

ENTERPRISE AND CULTURE COMMITTEE

Tuesday 26 October 2004

Session 2

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ENTERPRISE AND CULTURE COMMITTEE

22nd Meeting 2004, Session 2

CONVENER

*Alex Neil (Central Scotland) (SNP)

DEPUTY CONVENER

*Mike Watson (Glasgow Cathcart) (Lab)

COMMITTEE MEMBERS

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)

*Michael Matheson (Central Scotland) (SNP)

*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:

Mark Batho (Scottish Executive Enterprise, Transport and Lifelong Learning Department)

Joe Brown (Scottish Executive Education Department)

Patricia Ferguson (Minister for Tourism, Culture and Sport)

John Mason (Scottish Executive Education Department)

Chris McCrone (Scottish Executive Finance and Central Services Department)

Jane Morgan (Scottish Executive Enterprise, Transport and Lifelong Learning Department)

Angela Saunders (Scottish Executive Education Department)

Allan Wilson (Deputy Minister for Enterprise and Lifelong Learning)

CLERK TO THE COMMITTEE

Stephen Imrie

SENIOR ASSISTANT CLERK

Judith Evans

ASSISTANT CLERK

Seán Wixted

LOCATION

Committee Room 1

Scottish Parliament

Enterprise and Culture Committee

Tuesday 26 October 2004

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

Item in Private

The Convener (Alex Neil): I bring to order the 22nd meeting in 2004 of the Enterprise and Culture Committee. First of all, we have some apologies. Richard Baker apologises because he is on his honeymoon; we send our best wishes to Richard. Jamie Stone apologises because he is at a meeting of the Parliamentary Bureau, but he will join us later. We have also received apologies from Susan Deacon, who, when she arrives, will be leaving early, and from Michael Matheson, who will also be leaving early.

Under agenda item 1, we must consider whether to take item 5 in private. Is it agreed that we take item 5 in private?

Mike Watson (Glasgow Cathcart) (Lab): There will be naebody left.

The Convener: Aye. Is that agreed?

Members *indicated agreement.*

Arts in the Community Inquiry

14:02

The Convener: We shall take evidence from the Minister for Tourism, Culture and Sport and her team. I welcome the new minister, Patricia Ferguson, to the committee. As this is the first meeting between us, I congratulate her on behalf of the committee on her appointment and wish her all the best. We want to work together with the minister for the benefit of tourism, culture and sport in Scotland.

The minister has circulated a paper and is quite keen that we should move straight to questions. The first question is from Murdo Fraser.

Murdo Fraser (Mid Scotland and Fife) (Con): I was looking at paragraph 6 of your submission, which relates to guidance for local authorities. The reason that that came to mind is that, during the recess, Jamie Stone and I went to Inverness to meet some of the people who are involved in community arts in the Highlands and Islands. That was interesting and quite instructive, because quite a number of the people whom we met were critical of Highland Council. Some people praised Highland Council, but others were critical. The Executive is clearly setting its objectives, but the delivery of those objectives is down to the local authorities. Do you have any comment on that? Specifically, how do you try to resolve that tension around seeking to deliver policies on community arts at Executive level, while the implementation of those policies is not within your control? How do you encourage local authorities to deliver your objectives?

The Minister for Tourism, Culture and Sport (Patricia Ferguson): I thank the committee for that warm welcome, and I can reassure you all that I will not take personally the fact that so many members are missing this afternoon. As the person who, as business manager, allowed Richard Baker to be off today for his honeymoon, I suppose that I have to take some responsibility for that. Given my long attendance at the bureau in one capacity or another over the past five years, I also sympathise entirely with Mr Stone. I am sure that he would enjoy himself more thoroughly here than he will where he is, but I assured him that the meeting would not last very long, so I hope that I am proven right on that point.

Murdo Fraser is correct to identify the fact that there will always be that kind of tension. Tensions could exist between the Executive's priorities and local authorities' priorities in a number of areas, not only in the area of community arts. We are keen to work with local authorities to ensure that we can reduce whatever tensions there might be.

It is important to acknowledge that local authorities will set their own priorities. From memory, I recall that the Local Government in Scotland Act 2003 talks about adequate resourcing but does not specify what adequate means. That is an interesting debate. We have to take into account the role of the Scottish Arts Council. In the Highlands and Islands, the SAC has been active in trying to ensure that people work in partnership rather than in isolation. We also have to consider that the delivery of an arts and culture policy can be more difficult in the Highlands and Islands because of the geography.

Many such issues are being considered by the Cultural Commission and it will be interesting to see what it comes up with—especially after it has heard not only from the local authorities but from arts providers and administrators, because what they say will be of great interest. John Mason may want to add something.

The Convener: I apologise: I should have welcomed John Mason, who is the head of the tourism, culture and sports group in the Scottish Executive, and Angela Saunders, who is the head of the national cultural strategy unit.

John Mason (Scottish Executive Education Department): Thank you, convener.

I would like to add a point on the work that we did with the Convention of Scottish Local Authorities on drawing up guidelines on best practice, and on what we hoped that COSLA would do in implementing arts and culture policies on the ground. To drive the work forward, we were planning to do some work with COSLA and VOCAL—the Voice of Chief Officers for Cultural, Community and Leisure Services. However, with the setting up of the Cultural Commission, we felt that it would be better for the commission to take on that next stage of the work. The commission is therefore working through ideas with VOCAL and COSLA. I hope that, at the end of the process, we will receive further recommendations on how we can better link national policy with local delivery.

Christine May (Central Fife) (Lab): I, too, congratulate the minister on her appointment. During our inquiry into arts in the community, we heard telling evidence in our first evidence session, and again in other sessions, of the intangible benefit that community arts and other arts experiences can offer. I am talking about the hair standing up on the back of the neck, and the smile on the face of the individual who has achieved something. In determining policy, in drawing up policy guidelines on funding and support, and in receiving feedback, where do you rank that gut feeling of “This is a good thing”? What sort of advice would you expect from civil servants and non-departmental public bodies?

Patricia Ferguson: You are right to suggest that many of the benefits are intangible. However, a community with a thriving arts element will be a healthy community—healthy in the broadest sense of the word. That could almost be an intangible measure of an intangible thing. It is the mark of a healthy community that it has a commitment to the arts in their broadest sense. From time to time, it will be necessary to measure and to monitor that, so that we can judge whether the resources that have been given to projects are being used in a way that benefits communities. However, the fact that there is willingness to get involved in arts activities is, in itself, a measure. I am keen that such activities should develop, but I agree with Christine May that the benefits will always be, in some respects, intangible. However, arts can add to the overall sense of well-being in a community. Without arts, communities are much less vibrant and healthy.

Christine May: As a supplementary, I should point out that those who gave evidence on this matter said that it was difficult to encapsulate that intangible benefit in a return. The fact that there was no box to tick led me to ask about the advice that you expect to receive on how that aspect might be incorporated into policy and funding support.

Patricia Ferguson: The committee will be aware that the literature review that we have undertaken will help us with that process. At the moment, I have not been able to consider the matter as much as I would like to have done and will do over the coming weeks and months; however, the review makes it clear that we must have more ways of measuring what we do. We are about to carry out a research exercise into whether there are better ways of measuring some activities and of determining what some of the opportunities might be. Indeed, we must not just measure what has been done but find out whether there might be opportunities to do more or whether we can intervene in areas where there have been no activities. It is very much a work in progress.

Christine May: The committee will be very interested to see that study.

Chris Ballance (South of Scotland) (Green): I, too, welcome the minister to her new position.

In paragraph 7 of your paper, you mention the First Minister’s St Andrew’s day address and say:

“Cabinet Ministers are now working together to drive forward the Executive’s vision, identifying ways in which their shared objectives can ... bring culture closer”.

When can we expect an announcement on how ministers will work together to bring culture into every portfolio? After all, the First Minister’s St Andrew’s day address promised major announcements over the coming 12 months and we are now 11 months into that period.

Patricia Ferguson: There have been discussions between ministers across portfolios. As you rightly point out—indeed, as the First Minister identified—culture and the arts are not necessarily one minister's responsibility, even though the major shareholding in those matters rests with my portfolio. In certain areas, there will be cross-cutting agendas that we should follow and work has begun on those matters.

I have begun a series of discussions with my colleagues to find out where they have reached in that work and to try to make some progress. Members will forgive me if I do not know much of the detail of that; however, I am particularly interested in this area, because it is obvious that cross-cutting work needs to be done. For example, with regard to the geographical problems in the Highlands and Islands that Murdo Fraser highlighted, dial-a-bus and dial-a-taxi initiatives might encourage people to take advantage of opportunities to participate in or to enjoy art in one form or another, even though those opportunities might be a little far from where they live.

Again, John Mason might be able to say a little more about some of the ideas that have been discussed.

John Mason: I do not want to give away any of those ideas, because they will appear in the report. The committee might recall that we produce an annual report on the developments in the national cultural strategy over the year. Indeed, one such report is due to be published later this calendar year. Some matters are still to be decided, but we hope that this year's report will specify the various activities that have been discussed between portfolio ministers, particularly the new or improved actions that have been taken forward as a result.

In response to Chris Ballance's question, we hope later this year to publish a full report of how those discussions have progressed and the initiatives that have emerged from them.

Patricia Ferguson: Yesterday, as I was reading the latest edition of *Holyrood* magazine—obviously with some interest, as it contained an article on the First Minister's reshuffle—I came across an interesting article by Graham Berry of the Scottish Arts Council and a lovely photograph of the clown doctor's scheme. Although that scheme has been funded under the health portfolio, it is an example of the kind of work that we hope to do. Examples of cross-cutting work are out there, and I encourage members who have not yet read their *Holyrood* magazine to do so. We would also welcome any ideas that committee members might have in that respect.

The Convener: Paragraph 14 of the minister's paper says that the Cultural Commission's interim

report will be published in October. Given that today is 26 October, is the interim report on target for publication? Will it be published this week?

