

ENTERPRISE AND CULTURE COMMITTEE

Tuesday 2 November 2004

Session 2

£5.00

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ENTERPRISE AND CULTURE COMMITTEE

23rd 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)

Mr David Davidson (North East Scotland) (Con)

Fiona Hyslop (Lothians) (SNP)

Margaret Jamieson (Kilmarnock and Loudoun) (Lab)

George Lyon (Argyll and Bute) (LD)

*attended

THE FOLLOWING ALSO ATTENDED:

Fiona Hyslop (Lothians) (SNP)

THE FOLLOWING GAVE EVIDENCE:

Professor John Archer (Universities Scotland)

David Caldwell (Universities Scotland)

Tom Kelly (Association of Scottish Colleges)

Professor John Little (Association of Scottish Colleges)

CLERK TO THE COMMITTEE

Stephen Imrie

SENIOR ASSISTANT CLERK

Judith Evans

ASSISTANT CLERK

Seán Wixted

LOCATION

Committee Room 6

Scottish Parliament

Enterprise and Culture Committee

Tuesday 2 November 2004

[THE CONVENER *opened the meeting at 14:04*]

The Convener (Alex Neil): Welcome to this meeting of the Enterprise and Culture Committee. I apologise for the delay in starting, which was due to a technical hitch with our broadcasting service. I ask all members and members of the public to turn off their mobile phones. As I know from bitter experience—I am thinking of last week's meeting—even if the phones are on silent, they can cause a problem with the sound system.

I welcome Fiona Hyslop to the committee. She is sitting in on our meeting, as every member of the Parliament is entitled to do. I ask her to declare any interests that she might have.

Fiona Hyslop (Lothians) (SNP): My husband is a lecturer at Glasgow Caledonian University and works at the University of Glasgow on wider access issues.

Further and Higher Education (Scotland) Bill: Stage 1

14:05

The Convener: Item 1 on our agenda concerns the Further and Higher Education (Scotland) Bill. I welcome four very distinguished gentlemen to the committee: David Caldwell, the director of Universities Scotland; Professor John Archer, the chair of Universities Scotland; Tom Kelly, the chief executive of the Association of Scottish Colleges; and Professor John Little, who is also here on behalf of the Association of Scottish Colleges.

Professor John Archer (Universities Scotland): On behalf of Universities Scotland and the Association of Scottish Colleges, I would like to say that we have been grateful for the open and transparent manner in which the Scottish Executive has carried out its consultation on the bill. We feel that we are in a strong position to be able to endorse the bill as published. We are happy to answer any questions that you might have.

Tom Kelly (Association of Scottish Colleges): Our position is the same as that of Universities Scotland. The bill is much better than it was in its first draft. It is a good basis for future work.

The Convener: I thank you for your joint submission, which was extremely helpful and clarified a number of issues.

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): I thank our guests for their ringing endorsement of the bill.

The National Union of Students has made its views clear to members of this committee and to other members of the Parliament apropos health, and however you term fees for people across the border. What views do each of you have on this issue?

Professor Archer: Are you asking about the fees issue?

The Convener: NUS Scotland has made it clear that it still has concerns about that section of the bill that gives ministers the power to vary fees. Jamie Stone is asking you to comment on that.

Mr Stone: Thank you for that clarification, convener.

The Convener: It is a pleasure.

Professor Archer: We anticipate that the power of fee variation will be used extremely sparingly. We fully accept the fact that ministers do not wish to have variable top-up fees in Scotland. We support that position. As evidenced by issues

around medical tuition fees, there might be some opportunity to change that, but we understand that that exercise would be undertaken sparingly.

David Caldwell (Universities Scotland): It is important to say that our interpretation of the bill is that it does not permit the introduction of variable top-up fees in Scotland and that, instead, it means the possible reintroduction of banded fixed-level fees that might be different for various courses. It is only a few years since we had band 1 fees and band 2 fees that were different for various courses of study.

