the budget?

**Mr Wallace:** I will confirm this for the committee, but I think that that money is still to come through in a further budget revision order, or whatever the appropriate term is.

**Richard Baker:** The minister made the interesting point that the vital discussion in the committee on higher education funding will take place after the spending review. I am sure that all the committee members offer the minister their best wishes in the forthcoming discussions. In the budgets that we have in front of us, I notice that the budgets for the funding councils rise significantly year on year. However, one clear omission is the lack of capital grants for universities, which is a big issue, given that infrastructure could become important for the sector in the next few years. What consideration has been given to that? Secondly, looking at the increasing administration costs in SHEFC and SFEFC, do you see any room after the merger of the funding councils for cutting those costs?

**Mr Wallace:** On the first question, the committee's report on higher education and the debate that we had on the report will undoubtedly be of some use in creating the environment in which to argue the case for increased support for higher education in the spending review.

The reason why there is no obvious expenditure on capital for higher education is that, unlike further education, there has been no separate capital fund for SHEFC to distribute—the funding is all combined in the one figure. I do not know whether the committee wants to make a recommendation, but I am considering whether there is merit in separating out a capital fund—given the phase 3 analysis of what is required. I assure the committee that no decisions have been taken on the issue, but it merits consideration.

On the second question about administration costs, it is important to point out that the administration of SFEFC and SHEFC is already merged, de facto. They have separate boards, so undoubtedly some savings will be made by having one board, but in respect of office staff they operate out of the same premises and are to all intents and purposes a merged operation, although obviously in law and in terms of their boards they are separate.

**The Convener:** I thank the minister and his officials for their evidence. I hope that finishing now, minister, enables you to undertake your other engagement tonight.

## Annual Report

16:57

**The Convener:** We move on to agenda item 5, on the committee's annual report. Members have a copy of the draft report, which I hope contains no surprises. Do members have any comments?

**Susan Deacon:** I have picked up a number of what are, in the main, relatively small points; there are one or two typos and a couple of points of substance.

Can I confirm that we are looking to get the report signed off today? In other words, do you want me to raise the points now?

**The Convener:** Yes. We need to get the report signed off tonight.

**Susan Deacon:** I ask because I would usually raise one or two of the points in an e-mail or something. Such points include what I am sure are deliberate mistakes on dates in the first paragraph and the last paragraph. Should the first paragraph not say 2003 and the last one 2004 rather than the reverse?

**The Convener:** I think that you are correct.

**Susan Deacon:** On the two paragraphs in the "Scottish Solutions" section, I wonder whether for the sake of accuracy it ought to say

"The Committee's first inquiry was into the impact on Scottish higher education of the"

proposed

"introduction".

That would indicate that we were debating the issue prior to a decision being taken.

**The Convener:** Yes. I am happy to insert the word "proposed".

**Susan Deacon:** In a similar vein, the second sentence in paragraph 3 reads as if there were a causal link between the publication of our report and the creation of the UK liaison team. Was that the case? If so, that is excellent; if not, we had better not suggest that there was. I also wonder about the sequence of events. Did the Executive not come back to us and say that the machinery had been put in place? Is it not the case that those things, which were all part of the gradual process of improvement, had been done prior to our report?

**The Convener:** I think that you are right to point that out. I suggest that we delete the phrase "Following the Committee's report", and make the start of the sentence read, "A UK Liaison Team has now been established". Someone who is a conspiracy theorist could still suggest that the fact

that they are in the same paragraph implies a causal link, but I do not think the words would do so.

**Susan Deacon:** We have to be careful about whom we list as having given evidence as part of the renewable energy inquiry. I am not sure that we have got the generic groupings right. I know that the list starts with the word "including" and is not exhaustive. In paragraph 4, we use the word "manufacturers"—should we not just say "industry"? That is just a suggestion—there is nothing that I would go to the wall on.

17:00

**The Convener:** The list conveys the fact that we took evidence from people who are involved in renewable energy, not because they are saving the planet, but because they are creating jobs.

**Brian Adam:** We could refer to industry interests. I believe that Susan Deacon is thinking of Scottish Power, which is not a manufacturer.

**The Convener:** Will we replace "manufacturers" with "industry interests"?

*Members indicated agreement.*

**Susan Deacon:** I am comfortable with that. The previous wording did not feel inclusive enough.

I have another very small point on the renewable energy section. I think that I am right in saying that the Campbeltown visit took place before the Denmark visit.

**The Convener:** It did.

**Susan Deacon:** Should that order be followed in the report?

**The Convener:** We could swap paragraphs 5 and 6.

**Susan Deacon:** The second sentence in the paragraph on the Denmark visit starts with

"The small group of members",

but it should refer to "a small group", to make a distinction with the Campbeltown visit, which the committee undertook en masse.

**Mike Watson:** Why do we not say "three members"?

**Susan Deacon:** That would be better still. Precision is wonderful.

**Brian Adam:** Why not name the junketeers?

**The Convener:** We will change the words to "three members" and we will add the last sentence of paragraph 6 to the end of paragraph 5 after it has been moved.

**Susan Deacon:** My penultimate point is still on the renewable energy inquiry.

**The Convener:** The previous point was the antepenultimate point.

**Susan Deacon:** The reference to the wind speeds at the turbines that we saw is jarring and is a point of incredible detail.

**The Convener:** Perhaps that shows that we are anoraks occasionally.

**Susan Deacon:** We certainly needed anoraks on the day of the visit. Anybody who understands such speeds will know the significance of how hard the wind was blowing that day.

**The Convener:** I must say that 23 metres per second means nothing to me.

**Susan Deacon:** I was just making an observation.

My final point is on the broadband inquiry and is similar to my comment about the list of renewable energy inquiry witnesses. Government agencies and local authorities are conspicuous by their absence from the list of broadband inquiry witnesses. Perhaps a generic reference to public bodies could be added.

**The Convener:** I will add public bodies to the list.

**Susan Deacon:** Members will be pleased to know that that is all.

**The Convener:** I compliment you on your helpful attention to detail. Has anyone else spent a sad evening recently? With those amendments, are members happy to agree to the report?

**Members** *indicated agreement.*

**The Convener:** We were due to go into private to discuss agenda item 6, but in view of the time and of the fact that our agenda next week is relatively light compared with this week's agenda, I suggest that we take the item next week. In the meantime, members can send me further suggestions—Chris Ballance has already sent me stuff.

Do members agree to discuss the item in private next week?

**Members** *indicated agreement.*

*Meeting closed at 17:03.*



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