Patricia Ferguson: The report will not be published this week, but it will probably be available next week. That is what we are aiming for.

The Convener: Okay.

14:15

Susan Deacon (Edinburgh East and Musselburgh) (Lab): I thank the minister not only for setting out the mechanics of the process that is under way but for sharing her thoughts with us. I would be interested to hear the minister's view on some of the recurrent themes that are coming through in the work in which all of us are engaged in different ways.

First, I return to the question that Christine May raised about evaluation. You seemed to indicate that you have considerable sympathy for the view that the existing evaluation and monitoring processes struggle to capture many of the benefits of various arts-related activities to individuals and communities. It is a bit like trying to store water in a shoe box—the two do not work together. None of us has the magic solution.

Having read the documentation on the literature review, I note that it made a similar observation. However, I am a little concerned to hear that another piece of research is to be commissioned—it seems that we are to get yet more examination of the issue. Are there not some leaps of faith that we could make? Could not some significant step changes be made, even on an experimental basis? To do so would move us away from the paper and tick-box approach. Frankly, it would allow the flowers to bloom a little more at community level. Common sense, judgment and human instinct tell us that certain activities are working. What is your response to that suggestion?

Patricia Ferguson: I hope that, from my comments, the committee will see that I am very sympathetic to that view. The many creative activities—I am thinking more widely than just the arts—make an important contribution to our communities. However, we cannot get away from the fact that, from time to time, some kind of evaluation is required, not least so that, if something has not worked, we do not continue it. Perhaps the activity can be changed or modified or, if not, we can move on to something new that will give the community those kinds of benefits.

We are trying to come on to qualitative ways of measuring social impact and how things have worked in a community. We need to know whether, if a cross-cutting element was involved,

for example, it worked in both or many of those areas. We might find that an element worked in one area but not in others and that it might be worth while continuing it on that basis. We have to be flexible about how we do that. That said, it is worth trying to establish a playing field that everyone is clear about, even if it is a playing field on which we can be flexible depending on the circumstances.

Susan Deacon: I will pursue the point a little further, if I may. I think that you said that there was a place for a more qualitative approach to be taken. Do you see an individual's articulation of their experience and of what their involvement means to them as something that could and should be given greater weight in the process? In some of our discussions, we heard about audience feedback. For example, we heard about the enjoyment that people secured from a performance—someone referred to it as people having a smile on their faces.

As we all know, there are harder edges to some of these things. I am thinking of an individual who might say that two years ago they suffered from depression and were taking medication but that, since they got involved in the local arts club or whatever, their well-being, health and self-confidence have been transformed. We know that such links exist—indeed, the Executive's research bears out that finding. Are you sympathetic to the suggestion that we should find ways of giving extra weight in the evaluation process to the personal testimony of individuals?

Patricia Ferguson: Very much so. I return to the point that I made at the beginning about community involvement in the arts being the sign of a healthy community. In itself, that could be one of the measures. We could sit for hours discussing what a healthy community is, but I think that we all know what we mean by the phrase. However, there have to be different approaches. I do not know whether Executive officials have given thought to that, but the research that we are undertaking is going down that road.

Mike Watson: Under the heading of the national cultural strategy, your submission refers to the cultural co-ordinators in schools programme. Questions have already been asked about departmental cross-cutting and how communities can build the artistic or creative activity to which you referred in your previous answer, and it is a fundamental point that if young people get certain habits early on—good habits, I hope—those habits are likely to stay with them into later life. What role do the school cultural co-ordinators have in relation to community arts? The co-ordinators are funded partly through the Education Department and partly through your department and, contrary to public perception, most of them are not

schoolteachers but are practising artists in one form or another. What contribution have they made outwith the school community, not only in terms of what happens when the youngsters grow older but by making links with cultural organisations in their communities?

Patricia Ferguson: Your point about the habits that young people get into early is relevant. Anyone who, like me, learned to play an instrument at primary school will know that, although the outcome might have been bad, as it was in my case—when I listened to Nicola Benedetti, I knew that I had made the right decision when I gave up my instrument—the experience was not bad because of the enjoyment that was gained. The enjoyment of being part of a group that participates in music making and of learning about music, albeit relatively informally, is almost intangible but we all recognise it as important.

To be honest, I am not up to speed with how much the cultural co-ordinators work outwith the school community. Perhaps John Mason or Angela Saunders has a bit more information about how that programme has progressed.

Angela Saunders (Scottish Executive Education Department): The cultural co-ordinators in schools programme involves teachers and others from the arts community who are not teachers but who help young people to maximise their opportunities through culture and the arts while they are at school. We have evaluated the project continually since it started, because we were keen to know how it was developing, and there are some good examples of its impact on children. However, in other areas the programme has not been quite so successful, so we need to consider it over the piece and determine how we can build on the good examples when we decide how to progress with it.

Mike Watson: What plans are there for the programme? It was introduced initially as a two or three-year project, but that must be just about coming to a close now. Will it be mainstreamed?

Patricia Ferguson: Yes.

Mike Watson: When is the latest annual report on the national cultural strategy due to be published? I do not want you to pre-empt that report, but what, in general terms, will it say about community art in its various forms? I hope that future annual reports will take account of what the committee will say in its report at the end of the inquiry.

Angela Saunders: I will answer that by going back in time to November last year to the First Minister's St Andrew's day address, which said that the national cultural strategy had been a wonderful start—a lot had been achieved and

there had been some amazing initiatives and successes—but that it had not been as ambitious as he would have liked. That is where the vision for arts and culture in Scotland came from: the First Minister articulated it on St Andrew's day. He said that there would be a cultural policy statement that would link in with the launch of the cultural review. As you know, that happened in April this year. The new cultural policy statement encapsulated some of the key themes from the St Andrew's day address in its first part and, in its second part, presented the remit of the Cultural Commission, which was announced at that stage to undertake the review.

You might ask where the national cultural strategy sits in relation to that. When the strategy was launched in August 2000, it was intended to be a four-year policy framework. Of course, those four years have now concluded. At the moment, the department is working towards an audit of the actions that were announced in that strategy to determine what progress has been made in each case. In a sense, that should roll up the various annual reports that came out each year and should provide a definitive statement of progress in the various actions. We hope to produce that later this year.

Mike Watson: So instead of being an annual report, it will be a review of the strategy.

Angela Saunders: It will look back over the four-year period.

Patricia Ferguson: We would very much welcome the committee's comments on the inquiry that we are undertaking. I know that the plan is to give those results to the Cultural Commission. I am pleased that the committee wants to do that, as that will be worth while.

The Convener: Our plan is to issue a report sometime in early December. Hopefully, we will manage to stick to that timescale.

Budget Process 2005-06

14:26

The Convener: Agenda item 3 relates to the budget for tourism, culture and sport. Accompanying the minister for this agenda item is Joe Brown, from the Scottish Executive Education Department. The minister would like to make a short introductory statement.

Patricia Ferguson: It is fair to say that the headline facts in the budget are, as far as this portfolio is concerned, pretty impressive. The expenditure across the portfolio will increase by 25 per cent from £233 million in 2004-05 to £292 million in 2007-08. That is a real-terms annual increase of 5 per cent. Capital expenditure will more than double in 2006-07, rising from £16 million in 2005-06 to £37 million the next year. Viewed in the context of the substantial increases that emerged in the past two spending rounds, that sends a strong signal confirming the Executive's clear and sustained commitment to the arts, sport and tourism. I would suggest that it is also an example of the success of devolution.

I believe that, as you have no doubt heard the First Minister articulate, Scotland is the best small country in the world, with many attractions and natural resources. It is truly a must-visit destination. We have a great history and great modern design. We need only walk the length of Edinburgh's High Street to see examples of both of those. We rightly celebrate our culture and will always seek to build on our sporting and cultural successes, recognising that that improves the Scottish tourism product and, ultimately, helps our economy to grow. The resources that are described in the draft budget allow that work to continue and make it possible to commit to delivering 10 challenging objectives.

I hope that the committee has noted that individual targets for the portfolio have changed a good deal following the spending review. In part, that reflects the need to change the timeframe for delivery. I am pleased to confirm that we have made great strides in improving our capacity to define and measure excellence and participation.
[*Interruption.*]

The Convener: Someone appears to have a mobile phone operating. It might be me, actually.
[*Laughter.*] My apologies.

14:30

Patricia Ferguson: The publication of detailed technical notes will follow next month; in itself, that is important because they will underpin the enhanced transparency and accountability.

Before I conclude, I would like to highlight one further point of detail. Between 2006-07 and 2007-08, there appears to be a reduction in funding for VisitScotland, the national institutions and the Scottish Arts Council. However, that is an anomaly that reflects significant one-off capital expenditure in 2006-07, such as the £5 million for the refurbishment of Eden Court Theatre in Inverness and the purchase of the Scottish National Gallery of Modern Art building in Edinburgh by the National Galleries of Scotland. Investment in activity is on-going. For example, VisitScotland's additional £7 million per annum for marketing spend and the requirement for matching funding will be maintained at that record level from 2006 to 2008. VisitScotland's budget to market Scotland in the United Kingdom and overseas is now twice as big as VisitBritain's budget to market England.

I stress that, while I am new to the portfolio, I hope to continue to make progress with the Executive's established policy agenda in "Building a Better Scotland: Spending Proposals 2005-2008: Enterprise, Opportunity, Fairness" and the draft budget for 2005-06. I confirm that we aim to enhance everyone's quality of life in Scotland through widening participation in sport and culture and by building on our successful and sustainable tourism and creative industry sectors to grow the Scottish economy and to create jobs and opportunities. With my colleagues, I am committed to celebrating our culture and to improving access and building excellence in the future.

The Convener: I apologise again for the interruption caused by my mobile phone.