We understand that the specific circumstances in which the Executive is considering that move relate to medical education. Our Scottish medical schools train enough people to meet Scotland's needs, broadly speaking. However, a significant proportion of the intake comes from south of the border and there is a tendency for those people to return south of the border after they qualify. It is reasonable that the Scottish Executive should seek to ensure that Scotland gets good value for money for its investment in medical education. We would not want there to be a large increase in the proportion of medical places taken up by English medical students because the cost of studying medicine was much lower in Scotland than in England. Scotland should get value for money. However, it is important to reassure the NUS that the provisions in the bill do not amount to the reintroduction of top-up or variable fees. The bill addresses a very different matter.

Tom Kelly: I understand why the NUS might have been alarmed, because the power that the bill confers is wide. However, the power does not cause us great concern, because we are used to a regime under which tuition is paid for by a combination of fee and grant and the amount of the fee can be different. For example, currently in colleges the fee for advanced or higher education courses is different from the fee for non-advanced and further education courses. As David Caldwell said, we read the bill as preserving the power that ministers have always had under the existing arrangements to stipulate a fee as part of the overall funding for tuition. It is obviously important that ministers have a handle on that, because they must also consider the other side of the matter, by which I mean the student's contribution to tuition as against other forms of support for the student such as maintenance and other expenses.

Mr Stone: The NUS made the point to me, almost in passing, that whatever the rights and wrongs of the matter, we are not tackling the problem of the bright potential science or medical student who comes from a disadvantaged background and does not want to go into medicine because the course is longer. Do you agree that there remains a built-in problem because potential

medical professionals from less wealthy backgrounds choose shorter science degrees rather than medicine?

David Caldwell: It is important to make the point that that scenario would not apply to Scotland-domiciled students. The fees of Scotland-domiciled students studying medicine would be paid by the Student Awards Agency for Scotland on the students' behalf, as is currently the case. There would be no disincentive to such students, whatever their social class, to study medicine.

We are considering students who come from other parts of the United Kingdom to study medicine, the majority of whom tend to return to the areas that they came from—I stress the word “tend” because such students do not all leave Scotland after graduation. It is a legitimate concern that Scotland should receive value for money in terms of doctors to provide health services in Scotland for its public investment in medical education.

The Convener: Are you happy with that answer, Mr Stone?

Mr Stone: Yes, thank you.

Christine May (Central Fife) (Lab): First, I pick up on the point that Tom Kelly made about the differential in funding for students following HE courses in FE institutions. Will the witnesses comment further on that?

Secondly, paragraph 4.3 of the joint submission from the Association of Scottish Colleges and Universities Scotland says that there is a need for clarification on, first,

“The power of the new funding council (rather than Scottish Ministers) to propose and approve the addition of new fundable bodies”,

and secondly,

“The power for the new funding council ... to decide on the adoption of a credit and qualifications framework”.

What amendment or clarification do the witnesses seek?

14:15

Tom Kelly: The key to the stable funding of colleges is the unit of resource, on which we focus in the spending reviews. Over the years there has been a gradual reduction in the unit of resource, but that has now levelled off and, to be fair, we expect the unit of resource to increase somewhat in the spending review for the period up to 2007. The unit of resource had been an area of great difficulty for us. The Executive makes plans for funds to be allocated to the funding council, and the funding council then allocates those funds. Those are two separate stages and we are

concerned about both. We believe that the bill does not have to address how ministers decide the quantum of resources available for all the purposes that the funding council has to address. It is for the funding council to work out, with the institutions, how best to allocate funds. We are concerned that the unit of resource for our sector has been squeezed sharply. That is an inhibition—especially on pay and reward for staff.

On new fundable bodies, we are concerned that, if ministers want to broaden the scope of what the new funding council is to fund, they should provide the resources and the means to allow that. Those who join the club, as it were, should meet the same standards and fulfil the same expectations as those who are already members. The existing arrangements have not prevented additions. Under the previous arrangements, only incorporated colleges were funded; today, of course, Sabhal Mòr Ostaig, Newbattle Abbey College and others have been added. We would have expected that to continue, but the question arises of the criteria that must be met.

The Convener: I would like you to clarify a point that, I think, lies behind Christine May's question. Are you suggesting that sections 7 and 14 have got things the wrong way round? Do you think that ministers should approve a body before the issue goes to the new funding council, as opposed to a decision of the new funding council going to ministers? That is what you are hinting.