I will use the convener's prerogative and kick off with two or three questions that relate primarily to the tourism budget and VisitScotland. VisitScotland's budget will increase substantially between this year and the final year of the new spending round. Will all the additional money be spent on marketing Scotland? How does that funding relate to VisitScotland's strategic objective of increasing visitor spend in Scotland by 50 per cent by 2010?

Patricia Ferguson: A significant proportion of the money will be spent on additional marketing. I am sure that the committee is aware that we have established about 18 new direct air routes for Scotland in the past two years. We hope not simply that those routes will provide destinations to which Scots can travel, but that we will market Scotland in those destinations and encourage people to come here. VisitScotland is looking to expand the geographical spread of its marketing into those areas and into other areas so that we can maximise the potential for incoming tourism and help to grow the market. There is still a great deal of potential and VisitScotland would like to expand its operations. That is a crucial part of

VisitScotland's work and a significant proportion of its resources will be spent on it, but there will of course be an increased budget for other more day-to-day issues.

The Convener: Is the money tied to the target of a 50 per cent increase in visitor spend in Scotland?

Patricia Ferguson: The money is intended to assist VisitScotland in achieving that.

The Convener: Is the money for the air route development fund in Scottish Enterprise's budget or is some of it in VisitScotland's budget?

Patricia Ferguson: It is in the transport budget.

The Convener: It would be useful if the budget document contained a level 2 breakdown of VisitScotland's budget planning, as happens for other quangos. The budget document contains the level 1 figures, but it would be useful for the committee to have the level 2 figures, if that is possible.

Patricia Ferguson: We will see what we can do.

The Convener: Your responsibility for external relations does not come under the committee's remit, but is the budget for external relations work that falls within your remit included in your budget, or is that in another budget?

Patricia Ferguson: My budget line contains a small element for external relations work in which I might be involved. It is mainly for events such as the entente cordiale events in France. However, the bulk of the money for the promotion of Scotland and for external relations is in the finance budget.

The Convener: In looking at external affairs in a joined up way, it might be useful if the Executive were to give us a summary of its planned spend on external affairs across departments, so that we can see where the resources are going.

Do we have any idea of the costs that are likely to be incurred in the next two years due to the transition from area tourist boards to hubs? Out of which budget line will that money come?

Patricia Ferguson: John Mason will correct me if I am wrong, but I think that at the moment the money is contained in the VisitScotland budget line—he is nodding his head, so I am right. I think that the costs are in the order of £2 million this year and £2 million next year.

The Convener: Philip Riddle, the chief executive of VisitScotland, told me two weeks ago that the transition costs are not coming out of VisitScotland's budget.

Patricia Ferguson: Perhaps John Mason could clarify, because my understanding is that they will come out of VisitScotland's budget.

John Mason: Following the review undertaken by the ministerial group on tourism, this year and next year VisitScotland is being given three additional pots of money. The first, for marketing, is a £7 million spend that is being mainstreamed into its budget for future years. It has also been given £4 million for restructuring costs over this year and next year and an additional £3 million—if my memory serves me right—to review and improve the VisitScotland quality system. That is all additional money that has been granted to VisitScotland. It has not come out of its mainstream marketing budget, which is what I think Philip Riddle was trying to impress on you.

The Convener: But those figures are included in the global figures in table 4.03.

John Mason: They will be included in the outturn figures. We are talking about planned figures and additional moneys that were granted in-year for those additional elements.

The Convener: That emphasises the fact that a further breakdown of the figures would be helpful, so that we can see how much is going to marketing and how much is going to other activities, because £4 million out of VisitScotland's budget is not an insubstantial amount.

The minister touched on my final point. The figures are presented in such a way that it is not always easy to disaggregate them. That is a general point for us to report to the Finance Committee.

The minister highlighted the distinction between what used to be called above-the-line and below-the-line capital and revenue expenditure. It would be useful if we could receive for each of the main budgets—at level 1 anyway—a breakdown of what is capital, which is often a one-off element, and what is revenue. Comments in the press show that there is confusion about whether there is growth in the budget, as capital and revenue are lumped together. In future, it might be useful if the Executive presented us with a breakdown of capital and revenue expenditure, as that would allow us to understand better what is going on.

Susan Deacon: I have a question on the budget figures and the work of the Cultural Commission. What is the thinking on how money and policy can be married together? Has provision been made to support specific initiatives such as development work that might arise? How and when do you expect to consider what I presume will be significant shifts in resources—not necessarily just additional resources—once the work of the commission is complete? How will that be done?

Patricia Ferguson: We cannot pre-empt the commission's report and what it is likely to say, so it is difficult to put money aside for particular things. We will look at what the commission suggests and decide whether that is how things will move. I would have thought that budgets would move with that process, if necessary. However, I am not sure whether any further work has been done on that to date. Perhaps my colleagues can say something about that.

John Mason: It is difficult to prejudge what the commission will come up with. We are fully funding its research work and the carrying out of its undertakings. We obviously need to wait and see what its proposals will be. The commission's remit said that it was to take account of the realities of existing and likely future funding. The current budget sets out what is available to the portfolio, so according to its remit the commission should take into account the sums that have just been announced. Clearly, if the commission's proposals go beyond that, that will be something for collective ministerial decision at the time.

Susan Deacon: You clarified earlier the question about the report's publication. However, we have just had the spending review process and although I appreciate that you cannot prejudge the outcome, I presume that consideration has been given to the possible processes. What is the timescale for financial decisions that might arise from the commission's work?

Patricia Ferguson: The commission is due to report next summer. Once we have the report, we will consider it and decide how we want to move forward with it. Budget decisions would flow from that. It is a bit difficult to put an absolute timeframe on those decisions, but I would have thought that we will have a conversation on that at about this time next year. However, it is difficult to know exactly how far the report will go and whether adjustments will need to be made to take account of anything that it suggests. It is difficult to say anything without sounding as though we are trying to be vague about it—it is just genuinely difficult to say what will happen.

Mike Watson: I have a question about VisitScotland, which has had increased funding that it will welcome. Under the "Statement of priorities" heading, the draft budget refers to "re-organising the tourism network to improve services" and maintaining the

"increase in the level of VisitScotland's marketing spend by a further allocation of £7m per annum through 2006-08".

It is not clear to me whether that is the £7 million a year that was announced earlier this year, I think, by the minister's predecessor. If it is not, is it new money over and above the money that he

announced for the re-organisation of area tourist boards?

Patricia Ferguson: It is new money.

Mike Watson: So it is over and above the money previously announced. It is helpful to have that clarification.

The next paragraph in the draft budget refers to

“using major sporting and cultural events as a platform to promote tourism and display Scotland’s potential”.

Not everything can be mentioned, but I am a little surprised that there is no mention at all of EventScotland in that section of the draft budget. How will that initiative affect EventScotland’s budget? Is that already decided? The initiative will clearly make a major contribution to enhancing tourism, which was the point that I just raised.

Patricia Ferguson: John Mason has the detail on that.

John Mason: I am afraid that the draft budget statement does not mention EventScotland. Its figures will come through when VisitScotland breaks down its own figures. As members will remember, EventScotland is a joint venture by the Executive and VisitScotland. Effectively, the money for EventScotland comes through VisitScotland’s budget. Therefore, EventScotland’s money is subsumed within the VisitScotland budget line. EventScotland will continue at its current level of funding of £5 million a year, which is included within the VisitScotland line. The breakdown that we will give you will show what is available for EventScotland within that line.

Mike Watson: So EventScotland’s funding is £5 million a year until 2007-08.

John Mason: Yes.

Mike Watson: A further point concerns a question that I meant to put to you during the earlier questioning about the Executive’s response to the committee’s comments at stage 1 of the budget process. Under the heading “Cross-cutting funding”, the Executive’s response to our recommendation states:

“The budget for cultural organisations has been increased by £4m in 2005-06 and £2m”

in each of the next two years. That information is shown in the figures. What are those cultural organisations? Hitherto, they were receiving about £300,000 to £400,000 per year, so there is a huge increase that I have no doubt they welcome. However, I would like some indication of what sort of organisations they might be.

John Mason: I am sorry, but this is going to sound evasive. We have yet to announce the details of what that funding line is there to cover, and I am afraid that I just cannot give the details.

We have made provision to do things with community organisations during those three years—the money has been put aside for that work. The details are still being worked out and as soon as the information is available and ministers are happy with it we will announce how that money will be used.

14:45

Mike Watson: Knowing Mr Mason, I am sure that he is not being evasive.

My final point relates to the responses to our stage 1 comments on lottery funding. I accept the fact that lottery funding is a reserved matter, but we asked what would be the likely effect of a reduction in the amount of lottery funding. What work has been done on the effect of the Olympic bid on sport and its funding through the lottery in Scotland, and to what extent are the conclusions that have been drawn reflected in the draft budget that we have before us?

Patricia Ferguson: It is interesting that in recent times it has become clear that income from the lottery has begun to stabilise. I do not think that any of us expected that to happen. The early thinking was that the amount of income from the lottery would continue to decline, albeit slowly. That now seems not to be the case: lottery funding seems to have stabilised.

Importantly, a large proportion of the moneys that will be needed for the London Olympic bid, if successful, will come from a new lottery game that will be launched sometime next year and branded specifically for that event. I understand that, where ticket sales for that game occur in Scotland, the money will be made available to us to promote sporting activity and sporting development in Scotland. Some interesting aspects of that are beginning to come through.

Mike Watson: I am more concerned about the net effect. At one stage, there was a suggestion that the elite athletes’ training funding might be cut. All committee members hope that there will be no net disadvantage for Scotland of the London Olympic bid. We hope that it will succeed, but not at the expense of funding in Scotland.

John Mason: I will give some of the latest estimates—I stress that they are estimates—from the Department for Culture, Media and Sport. It is expected that if the London bid is successful, which we hope that it will be, half the £1.5 billion that has been allocated to come from the lottery—£750 million—will come from the new lottery game. The rest of it will come from existing lottery funds for sports and, possibly, for good causes. We have agreed that the money that will come from the sports funds will be used for training athletes in Scotland who will have the potential to

compete at the Olympic games. Effectively, the money that is already committed by sportscotland for elite athletes through the Scottish Institute of Sport will stay in Scotland and will form part of the money that is allocated for the Olympics.

It is hard to tell whether a new lottery game will have a big displacement impact on the other lottery games. One would expect some displacement and it may be that, over the 10 years of the funding that would be required from the lottery, that could be something in the region of £10 million to £20 million. That is an estimate of the possible impact on what would be available to the Scottish lottery funding distributors for sport and, possibly, the arts. However, the current estimate is that the new game will generate a lot of new business rather than have a big displacement impact.

Mike Watson: That is perhaps a holding answer, and we might want to return to the issue. The potential effect of a change in lottery funding on sport in Scotland is important.

Michael Matheson (Central Scotland) (SNP): I would like to pick up on a couple of specific points in the draft budget report. Table 4.05 details the Scottish Arts Council's budget. I note from that table that the Scottish Arts Council budget stands at £38,969,000 for 2004-05 but goes down to £36,269,000 for 2005-06. Could you explain why there is that drop in funding?

Joe Brown (Scottish Executive Education Department): The explanation is set out earlier in the document, at table 4.01. A footnote to that table mentions a

"£4m repayment from the Scottish Arts Council for Scottish Opera."

That affects the figure for those years.

Michael Matheson: So that £4 million for Scottish Opera will return to the Scottish Arts Council budget by 2006-07.

John Mason: Scottish Opera, in its deficit position, required additional support from the Scottish Arts Council. The Arts Council did not have the cover in its budget to meet that additional call on its resources. Ministers therefore agreed that the Scottish Arts Council should be advanced £4 million in funds from this year—2005-06—to the previous year. That is an accounting point, to show that the £4 million was paid the previous year—it is effectively a technical repayment. The Scottish Arts Council has not lost any money—that money was paid in a different year from when it was originally programmed to be paid.

Michael Matheson: That is helpful—thank you very much.

The heading above table 4.06 is "Other arts and culture", and the overall figure shows a total

increase. However, there appear to be a couple of areas in which there is a decrease, or a relatively standstill budget. One example is the entry for the "Promotion of Scotland", which appears to decrease quite rapidly. Could you explain what "Promotion of Scotland" is and why the budget for that is decreasing?

Patricia Ferguson: That goes back to an answer that I gave the convener earlier. The budget shown as being under my portfolio is for events such as the celebration of the entente cordiale. The bigger promotion of Scotland budget is currently shown under the Finance and Central Services Department budget. There is actually more money there, if you like. An explanation on page 151 of the draft budget goes some way towards explaining the position. If we are going to give the committee more of a breakdown in some areas, this is one area in which we might usefully do so.

Michael Matheson: I turn to some of the other budget headings. I see that, by 2007-08, the budget for Scottish Screen will still be below what it was in 2002-03. Why is that the case?

John Mason: There was one-off expenditure in 2002-03. Effectively, the baseline runs from 2004-05. The budget is static for next year but it is to be increased in line with inflation for the two years of the spending review—2006-07 and 2007-08.

Michael Matheson: I see that, by 2007-08, the budget for Gaelic broadcasting will still be below what it was in 2002-03. Why is that?

John Mason: I will give a bit of background on the position of Gaelic broadcasting. We are in detailed discussions with various parties, including the DCMS, the Gaelic Media Service, the Scotland Office and the main providers—ITV and the BBC—about how we can make progress with Gaelic broadcasting and, in particular, how we can get digital output for Gaelic broadcasting. Because those discussions are not yet concluded and because we could not prejudge them for the sake of the spending review, we have entered an inflationary increase in that budget. We hope that those discussions—which we hope will conclude within the next few months—will provide a long-term future for Gaelic broadcasting, particularly with regard to the means for providing digital output. A lot of discussions are going on about the future of Gaelic broadcasting. The provision made in that line is basically a holding position, pending the outcome of those discussions.

Michael Matheson: Are you saying that you expect the DCMS to be in a position to provide additional funding to what the Scottish Executive is providing for Gaelic broadcasting?

John Mason: We hope to be in a position to find a way of producing a digital output for Gaelic broadcasting. All the parties that I mentioned and

the Office of Communications will be party to that solution.

Michael Matheson: It would be helpful for members to be kept informed of the discussions that are taking place and of the outcome of those discussions. I know that I would find that helpful.

My final point relates to table 4.07, on sportscotland's budget, which has a footnote on the Euro 2008 legacy fund. Is the £14 million included in the budget for 2005-06? If so, the baseline budget would be just over £33 million. Is that an inflation increase in sportscotland's budget from 2005-06 through to 2007-08? Is that the basic level of sportscotland's budget?

Patricia Ferguson: Yes.

Michael Matheson: Thank you.

Christine May: I have three questions. The first is on the rationale behind the increase in the marketing budget for VisitScotland, some of which is supported at present through European funds. If you net off the funds that will not be available from Europe after 2006-07, what is the increase?

Patricia Ferguson: I think that we would have to get back to the committee on that. We do not have those details to hand.

Christine May: It is always a problem with European funding—the funding is always somewhere else—but there is a significant amount of European support for that marketing budget, as I recall.

Patricia Ferguson: We shall get that information for you.

Christine May: Thank you.

My second question, again on VisitScotland, concerns the transition costs. Does that figure include any likely redundancy costs?

Patricia Ferguson: Yes, it would do.

Christine May: Has VisitScotland been able to give you any idea of how much of that sum will be for redundancy costs?

Patricia Ferguson: It is possibly too early to make a proper judgment of that, because the entire package has not been finally agreed and signed off. It would be only when that is done that we would be in a position to judge redundancy costs. I think that the costs will probably be spread across a couple of years, because redundancies will take some time to work through, but those costs would be contained in the overall sum that is available. That would be my judgment.

John Mason: We are just moving into the phase of the tourism project where we are putting people into post for the new network. There will clearly be some duplication around the area tourist boards,

particularly in connection with some of VisitScotland's central functions. It is also possible that some of the current area tourist board chief executives will wish to move on, so we have made an estimated provision for that, but it is too early at the moment to say what those costs will be. We will have to wait until the process of fitting people into posts is completed. The position will become clear around the turn of the year.

Christine May: Around the turn of the year, will you be able to make some sort of assessment of the likely hit on any pension contributions, which will obviously be an on-going expense?

Patricia Ferguson: Yes.

Christine May: My final question is about sport and the development of a world-class network of national and regional facilities. The national allocations have obviously been made. When we asked your predecessor about the regional facilities, he said that the department was about to seek bids on the regional facilities. Can you tell us what stage that is at and whether you have had anything back?

John Mason: The current position is that negotiations are continuing on finalising funding for those bids that were agreed in principle. We hope that those negotiations will be concluded shortly, so that developments can actually start at some point next year. There are obviously gaps as a result of that first phase. Those gaps are currently being assessed, and sportscotland is currently in discussion with the key local authorities in those areas where we believe that there is still a gap in provision. VisitScotland's capital budget will be aligned to try to fill those gaps over the next few years so that we have total coverage for facilities around the country.

Christine May: Did you mean the capital budget of sportscotland rather than of VisitScotland?

John Mason: My apologies. I meant sportscotland.

15:00

The Convener: At this stage, let me advise the minister that we are interested in the transition from the ATBs to the hubs, in how much that is costing and in whether it is effective and so on. The minister's predecessor agreed to provide the committee with a progress report on that in November, but I sense that January or February might be a more appropriate time to consider the issue, given that several questions on the detail of the transition are still to be answered. We will invite the minister to report on the transition at some time during the first three months of the new year.

Patricia Ferguson: That is helpful. It would be useful to discuss the issue with the committee at that point.

Chris Ballance: I have two or three questions.

The draft budget mentions the Executive's support for the green tourism business scheme. For a couple of years now, members of the scheme have been expecting the publication of a brochure to publicise the scheme and to promote their involvement therein. In the chamber, the minister's predecessor promised me twice that I would receive a letter that would tell me when such a brochure would be produced and what the Executive and VisitScotland are doing to ensure its publication. I realise that Patricia Ferguson cannot be blamed for what her predecessor failed to do, but will she give a commitment that I will receive such a letter within the next month?

Patricia Ferguson: Absolutely. I apologise to Chris Ballance that he has not received that letter. I am sorry that I am unable to give him an answer on the issue today, but I will certainly look into it and get back to him.

Chris Ballance: That is helpful. Thank you.

In last year's budget documents, the final target in the minister's portfolio was to identify the

"number of Scottish world class artists."

I remember questioning the minister's predecessor on what was meant by that, but I see that the target has now been dropped, possibly because the Executive has not been able to decide what constitutes a world-class artist. The target seems to have been replaced by the draft budget's target 10, which is to

"Increase the number of cultural successes by 3% by end March 2008."

What is a "cultural success"? How will such a success be identified?

Patricia Ferguson: The original target has not necessarily been dropped; I think that it has been superseded by the new target. If the committee wishes, we could supply a long list of the many kinds of artists in Scotland who have been recipients of major awards within their own field. By anyone's standards, such awards are a measure of success and we have screeds of information about those. Awards that have some standing within the artist's peer group are perhaps the best way of measuring such success. I think that that is how we interpret that target. I would be happy to supply the committee with the long list that we have, if that would be helpful.

Chris Ballance: Given the Executive's aim of increasing the number of cultural successes by 3 per cent, do we have an idea of what the current baseline number of cultural successes is?

Patricia Ferguson: Yes, we do.

John Mason: The technical notes will be published in November. To put it mildly, they are voluminous and they will add to the transparency and accountability of each of the targets. Since the previous spending review, a lot of work has gone into examining whether the targets are fit for purpose and whether we have the right data. As Susan Deacon suggested, we have attempted to include both quantitative and qualitative data to try to get a basket of indicators. We will include not just the hard figures, although those are important.