Christine May: Alternatively, the new funding council would propose to ministers, who would then formally approve—

The Convener: That is what is in the bill at present.

Christine May: Well, no, because paragraph 4.3 talks about

"The power of the new funding council (rather than Scottish Ministers) to propose and approve".

The Convener: Yes, but the bill says that the funding council proposes.

Christine May: And approves. The question is whether the minister should have the final approval.

Tom Kelly: We feel that the decision ought to be a political one taken by ministers—because it is ministers who decide the quantum of resources available to the funding body.

The Convener: That applies both to funding bodies, in section 7, and to the qualifications framework, in section 14.

Tom Kelly: This sounds like a technical point, but what we were driving at in our point on the qualifications framework is that the funding body is just that—a funding body. It is not an educational

body or an awarding body. The decision on what is an appropriate qualifications framework really ought to be taken by the universities, as the degree-awarding bodies, and by the awarding bodies that we use—in particular, the Scottish Qualifications Authority—under the directional co-ordination of ministers. There is a simple oddity in the wording of the bill and we feel that it can easily be tidied up.

Professor Archer: Paragraph 4.3 of our submission is more about a desire for clarification than about a deep-seated worry. We wanted to understand better what lay behind the wording in the bill, but we did not start with the view that there was a problem. We would expect any new fundable body—whether it is a university, college or whatever—to meet criteria that are understood in that sector.

I am sure that members are aware that the situation on the adoption of a credit and qualifications framework is dynamic. The framework influences how we do things in Scotland—which many regard as being ahead of the game in the European and international context. We want to ensure that what happens here lines up nicely with what happens in Europe so that students can understand the situation and can flow backwards and forwards.

It is important that advice on the qualifications framework should largely come from the sector, which works at the sharp end of the issue. We would expect the funding council to be in the middle of those conversations, from where it can transmit views to ministers and receive, one hopes, approvals for proposals. The sector should participate in shaping what comes out of the qualifications frameworks so that people can understand where they are. We seek clarification, rather than any fundamental change.

Christine May: Would I put it too crudely if, in reference to the first point in paragraph 4.3, I were to say that the university sector is considerably more relaxed about the proposed powers to add new fundable bodies than the colleges are, given that the colleges might have concern about the greater stretching of resources that might result?

Professor Archer: I guess that we were not making the assumption that resources would not be available to accommodate any increases in numbers. One would not imagine that this was being done in order to prejudice units of resource. That does not sound like a very good way to do it.

Murdo Fraser (Mid Scotland and Fife) (Con): It is encouraging that the ASC and Universities Scotland have provided a joint submission. I am sure that all members welcome that. It is clear that the two organisations share common ground on the major issues in the bill.

Section 20 will require the funding council to have regard to skills needs. Paragraph 4.4 of the joint submission states:

"There is also a need for more discussion on how best to develop further ... the role of the new funding body in meeting the skills needs of Scotland".

Will you elaborate a little on that? How should that be fleshed out? Is there any difference of opinion between Universities Scotland and the ASC on how that might be done?

Tom Kelly: The colleges serve the needs predominantly—in fact, overwhelmingly—of people who live and who will probably work in Scotland. We address needs of a particular kind. Our concern is about the wide span that the single funding body will cover, which will range from high-level research to the part-time vocational and even pre-vocational education that is characteristic of the colleges. The funding body should be appropriately equipped to deal with both ends of that task.

As members will know, "skills" is a shorthand word that covers many things, from practical competencies to specific requirements for licences to practise a range of things. The word "skills" is just a shorthand way of saying that the funding council should have a good balance. However, it should have the capacity to address those areas.

David Caldwell: There is no fundamental difference of opinion between the universities and the further education sector on the issue. We regard skills needs as very important, but we also think that those needs are quite diverse. Skills needs range from those that the further education sector meets, as Tom Kelly described, to the high-level creative and enterprise skills that are developed by the higher education sector. Those skills are perhaps slightly less specific but they are absolutely vital to the country's future economic success. Neither of us is highlighting a problem with section 20 of the bill; we are simply drawing attention to the fact that those are complex issues that will need to be worked through. The new funding council will have to give close attention to those issues when it comes into existence.