We have amended and evolved some targets. I do not think that we have dropped any targets, but we have made them more fit for purpose. We hope that the technical notes that will be issued next month will provide all the information that the committee needs, including some information that the committee might want to come back to us on. We hope that the work that we have done over the past year or so will make the targets more meaningful and will allow people to see the baselines and how we will measure progress against the targets.

Chris Ballance: You mentioned the air route development fund in your opening remarks. Perhaps this is something else that will be published in November, but I wondered whether there is information about how many people are taking flights out of Scotland compared to how many are taking flights into Scotland. The indications that I have been getting are that the fund has been causing a net tourist drain. I asked your predecessor—possibly this time last year—what figures were available to show whether there was a tourist drain or an influx of tourists and he said that the figures were not available. Do you know when they might become available?

John Mason: That information is held by transport colleagues and it is Nicol Stephen's responsibility. My understanding is that the fund has generated new business, so there is not just a simple displacement factor. When some of the routes were set up there was a heavy loading of people leaving Scotland to go to Catalonia for example. However, on the Barcelona to Prestwick route there is now almost equal loading both ways, so although initially some of the routes were attracting more people leaving Scotland, a lot of them are now in effect back in balance. The marketing that VisitScotland is doing is having an impact on generating trade into Scotland. The overall view is that the fund is generating new trade and not necessarily displacing existing trade. The Minister for Tourism, Culture and Sport can ask her colleague what information is available and let you have it.

Chris Ballance: It sounds as if you have the figures and it would be useful if we did as well.

Patricia Ferguson: We probably have some information, but not as much as you would like. It is almost inevitable that, by their very nature, a number of the flights will in their infancy lead to people leaving Scotland rather than to people coming in. The whole point of VisitScotland's marketing is to follow that up and ensure that we reap the benefit of incoming tourists as well as having people in this country experience another country for whatever reason. That is to be welcomed. I know from anecdotal evidence that the Dubai direct link from Glasgow has meant that a number of people travelling on long-haul flights from southern countries—if I can put it that way—are now seeing Scotland as part of their stopover and are spending some time here, which is a good thing. A lot of information is coming through about how that can be used to attract inward tourism too.

Chris Ballance: It would be good to have that information.

The Convener: I can certainly vouch for the fact that Ayr is full of Norwegians at the weekend, spending a lot of good money.

Mike Watson: I have a couple of questions on heritage. Under "Historic Scotland", the draft budget states:

"By 2008 Historic Scotland will invest £1m attracting at least £2.5m through City Heritage Trusts".

I just wondered about the terminology. I thought that Historic Scotland established the city heritage trusts. What does the word "attracting" mean? If Historic Scotland is putting its own money in, where is the other £2.5 million coming from?

Patricia Ferguson: I am being prompted from behind, as you will have gathered. I understand that the money is leverage coming in as a result of the money that is spent initially. We are talking about additional money coming in by 2007-08, as I understand it.

Mike Watson: You might want to refer to Ms Petrie again. The question was really where will the money come from?

Patricia Ferguson: It is coming from the partnership that is inherent in that way of operating—from partners and others who are contributing.

Mike Watson: So it is not all Executive money; it comes from other sources—for example, from organisations such as local authorities.

The Royal Commission on the Ancient and Historical Monuments of Scotland will receive a huge increase in funding—its funding will go from £3.8 million in 2005-06 to £13.9 million in 2007-08. I am sure that there must be a fairly simple explanation for that, but it would be interesting to have it.

John Mason: I think that that is explained in the relevant chapter, if I can find the page. There will be a major investment of £12 million in a new purpose-built storage facility for RCAHMS to maintain all its records in.

Mike Watson: That is a capital project. That impacts on the comments that you made earlier.

John Mason: There is an inflation increase on running costs and an additional one-off capital spend of £12 million.

The Convener: That brings us to the conclusion of this agenda item. I thank the minister and her officials very much. We look forward to receiving the information that we have asked to be forwarded and to seeing the minister again sometime in the new year to discuss the transition to hubs.

Patricia Ferguson: I look forward to that.

The Convener: I will suspend the meeting until the Deputy Minister for Enterprise and Lifelong Learning arrives.

15:11

Meeting suspended.

15:17

On resuming—

The Convener: I welcome the Deputy Minister for Enterprise and Lifelong Learning, Allan Wilson. As this is the first time that he has appeared before the committee in that capacity, I congratulate him on his recent appointment. As a former member of the Enterprise and Lifelong Learning Committee, he will know that he is in for a rough time on the budget. I also welcome his officials, Chris McCrone, Jane Morgan, Mark Batho and Graeme Dickson. I invite the minister to make an opening statement.

The Deputy Minister for Enterprise and Lifelong Learning (Allan Wilson): I will make a brief statement on my return to my spiritual home.

The figures in the draft budget include the resources that were allocated across the portfolios as a result of the 2004 spending review. I hope that the committee will agree that they give more detail than has hitherto been set out in publication. As this is a spending review year, our spending review 2004 plans for 2005-06, 2006-07 and 2007-08 have now been announced. In that context, we have said that growing the economy is our top priority and the spending plans to 2007-08 reflect that.

I turn quickly to the enterprise and lifelong learning portfolio budget plans, which can be found on pages 79 to 98 of the draft budget

document. Pages 79 and 80 set out the key targets that the portfolio is working towards during the 2004 spending review period. Since their publication, some of the targets that were included in the "Annual Evaluation Report 2005-06" have been amended, removed or replaced as part of the review process. Detailed explanation as to why those targets no longer feature is included on pages 208 to 209 of annex B.

I draw the committee's attention to annex A, which includes the Executive's response to the subject committees' reports to the Finance Committee on the AER 2005-06. The responses to the Enterprise and Culture Committee's report and the enterprise and lifelong learning portfolio are included on pages 189 to 190. I hope that members will have read all of that stuff; I know that I would have if I had been on the committee.

The work of the enterprise and lifelong learning portfolio is focused on helping to grow Scotland's economy. The largest part of the expenditure is in growing the long-term capacity of our population through further education, higher education, learning and training, and I know that the committee is very interested in that.

We provide significant amounts of direct assistance to those who want to start or grow a business. We have developed policy and worked with businesses to remove barriers to growth. We do not just focus on how we spend those resources that are available. We want to create a more business-friendly environment so that we can help entrepreneurial activity to grow, help to create and sustain businesses and, through that, grow our economy.

As we announced in the 2004 spending review proposals, the ELL portfolio has been granted additional resources of £94 million, £255 million and £356 million for the years 2005-06, 2006-07 and 2007-08 respectively. That will enable us to increase capital grants for higher educational institutions by £28 million, £45 million and £75 million in each of the three years, and I will make a few similar references. That will help to update the teacher infrastructure. We will also increase capital grants for further education colleges by £28 million, £50 million and £50 million in each of those three years. That will be used in the process of modernising FE colleges and will make a step change in our drive to increase the resource funding for both higher and further education. The capital and resource funding for higher education will, as a consequence, exceed £1 billion for the first time ever in 2007-08.

That represents growth of 17.4 per cent above inflation between 2005-06 and 2007-08. Further education will benefit similarly through growth of 14.8 per cent after inflation with its total budget reaching £620 million by 2007-08. Throughout that

period we will continue to invest in the enterprise networks and that will allow us to continue to focus on growing businesses, improving skills and learning, improving our global connections and maintaining expenditure in real terms throughout that period.

Additionally it is worth mentioning the decision to create a new green jobs fund, which will receive investment of £8 million, £8 million and £6 million over those three years. I hope that that will support opportunities for Scottish businesses in renewable energy, resource efficiency and other related fields.

Table 6.04 shows the generous additional allocations of capital of £28 million, £45 million and £75 million respectively, and current expenditure of £0, £88 million and £128 million that was granted to the Scottish higher education funding council budget during the review period. Likewise, table 6.05 shows generous additional allocations of capital—£28 million, £50 million and £50 million—and current expenditure of £0, £45.5 million and £62.6 million granted to the Scottish further education funding council budget for the duration of the spending review period.

Table 6.06 shows the reduction in the growing business budget of £8 million between 2004-05 and 2005-06 that is the result of the £8 million final instalment of the £20 million that we provided to establish the Scottish co-investment fund. That will be occurring during the next financial year.

I remind the committee that Scottish Enterprise's global connections budget was increased for this year only by an additional £18 million to fund the broadband initiative. That is the main reason for the budget reduction between 2003-04 and 2004-05, in which I think members were interested. Finally, I draw members' attention to table 6.09 on page 93, where the new budget headings "Green Jobs" and "Science Centres" have been introduced following the spending review process that I outlined.

I hope that those comments address some of the issues that members may have, although I have no doubt that they will want to raise others. That is all that I have to say in my introductory remarks. I hope that we can have an interesting exchange. The convener introduced my colleagues, who are here to assist me. Given that I have only recently taken up the reins in the Enterprise, Transport and Lifelong Learning Department, I suspect that I will rely on them to help me through some of the next hour or so.

Murdo Fraser: I welcome the minister to the committee—I know how capable he is, so I am sure that he will not rely too much on his officials in the next wee while.

I want to raise the issue of targets, which the committee has raised previously in different

guises. The table of objectives and targets in the draft budget contains five objectives and 10 targets, a number of which have time limits attached to them. Under objective 1, there are three targets. The first is to

“Increase business investment in research and development compared to OECD competitors”;

the second is to

“Improve productivity levels in Scottish industry compared to OECD competitors”;

and the third is to

“Increase entrepreneurial activity in Scotland over time.”

Most people would agree that those three targets are fundamental to achieving economic growth, which the Executive tells us is its first priority. However, none of the targets has base figures or time limits attached to it. How meaningful are the targets if there is no measure of the Executive’s success on them? More fundamentally, there is no target for economic growth in Scotland. The Executive tells us that that is its top priority, but it has set no target for it. How can we measure the Executive’s success or otherwise if it is not prepared to set targets or time limits on those issues?