Murdo Fraser: Given what you have said, is there a need for ministerial guidance on skills needs, or are you happy to leave the matter to the funding council?

David Caldwell: On whether guidance from ministers is required, my broad view, on this as on many other issues, is that it is absolutely right that ministers should issue guidance to the funding body on policy priorities. That should not exclude guidance on meeting the skills needs of Scotland. It strikes me that, since devolution, we have worked out a pretty good system whereby ministers identify the policy priorities, which they

indicate in an annual letter of guidance to the funding council, and which the funding council then seeks to operationalise by encouraging behaviours in institutions that help to meet the policy priorities that have been identified. It is entirely appropriate that the skills needs should be treated in that way. It is absolutely right that politicians and ministers should have a role in specifying what the priorities are, and expecting the funding council to play its part in assisting to deliver them.

Professor John Little (Association of Scottish Colleges): We wondered whether an opportunity had been missed in drafting the bill, in terms of recognising the importance of delivering on the agenda of "A Smart, Successful Scotland", and in terms of achieving all that we hope that the bill will achieve with regard to parity of esteem once the funding councils are merged—or at least parity of perception of esteem. Given that there is already a statutory requirement for a research committee, which it is proposed will continue, perhaps there should be a complementary skills committee with a parallel position and agenda, to provide and connect people with skills, and to provide businesses with ideas. Such a committee is not proposed at the moment, but Inverness College suggested one in its submission. The ASC response also mentioned it.

The Convener: We also have to bear in mind the responsibilities of Scottish Enterprise, Highlands and Islands Enterprise, and now the Sector Skills Development Agency and the sector skills councils. You are flagging up that there needs to be an overarching discussion and agreement among the various bodies on what the skills strategy is. Perhaps the committee should consider that further.

Professor Little: I am pleased to note that the project board of the SSDA, which is just being established, has the funding council represented on it as one of four stakeholder groups.

Mike Watson (Glasgow Cathcart) (Lab): I will focus on three areas. The first is section 20, on the broader remit of the exercise of functions of the council. We have just talked about skills. Economic, social and cultural issues were added to the draft bill. When we spoke to the civil servants about that, I asked them where those issues had come from, and they stated that they came primarily from the university sector. I suppose that my questions are aimed at Professor Archer or Mr Caldwell. Could you expand on what you see those issues relating to, particularly the social and cultural aspects? Do you see them extending as far as influencing admissions policy?

Professor Archer: Universities have a role to play in delivering on a number of fronts within the scope of the higher education with which they are

involved. We look at our contributions in terms of the economic, social and cultural agendas. The things that happen in universities have an impact on educational provision and on the delivery of all those agendas, and they all add to the richness of life in Scotland.

It is about remembering that in addition to the hugely important area of economic development, social and cultural engagement are equally important within higher education. We recognise that delivering that in relationship with the Parliament and ministers can happen in a variety of ways. It does not mean that they come entirely through one particular relationship. It is a cross-sector area.

David Caldwell: I have little to add. We simply wanted to make the point—and this goes for further as well as higher education—that the contribution of post-compulsory education, while of crucial importance to the economy, is not limited to the economy. There are huge social benefits in terms of all sorts of indicators. The population that has experienced post-compulsory education has better health, much lower levels of criminality and longer life expectancy. A whole variety of indicators are favourable in social terms.

There is a huge role for cultural transmission, as well as there being an economic benefit. We thought that it was important to draw attention to those factors. How the bill puts it—that the funding council should “have regard to” such factors—strikes the right balance. It is not suggested that those are the dominant considerations; rather, they should be borne in mind alongside the economic value of post-compulsory education.

14:30

Tom Kelly: There are always two views on such declaratory provisions. On the one hand, we might say, “It is obvious that that is what you are seeking to do, so why put it in the legislation?” From the point of view of colleges and, judging from what has been said, of universities, those are the things that we try to address. It is not just about the immediate employer requirement; it is about lifelong learning in the fullest sense.

Colleges already seek to do what the bill requires. The question is how appropriate it is, first, to declare that the funding council should take those factors into the reckoning, and second, to declare in what respects and to what extent it is to do so. At one level, it is helpful to have that included in the bill. That recognises that we do a broad range of things. Many colleges have a range of provision, not all of which addresses the traditions of technical skills and the like; it has stretched into other areas.

Mike Watson: It is about reacting to structural changes in the economy, which the funding

council will take into account in any case. That was a helpful answer.

Another area that I touched on during our evidence-taking session with the civil servants concerned the Scottish public services ombudsman. There was no proposal for accountability to the Scottish public services ombudsman in the draft bill, but it appeared in the bill as introduced. I was struck by a comment in an explanatory document that the Executive provided to us on that occasion, in which it was stated that

“universities have also voiced some concerns”

about the introduction of accountability to the Scottish public services ombudsman. Universities were not hitherto within her ambit, although colleges were. I wonder if either Professor Archer or Mr Caldwell could say something about the universities’ concerns in light of the civil servants’ comments.

David Caldwell: Our concerns are fairly modest. Although the provision was not in the draft bill, we always expected it to be in the bill as introduced. The Executive had flagged up to us some time in advance that it was considering such a measure; I think that it was referred to in the partnership agreement. The measure was therefore not a surprise to us—it was not sprung on us in any sense.

I make one small correction: as I understand it, the powers of the Scottish public services ombudsman do not presently apply to either HE or FE. The bill would bring both sectors within the ambit of the ombudsman for the first time.

Our modest reservations are to do with the fact that we think that the independent system of review is more comprehensive in some ways than the system that will be available under the ombudsman. Let me explain. For just over two years now, we have had a system of independent review, which is available to complainants who are still dissatisfied after they have been through a higher education institution’s full internal process. That independent review system is available to all students with respect to all services provided by higher education institutions in Scotland. We understand from the limits that are placed on the role of the Scottish public services ombudsman that she is limited to dealing with matters that are partly financed out of public funds. That would exclude any full-cost student from taking a complaint to the ombudsman and would also prevent a student from making a complaint about a service that was provided on a commercial, full-cost basis—for example, student residences. We think that our existing scheme is more comprehensive than the proposed replacement scheme. I hasten to say that the proposed role for the ombudsman would cause the institutions no

particular problem. However, it would cause a diminution of opportunities for potential complainants.

Mike Watson: I have a question about that before we come on to the colleges. You mentioned a diminution of the existing, self-regulatory regime. Do you intend to continue with the existing provision for the gaps that you identified and which are likely to be left by the ombudsman's arrival on the scene?

David Caldwell: That is a decision for institutions within the sector. Clearly, there are many pros and cons. One of the disadvantages of continuing with the existing system is the unhelpful confusion that would be caused by having two separate systems, because it would often be unclear to potential complainants which system applied to them. However, although complex issues must be addressed, there is no fundamental problem. I am sure that there are solutions.

The most important point is to ensure that there is a good, robust internal process so that there will be few cases in which people still feel aggrieved and want to take a complaint further at the end of that process. An indication of the robustness of the internal process in our sector is that the total number of cases that were referred to the independent reviewer in the first year of operation was five. We are dealing with relatively small-scale problems that can be resolved satisfactorily. Our written submission simply states that some points need further clarification so that we can have a system that meets everybody's needs satisfactorily.

Mike Watson: I understand that. The point about referring only five cases is interesting. I questioned civil servants a month ago about the basis of the financial memorandum and the cost of the bill's implementation. They said that, based on a notional 30 cases a year, the cost would be about £50,000. I was told that the figure of 30 cases had come from the institutions. I do not know whether that refers to 30 across both sectors, but there is certainly a difference between that figure and five cases. However, I accept that the ombudsman would be a last resort after all internal processes had been dispensed with.

Tom Kelly: The extension of the ombudsman's remit to include the colleges was discussed for some time on the separate track of the Government's accountability review. You may recall that the Audit Committee instigated that. For us, the bill is just a convenient legislative vehicle for ministers to deal with something that has been settled policy for the colleges for a while.