Allan Wilson: You raise many issues. As with any set of objectives or targets, there is much more detail on how we will set about achieving them in the technical and other documentary evidence that we have prepared, in this case on wider economic policy.

As I said to the Environment and Rural Development Committee and to the Education, Culture and Sport Committee in the previous session of Parliament, I tend to place more store on trends than on simple targets. I am not saying that targets are not important and that securing them is not a true measure of success in securing progress towards objectives. A number of targets are no longer referred to because they have been met over the piece. However, for reasons that we could go into in detail, I am not inclined to get hung up on targets, but tend to look more at trends. The trends that are emerging throughout the economy in Scotland and the United Kingdom as a whole are encouraging. There is growth in the employment rate, reduction in the unemployment rate, the economy is growing and inflation is low and stable. It is a more productive exercise to consider the matter over the piece rather than to set artificial targets, which sometimes, even when met, do not produce the results that might be expected.

Obviously, we are committed to working with the Government, using the powers of the Scottish Parliament, particularly on the supply side, to meet the conditions that will stimulate growth. Clearly, I

am talking not only about the Enterprise, Transport and Lifelong Learning Department but across the Executive as a whole. If we look at the budget as a whole, we can see that the objectives and targets that we have set in areas such as transport, education, health and elsewhere are designed to focus on the top priority of stimulating economic growth across the board. Murdo, you will appreciate that point, as you concentrated on transport infrastructure investment in your last exchange with my colleague Jim Wallace. You said that that investment was critical to creating the conditions by which businesses might grow.

15:30

Murdo Fraser: I am not sure that your reply entirely answers my question, although I thank you for your attempt. You said that we cannot have targets—or that it would be unwise to have them—because so many factors affect the economy. If that is what you said, why does the Executive have growing the economy as its top priority? How do you square that circle?

Allan Wilson: You obviously did not follow what I said, which was that the objective of growing the economy is our priority and that, within that priority, we have a number of targets. Indeed, you referred to them, although your complaint was that they were not time specific. Within the Executive’s wide range of targets, we have a number that are specifically intended to create the conditions within which the economy can grow.

You will be aware that, although the UK Government might forecast its prospective growth ambitions, it does not set quantitative growth targets either for the UK as a whole or for the English regions. I am not aware of targets for growth being set either generally or specifically. That is precisely because so many different factors can impact on levels of growth. In setting our objectives and targets, we seek to focus on the areas on which we can have maximum impact, which will in turn impact on securing our wider objective of growing the economy.

The Convener: Like you, I do not know of any nation that sets a specific target for growth, although countries might make a forecast. However, to take an example, under objective 1, which is to

“Raise the long-term sustainable growth rate of the Scottish economy”,

the first target is to

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

That is easily measured. It is a fact of life that if we were to get the same level of private sector investment in R and D that the average OECD

competitor gets, an extra £750 million per year would be spent on R and D in the private sector in Scotland. Why do we not just say that?

Allan Wilson: I think that we do. As I said in a response to Murdo Fraser, much of the technical detail that we publish makes specific reference to that in the subset of statistics. The specific example that you give is that businesses' R and D expenditure, as a percentage of GDP, has grown from 0.53 per cent in 1999 to 0.65 per cent in 2001.

The Convener: It is still only half the UK rate.

Allan Wilson: I do not dispute that, but I return to the point that I made earlier about trends being more important than time-specific targets. I could quote other examples where we have done well in comparison to OECD countries.

The Convener: We could pursue that point all afternoon, but I do not accept that the trend is in the right direction.

Susan Deacon: I would like to ask the minister to comment on and clarify a few specific points in no particular order.

The budget line for the determined to succeed programme has been ratcheted up over the past year or two and is being ratcheted up this financial year but, although the Executive has placed much more emphasis on enterprise in education, the spending levels out after the next financial year. Given the programme's stage of development, is your department's investment being used to lever other resources into the programme, whether from the education service or from the private sector, or is the budget line that we have before us the sum total of public investment in the programme?

Allan Wilson: Is that the budget line that goes from £13 million to £22 million and then flattens off?

Susan Deacon: Yes, it goes from £7 million in 2003-04 to £13 million and then stabilises at £22 million.

Mark Batho (Scottish Executive Enterprise, Transport and Lifelong Learning Department): I will respond to that question. That resource goes to local government and will be distributed to education authorities to encourage the development of engagement between industry and schools. There is some private money as well—the Tom Hunter Foundation has been putting money into that activity—but part of the programme is to get local businesses to engage with schools. You are right that the money is specifically intended to encourage and develop the infrastructure to allow schools to secure local engagement so that there is exchange at teacher level and pupil level and so that not only resources from local businesses but expertise and

commitment are levered in. The purpose is to grow that kind of culture at a local education authority level.

Susan Deacon: I am grateful for that clarification. I therefore take it that that budget line represents all the direct Executive investment in the programme and that nothing is going to local authorities by any other funding route.

Allan Wilson: Anything that came through would be supplementary to that funding.

Mark Batho: Yes, anything that came through from business or elsewhere would be supplementary.

Susan Deacon: Could you or any of your officials talk us through the budget line on individual learning accounts Scotland? Given the painful—what shall we call it?

Allan Wilson: Birth.

Susan Deacon: Given the painful birth and rebirth—perhaps we should say “gestation”—of the replacement ILA scheme and given the timing of it, how does the roll-out of any new scheme equate to the budget line that we see before us?

Mark Batho: We intended to launch the replacement scheme in the summer, but we are still going through the process of making absolutely sure that it will work fully. At the moment, we are going through a lot of computer testing and project management gateways with the intention of launching quite soon. The budget line is due to launch in the current financial year and will continue.

Susan Deacon: I would like to clarify that and will ask a variation on a question that I asked last year. Due to the repeated delay in the implementation of a new scheme—this is not the place to discuss that—budget provision has, understandably, been made for two years running in anticipation of a new scheme coming into being, which it has not. Where has that resource been allocated to or where will it be allocated to, given that the new scheme has not launched?

Allan Wilson: It will have been reallocated to other pressures and priorities in the department.

Susan Deacon: I am interested in the specifics.

Chris McCrone (Scottish Executive Finance and Central Services Department): That money is lumped with all the underspends for the financial year 2004-05 that we have identified to date. It is not possible to identify individual projects, because the money goes against all the projects that will appear in the autumn budget revisions, and the resource allocated to ILA Scotland will be part of the moneys that have been reallocated.

Susan Deacon: That is right across enterprise and lifelong learning—it is not as if it is being kept

for some other aspect of lifelong learning, for example.

Chris McCrone: It is right across enterprise and lifelong learning.

The Convener: Does the line item for the individual learning accounts also include the budget for the business learning accounts? Where does that appear?

Chris McCrone: The business learning account budget is currently funded through the revisions process, as there is no current baseline for the business learning accounts. We make a provision for that, which will appear in the autumn budget revision. We have noted it as a pressure for next year and we will fund it through identified savings.

The Convener: That was the result of a committee recommendation from previous years.

Allan Wilson: We will be happy to return with further details. There is general information in the draft budget document about how the money is reallocated across budget heads but, given your past interest in the matter, it might be something that we could come back on more specifically.

Jane Morgan (Scottish Executive Enterprise, Transport and Lifelong Learning Department): From 2006-07, BLAs will be funded out of the Scottish Enterprise and Highlands and Islands Enterprise budget.

The Convener: I will perhaps ask about that again later, but I will let Susan Deacon continue, as she has to leave us early.

Susan Deacon: Thanks, convener. I appreciate your flexibility. I apologise to the minister for the fact that I am about to leave in a few minutes—please do not take it personally.

My final question is about the Scottish Enterprise budget. It seems as though there is a 4 per cent real-terms reduction in the Scottish Enterprise budget over the spending review period. Could you comment on that?

Allan Wilson: I referred to that in my statement. The Scottish Enterprise budget increases steadily in cash terms but, using 2004-05 as the base year, we can see that it is more or less flat from 2005-06 onwards in real terms. I mentioned that the reduction in 2005-06 of nearly £8 million on the 2004-05 total of £448.9 million was largely due to the final instalment of £8 million towards the £20 million Scottish co-investment fund being paid in 2004-05. By using 2004-05 as the basis for real-terms calculations for future years, with the one-off £8 million included in that year, the impression is created of an £18 million real-terms reduction in 2005-06. However, if 2005-06—the last year of SR2—is taken as the base year, the increases for the Scottish Enterprise network over the next two

years produce a nearly flat real-terms result. A reconciliation table is attached, which shows the various baseline and one-off adjustments in the budget since 2002.

However, we expect Scottish Enterprise to meet partnership agreement commitments within that flat-line budget. As you are probably aware, Scottish Enterprise has been engaged in internal business efficiency exercises over the piece that will enable it to deliver from its own resources the partnership commitments that we set it.

Susan Deacon: I thank you for your detailed and technical answer. If it was an attempt to blind me with science, it has worked extremely well. I will pore over the *Official Report* with interest. Does that mean that Scottish Enterprise will have more or less to spend over the next three or four years? In simple terms—for a simple soul such as me—is the budget increasing or decreasing over that four-year period?

Jane Morgan: It is more or less flat. In 2004-05, £8 million was added for the co-investment fund, which allowed the fund to operate—it was a final, one-off lump. If we take that out, that takes us back to what the 2004-05 figure was before. The difference between 2004-05 and 2005-06 is, more or less, flat in cash terms because, in the previous spending review, we took account of the fact that Scottish Enterprise was making big savings from business transformation. In the last three years, the budget is flat in real terms.