As David Caldwell said, the key point is that not only first-instance processes but review processes

within colleges should be sound enough to deal with the majority of cases. We are working in that direction and our plan is to ensure that our complaints machinery accords with what the ombudsman expects to be in place. In fairness, we have a bit further to travel on that than the universities do. The present arrangement, in which the funding council acts informally on behalf of the department to review complaints, is not satisfactory. Therefore, we welcome the bill's provision in that area.

Mike Watson: The public services ombudsman, who comes from the higher education sector, is well qualified to deal with that remit.

My final point, which may explain why I was confused about what the ombudsman covers, concerns the question of the financial accountability of the institutions. We have heard that regulations under the Public Finance and Accountability (Scotland) Act 2000 relate to the further education sector but do not relate to the higher education sector and are not designed to do so. Would the university representatives like to comment on that? The bill and the accompanying documents in particular leave the door open for such provision to be made at a later date. Further education colleges are subject to the Auditor General's scrutiny and lay their accounts before Parliament, but universities are not bound to do so. Do you envisage a situation in which the universities would feel that they were perfectly willing, even if not legally liable, to do that?

David Caldwell: The legal liability is already quite strong. The bill makes it clear that Audit Scotland has the right to access the financial records of all higher education institutions. We have prepared a report, which we would be happy to make available to the committee, setting out the various rigorous and comprehensive forms of accountability to which the universities and other higher education institutions are subject. That process includes financial accountability. A range of methods are employed to ensure accountability in the use of public funds, including, as I said, the opportunity for Audit Scotland to review the financial records of any higher education institution in Scotland.

It is true that financial accountability is handled in a different way for higher education institutions through the appointment of external auditors, but it is no less rigorous than the method that applies to further education colleges. I reiterate that it might be helpful to the committee if we make available to it the detailed report that we have prepared on the various ways in which accountability works in our sector.

Mike Watson: That is fine. I was not suggesting that your system was not sufficiently rigorous. I was simply saying that whereas college accounts

are laid before Parliament, university accounts are not. I am aware that sufficient systems are in place. My question was about the two sectors having the same regime; in many ways, that is what the bill is about, but this is one area in which there are different regimes.

The Convener: On that point, a response from the Scottish Executive to our query has been circulated. Paragraph 5 of annex B to the Scottish Executive's letter mentions that the two existing

"Councils are currently working to completely revise their financial memoranda with institutions in a move which will see the same basic template being used for all institutions."

Mike Watson: I accept that, but I understand that the Public Finance and Accountability (Scotland) Act 2000 would have to be amended before universities would come within its ambit. There is a slight difference, but I take the point.

Tom Kelly: The position is straightforward. A college's audit is conducted by Audit Scotland or by an auditor it appoints. That has led to some complexities in the relationship with the funding council, which has to oversee the financial health of the sector. The policy of establishing and maintaining financial security that we are currently pursuing shows that that relationship can be made to work. That is the key to the issue. It is not possible to legislate on every detail for the various interested parties. There must be a willingness to make the relationship work and I hope that we are now achieving that.

Susan Deacon (Edinburgh East and Musselburgh) (Lab): Your remarks lead neatly to the issue that I want to explore more fully, which is about how you ensure that the maximum benefits arise from the changes. What can be provided for in legislation and what requires to be dealt with in other ways? The joint ASC and US submission states that the single funding body

"has the potential to lead to greater coherence and better provision of lifelong learning and research in Scotland."

That is the overarching objective that we would all like to see achieved. Can you say a little more about how you think that that potential can be fulfilled?

I also ask you to explore a little further the point that you touched on about relationships. The subsequent paragraph of the submission states:

"The best way to achieve that will be to ensure that the Bill establishes the right relationship between the Scottish Executive, the new funding body and institutions."

Can you unpick that and explore the extent to which you are talking about structural relationships and the extent to which your statement relates to some of the softer issues involved in the relationships between those different entities? In asking that question, I make reference to the

history of the bill. I am sure that we are all delighted that people are once again round the table and singing from the same proverbial hymn sheet as they were at the beginning of the process. However, there was a period when that could not be said, and many of us are still trying to get our heads round why, when people agreed broadly on certain objectives, we ended up in a situation that, as far as some of our institutions were concerned, one would have thought was the end of the world as we knew it. The Scottish public were told, through certain media outlets, that it was the end of some of our institutions as we knew them.