15:45

Susan Deacon: Thank you for that. I will park the detail for a second and ask the minister a question. The Executive's view is that when all the different things that need to be taken into account are taken into account, the line is flat rather than going down. How does that equate with the Executive's commitment that growing the economy is the top priority, and what does it say about the Executive's view of Scottish Enterprise's role within that key aspect of the Executive's agenda?

Allan Wilson: That is a fair point. Scottish Enterprise will continue to play a vital role in building the foundations of economic growth to which we referred. Its business transformation programme was designed to release resources internally, which will make it more effective and efficient. Delivering internal efficiencies will release funds that it can use to help to grow businesses externally. I do not envisage its role diminishing over the period of the review. I expect it to be more effective in assisting businesses to grow.

As you know, we are refreshing "A Smart, Successful Scotland". Part of the process is ensuring that we bring a clear focus to all those

who are involved in helping our businesses and economy to grow, to ensure that we get the maximum value from every penny that we spend. The flat line that is evident when the ups and downs are taken into the equation gives them sufficient resources to carry out that task on our behalf.

The Convener: As we are on the subject, I have a point of clarification on the Scottish Enterprise budget as detailed in table 6.06 of the budget report, and the Highlands and Islands Enterprise budget in table 6.07. In both tables, Careers Scotland has figures for 2002-03, but nothing after that. Where do the Careers Scotland figures go after 2002-03?

Allan Wilson: I thought that you were going to ask me why there was a marginal benefit to Highlands and Islands, which is because we identified a one-off—

The Convener: No. In both tables, Careers Scotland falls off the table.

Jane Morgan: The figures have gone to other lines, principally administration.

The Convener: Why?

Jane Morgan: Because Careers Scotland is largely a matter of staffing costs, and the administration block in the table is Scottish Enterprise's staffing costs.

The Convener: But it was agreed between the Enterprise and Lifelong Learning Committee and the Executive three years ago, when Careers Scotland was incorporated into Scottish Enterprise, that Careers Scotland would permanently remain as a separate line item in the budget, because we wanted to see how much was being spent on it.

Allan Wilson: I do not have the answer to that, but we will look into it and, if we can, we will provide the figures that you request as a supplementary to the report.

The Convener: We would like comparable figures. We have the spend for Careers Scotland in 2002-03, but for every year thereafter we would like revised tables for Scottish Enterprise and Highlands and Islands Enterprise that show us the spend on Careers Scotland and the consequent reduction in the spend of other line items. I also request that we go back to the agreement that was made three years ago. At that time, the committee was very firm that Careers Scotland must always remain as an identifiable line item, so that we can see how much is being spent.

Jane Morgan: I think that the figure was incorporated last year, but we can certainly get back to you on that.

The Convener: I ask that we—

Allan Wilson: The agreement was from three years ago.

The Convener: Yes.

Allan Wilson: That is fine—if it is an agreement, it is an agreement.

The Convener: It is too big a chunk just to be left and spread through the other budget lines. It is of critical importance and it is very much an add-on to the Scottish Enterprise budget.

Jane Morgan: The figure is included in the corporate plans. However, that is not to say that we should not give it to you here, too.

The Convener: In future years, could we go back to having it presented as a separate line item in the budget, please?

Allan Wilson: I do not see why not.

Chris Ballance: There is a whole question about how the budgets are presented and how items change. As Susan Deacon's question revealed, the figures can be manipulated to read as any percentage change that we like, depending on the year that is taken as the base year. The Minister for Tourism, Culture and Sport was speaking about there being a flat year for Scottish Screen. The same figures that were used to demonstrate that were described by the Scottish Parliament information centre as showing a 1.5 per cent decrease. That was just through taking a different base year. There is a question for the committee to ask there.

I would like to ask about something on page 16 of the draft budget extract, which says:

"the Public Sector Energy Efficiency Fund will provide £20m of new funding dedicated to energy efficiency measures in the public sector. It will be made available to local authorities, Scottish Water"

and so on. In table 6.09 of the draft budget, a very convenient £10 million per annum is shown over the two years in question. Those figures look as if they fit together. Of course, that £10 million is not new funding but money that was previously going to the Scottish community and household renewables initiative—SCHRI—and other funds. Can you explain where the new funding appears?

Chris McCrone: As we explained when we appeared before the European and External Relations Committee, that funding will be coming from the reserve. It will appear in the revised budget bill, following the autumn budget revision. It is a transfer of funds from the reserve. It does not appear now. The funds will be transferred next year. That budget line will be increased to £20 million at the autumn budget revision, as will next year's budget line.

Allan Wilson: That is £10 million from the reserve in addition to the £10 million shown in the line for energy efficiency.

Chris Ballance: We had exactly the same question this time last year, I seem to remember. The £6.1 million that was allocated under the energy efficiency line at that point also came from the reserve. My memory from this time last year is that we asked the Executive to be very clear in its figures as to what was subject to underspend money, what was from the reserve and what was money on the table. That does not seem to have happened, to judge from the figures before us. Why do we not have a note to say that the £10 million is in addition to everything set out in table 6.09?

Chris McCrone: We could have put in an entry to say that that £10 million is coming through for those two years—it is just the way that the budget process works. The time to which you refer was not in fact last year; it was in April, when we discussed the AER. The minister at the time said that the money would be allocated at the autumn budget revision.

Chris Ballance: When are we going to see that appear in an actual budget?

Chris McCrone: You will see it appear at the autumn budget revision, when the budget bill for this year is amended to include that £10 million.

Allan Wilson: Was that not the subject of correspondence between the former minister and the committee?

The Convener: I think that it was.

Chris Ballance: That correspondence does not seem to have made a difference with regard to how the figures have been presented to us at this stage.

The Convener: The point has been made.

Mike Watson: I would like to probe a bit more about the Scottish Enterprise budget. I accept the point that was made about the co-investment fund and so on. However, I do not think that that affects the overall issue, even if there is a standstill budget in real terms. I find the budget surprising, as Scottish Enterprise should be a major driver towards the Executive's policy of increasing growth.

The draft budget document contains a section on growing the economy that in our version runs to more than a page and has five bullet points. However, I am very surprised to note that the words "Scottish Enterprise" do not appear in any of those bullet points and enterprise networks and local enterprise companies, through which a lot of Scottish Enterprise's work is channelled, are mentioned only briefly. My point is that such networks are very important, not least at a local level, and I am surprised to find that, given the LECs' effect on the local economy, it has not been felt necessary to increase Scottish Enterprise's

budget to ensure that some money somehow gets down to them. Even if we accept your interpretation that you are keeping funding level, why is such an approach seen as compatible with the aim of growing the economy?

Allan Wilson: I hope that, after scrutinising the figures and our explanations of the matter of the £8 million and the £18 million, you will accept that our description of a real-terms flat settlement is an accurate reflection of Scottish Enterprise's budget over the piece. I do not believe that Scottish Enterprise would demur from our proposition—and expectation—that it will deliver on its partnership commitments within that budget line. As I said to Susan Deacon, the enterprise agency continues to play a vital role in supporting businesses and building the foundations for economic growth.

However, you will be the first to accept that Scottish Enterprise is not the only agency involved in that process and that we would not expect to channel all funds for growing the economy, supporting businesses, creating entrepreneurs and building the knowledge economy through it. We take such decisions with Scottish Enterprise and, as I have said, the current refresh of "A Smart, Successful Scotland" will examine precisely the questions that you have raised about how it might be more effective in helping us to secure our priorities.

Mike Watson: I would expect you to say that these matters are subject to discussion with Scottish Enterprise. However, if that is the case, surely the organisation must be seeking an increased budget. It cannot be satisfied with its current budget.

Allan Wilson: I am reliably informed that it is satisfied with its budget and that it is not seeking an increase.

Mike Watson: Well, that probably tells us something about the organisation. Even if we take the £25 million that—give or take—must be what Careers Scotland accounts for at the moment, the management and administration charge that Ms Morgan referred to earlier must take up a pretty large proportion of its resources. Will any of your officials explain how that administration charge compares with other similar organisations or Executive agencies?

Jane Morgan: I think that our heading of "Administration" is somewhat misleading. Perhaps the staff can be divided into two categories: genuine administration and those who are involved in advising and working with companies. Indeed, Scottish Enterprise's corporate plan divides staff in such a way; it allocates them to the blocks of growing business, learning and skills and global connections and identifies the smaller group involved with finance and planning separately. As

a result, although the heading of "Administration" refers to staff and other costs, many of those staff members directly assist business.

Mike Watson: I will take your comments at face value and suggest that if that heading is misleading, we should have it in future in a form that is not misleading. The Executive has already accepted that Careers Scotland should be detached from this particular heading. Will you break the heading down into what you have called real administration and the other aspects that you mentioned? After all, if we are trying to find out how effective Scottish Enterprise is, it is important to know where those resources are going. Also, I would like a general indication of how Scottish Enterprise's expenditure on what you describe as real administration compares, as a percentage of the overall budget, with that of other Executive agencies. That could be quite revealing.

16:00

The Convener: I back that up. I request that you give us the Scottish Enterprise and Highlands and Islands Enterprise budget figures down to level 4, because it looks as if we will need to go down to that level before we get any meaningful headings to show what they are spending money on. I remember sitting in this committee four years ago and being told by Scottish Enterprise that the business transformation project would save £200 million and that when that happened the management and administration figures would plummet. Now, when we look at the figures for Scottish Enterprise and Highlands and Islands Enterprise, we see that by 2007-08, between them, they will be spending £107 million per year on management and administration. That is absurd.

Allan Wilson: As has been said, it is probably the definition of what constitutes management and administration that is at issue. I fully accept that you want to get to the bottom of the statistics, principally those for Scottish Enterprise, and we will try to provide any additional information that we can to help to give you a better understanding of the figures. There are other important references, principally to the internal business administration exercise, which released circa £100 million that was reinvested in intermediary technology. It is not that there has been an overnight growth in bureaucracy in Scottish Enterprise—quite the contrary.

The Convener: The logic of that is that the budget for intermediary technology is included in the figure for management and administration. The point that we are making is that the figures are absolutely meaningless because of the way in which they are presented. Unless we have the level 4 figures, it is fair for us to reach the

conclusion that there is a bureaucratic problem in Scottish Enterprise.

Allan Wilson: You might be right—obviously, I want to have a look at the matter. However, it might also be that you are being unfair to Scottish Enterprise in so far as I imagine that there will be much greater explanation of what constitutes management and administration in its annual report and other publications.

Jane Morgan: The minister might want to come back on what information is appropriate for the budget documents and what is appropriate for the corporate plan. Much of the information that you are looking for is in the corporate plan, which we have recently required Scottish Enterprise to produce for a three-year period and which we hope increasingly will not just include the financial information for one year but will project forward. There is perhaps a discussion to be had on what information is appropriate for which document.

Mike Watson: We can certainly have a look at the corporate plan, but I echo the convener's request for level 4 figures—I hope that you will let us have them. Finally on the point about management and administration, am I right in thinking that the figure includes the money that Scottish Enterprise spends on consultancy work?

Jane Morgan: It includes some types of consultants. My understanding is that when companies are given financial support to use consultants as expert advisers, that would be in the growing business budget. If Scottish Enterprise uses consultants to help it to address its internal organisation, that would be in the management and administration budget. There are two different types of use of consultants.

Mike Watson: That is what I would expect.

My other point is a fairly major one on the role of Scottish Enterprise. Under table 6.06 in the draft budget, there is a statement of priorities. The sixth of the seven points mentions

"helping young people to realise their potential by targeting those at risk from dropping out",

which is an interesting throwback to 1960s terminology—tune in and drop out—but I will leave that aside. The final point mentions

"helping people of all ages who are economically inactive become and remain employed by delivering career planning support".

Those seem to me to be very much the work of local enterprise companies, although I can talk only about the Glasgow experience. If that is a sign that that sort of regeneration activity will continue to be clearly within the remit of Scottish Enterprise—albeit delegated to the local enterprise companies—that is to be welcomed. Will the minister confirm that that is what those last two bullet points mean?

Allan Wilson: I would hope that those priorities would be common to both Scottish Enterprise and local enterprise companies. I know that you would agree that developing employability is an absolutely critical part of their role. We are considering such issues specifically in relation to the refresh of “A Smart, Successful Scotland”, to ensure that appropriate emphasis is placed on issues such as employability and that the enterprise networks are geared up to deliver on that agenda. I would hope and expect that both Scottish Enterprise and the local enterprise companies see those priorities as firm priorities.

Jane Morgan: I clarify that when we use the term Scottish Enterprise we mean Scottish Enterprise national and the LECs. When we use the term enterprise network we mean both Scottish Enterprise and its LECs and HIE and its LECs. There is no distinction in the documents between Scottish Enterprise national and its local enterprise companies; they are treated as one entity.

Allan Wilson: The network would include HIE as well as SE.

Mike Watson: I have one final point. I was convener of the previous Finance Committee three years ago when we produced a report on resource accounting and budgeting, which would be an adequate substitute for Mogadon any time—the subject, not the report. I notice that there is a standard figure for that of £9.6 million a year. Obviously you are going up only to 2007-08 at the moment, but how far into the future do you expect that figure to recur?

Allan Wilson: In the document, it looks like it will recur ad infinitum, and my colleague will consider that. Given our previous exchange, it is interesting if nothing else to draw attention to the skills and learning line on the same page, which shows a marked increase, which is representative of the priority that we would expect to see the enterprise companies give skills and learning over the piece. The specific point was about RAB.

Chris McCrone: The resource accounting and budgeting charge is there ad infinitum; it is a baseline figure, which is always there. It might have to be revisited from time to time, because it relates to the cost of capital charge and the depreciation charge, which must be included for the asset values of Scottish Enterprise. It does not appear in the budget act, because non-departmental public bodies are reported on a cash basis, as they are also reported in the final accounts, but we have to account to the Treasury on a resource basis.

Mike Watson: Your official must have read that previous Finance Committee report more recently than I have.

I have two other points that are not related to that at all. One is to do with the welcome increase that the new, merged funding council will receive, which is a 20 per cent real-terms increase over the next four years. The panel will be aware that the committee carried out an inquiry into the effects of top-up fees in England and Wales. One of the potential dangers that we identified for the Scottish higher education sector was the difficulty in recruiting and retaining staff. On page 9 of the draft budget extract, in the “What we will do” section under Scottish Higher Education Funding Council—which will become part of the new, merged funding council—there is no mention of recruiting and retaining staff, which other committee members and I hoped would account for a significant element of the additional resources. Will you say something about that and specify what the Executive expects to be spent in that area? I do not necessarily want a figure.

Allan Wilson: I do not have a figure; however, as a rule, pay modernisation and the ability for organisations to recruit and retain high-quality staff to drive forward the agenda are very much part of the rationale behind the increased resource to which you refer. As well as providing additional capital to modernise campuses and improve infrastructure, technology et al, the additional cash will go towards the pay modernisation process. With that will come better performance management, so that we secure value for that additional investment. I do not have a figure, but I assure you that the money will be there.

Mike Watson: That is all right; I am not looking for a figure. Your comments are very welcome.

My final point also relates to higher education. There is a rather surprising drop in the resources to be made available to the Student Awards Agency for Scotland. I do not imagine that that is predicated on a projected drop in the number of students—I hope not—so can you explain what it is predicated on?

Allan Wilson: It is about student loan subsidy; it is not, as you correctly say, to do with any expected reduction in demand—although the subsidy is demand led. The main saving comes from a reduction in the provision that is needed for student loan subsidy. That reduction is primarily a result of a reduction by the Treasury of the underpinning interest rate—the discounted rate that the Treasury applies—from 3.5 per cent to 2.2 per cent. Therefore, there is not a requirement for us to pay back as much in un-repaid loan capital.

Mike Watson: But what surety is there on repayment rates or interest rates? How do the changes affect that?

Allan Wilson: The Treasury discounts the rate that it charges us for—

Mike Watson: The Treasury guarantees that?

Allan Wilson: Yes.

Mike Watson: Okay. Thank you.

The Convener: I have a couple of final questions. I turn your attention to table 6.09 and to the "All Age Guidance" line, which, like the line for Careers Scotland in table 6.07, disappears after 2002-03. Where does the line for all-age guidance now appear?

Allan Wilson: Under Scottish Enterprise.

The Convener: If it is added to the Scottish Enterprise budget, the comments about flattening out cannot be true, by definition, because that would mean that Scottish Enterprise was paying for something that was previously paid for separately.

Allan Wilson: It is added.

The Convener: Yes, but—

Allan Wilson: Adult literacy goes to Communities Scotland and all-age guidance goes to—

Jane Morgan: It is added in 2003-04.

Allan Wilson: It is just something that has happened.

Jane Morgan: The figures form part of the baseline from 2003-04, which is before the period that you are worried about.

The Convener: Okay. I have not looked at the figures for Communities Scotland in detail, but is the same amount still being spent on adult literacy and numeracy?

Allan Wilson: Yes. It has gone to Communities Scotland. It appears in the difference between the figures of £428,678,000 in 2002-03 and £461,201,000 in 2003-04 for Scottish Enterprise.

The Convener: The all-age guidance?

Allan Wilson: Yes. The line for adult literacy and numeracy has gone to Communities Scotland on the same basis.

The Convener: Okay. All-age guidance is a very important element, and that is why we need level 4 figures. I for one want to see how much is being spent on all-age guidance. It is a critical part of the revamped careers service.

Allan Wilson: That is entirely fair, but the question is whether the issue is more appropriately discussed in the corporate plan.

The Convener: My view is that it should be part of the budget process; otherwise it is very difficult for us. It is hard enough to follow budgets without having to look at corporate plans as well.

I want to raise two other points. I raised the first one with the Minister for Tourism, Culture and Sport, who was here earlier. It is about the difference between what used to be called above-the-line and below-the-line expenditure, and about capital and revenue.

When the minister started off, he highlighted the importance of trends. It would be much easier for us to consider the trends in capital spend and revenue spend separately if the documentation made a distinction between those items in the figures. I am sure that we will make a recommendation to that effect in our report to the Finance Committee, because I think that all committee members are agreed on that.

Secondly, can we receive a breakdown of the savings that have been made from Scottish Enterprise's business transformation process over the past two or three years? I realise that the minister will probably have to get that information from Scottish Enterprise, but I would like to see a record of how much Scottish Enterprise spent on that process over the past three or four years, what its output targets were, what evaluation of the process was done and what the reality is. I would like to know how much money was actually spent vis-à-vis the promises and where that money is now being spent.

16:15

Allan Wilson: As I said in response to Mike Watson earlier, the question requires an analysis of the corporate plan and accounts of Scottish Enterprise. Obviously, we will need to approach Scottish Enterprise about that.

The Convener: I ask about that specific project because I remember hearing all the promises. At the time, committee members were extremely sceptical about the claims that were being made. It is incumbent on us to consider the issue at least informally, given that a similar process is supposed to be going on in Scottish Enterprise just now. If we could see what happened the last time, that would help us to come to a decision about the current process when we consider it as part of next year's budget process.

Jane Morgan: Scottish Enterprise is undertaking an evaluation of that at the moment. The breakdown against what was expected should be available quite soon.

Allan Wilson: We will provide the committee with that.

Jane Morgan: We can ask Scottish Enterprise to provide the information to the committee directly.

The Convener: When will that be ready?

Jane Morgan: To be honest, I am not sure whether we are talking about one month or three or four months, but I understand that the work is nearing its final stages.

The Convener: Okay, thank you very much indeed.

We have no more questions, so I thank the minister and his officials for what has been a useful session. We look forward to receiving all the additional information that we have requested.

Allan Wilson: We look forward to providing that information to the best of our ability.

16:17

Meeting continued in private until 16:38.

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