I ask those questions in a genuine bid to tease out how we can ensure that, in a devolved Scotland, we use the structures and regulatory and legislative solutions that we are putting in place as effectively as possible to come together to work towards shared objectives. This is a tremendous opportunity for us to do that and I am sure that you will agree that the legislation should be a means to that end rather than an end in itself. Can you take us through that a little, please?

14:45

Tom Kelly: We see the bill as the start of a process. We talked about a smaller, smarter, more strategic body, but we were perhaps talking about better relationships. That seems right to me.

It is a combination of structures and softer issues. In terms of formal accountability, it is quite right that the Parliament should insist that it is clear who is responsible for what and to whom they are accountable. That is perfectly understandable. The funding body is an intermediary and does not deliver services; colleges and universities do that, and therefore we have to keep those responsibilities distinct. Engagement with employers, students and communities is, frankly, the job of the institutions. The job of the funding body is to see that the provision that Parliament and ministers make is put to best use.

We do not have a fundamental difficulty with the megastructure. You will see from the detail of the bill that we have gained in some respects, as some of the established lines in the sand to protect the autonomy of universities are being extended to us. That is good, as it is an acceptance of the fact that colleges are mature institutions and can be trusted to do more. There are things that colleges do and ways in which they do them that we want to continue, and we accept that they will be distinct from the way in which universities work. The centres of gravity of colleges and universities are recognisably different. We do not envisage the distinctness of universities and colleges being lost; what we were

concerned about in some of the language of the bill was the fact that concepts were being introduced that suggested a requirement to join together things that were actually rather different. We were, therefore, glad that the term “tertiary” was dropped, for example.

Ordinary Scots are well aware of what universities and colleges are. They will not know about everything that they do or what potential they have for the future, but that is why we want to work with the grain of public perception. The bill as introduced does that better than the draft bill did and is a step towards better relationships for the longer term.

Professor Archer: It is important to recognise the fact that, within the overall delivery of educational, research and other opportunities, it has been the role of the colleges and the universities to deliver things in rather distinct ways. However, there has also been an enormous amount of overlap because of the way in which we work together. That has not been a problem before the bill and it will not be a problem after the bill. Quite a lot of the world has been beating a path to Scotland to see how we have been doing that kind of work. The bill ensures that clarity remains regarding the things that the colleges and universities are trying to do to deliver the totality of education with choice and diversity.

Susan Deacon asked whether anything went wrong. In a funny kind of way, the robustness of the consultation process has allowed us to have conversations to correct and amend language, content and such things along the way. Having a very open conversation to produce a bill that we believe is good and can take us forward has been a strength of the process. I would not regard what has happened as a problem.

The Convener: Do you want to say anything else, Susan?

Susan Deacon: I thought that others were itching to comment, so I was listening intently.

David Caldwell: Perhaps I may add a little. I agree with John Archer that having a robust dialogue sometimes helps. As a consequence of that dialogue, we have ended up with a very good bill. I admit that I would prefer to do things differently if the same thing happened again. Things did not quite work out as I would ideally have liked them to. In particular, the initial publicity on the publication of the draft bill was not helpful. I sought to make it clear in a piece that I published a few days afterwards that our concern about the bill had nothing to do with worries about ministerial intentions, which we accepted were entirely benevolent, but that there was a question about the possible unintended consequences of the draft bill as it was then worded. We did not think that

ministers intended those consequences, but there could have been such consequences nonetheless. Therefore, we had a robust dialogue. We ended up putting together a joint submission with our colleagues in the Association of Scottish Colleges in which we largely agreed about the things that we thought needed to be corrected.

The process has been an absolute model of a consultation exercise. It is inevitable that not everything that we asked for has been incorporated in the bill as introduced, but there has been intelligent listening and the sincere points that we made have been taken on board. A bill is now before members that still achieves exactly the objectives that were desired in bringing together the funding councils. One of the things that I think that the bill will achieve is greater coherence without any of the risks of the unintended consequences that might have arisen if some things in the draft bill had survived.

I would like to make a final brief point about greater coherence, which I believe is valuable. We already have greater coherence in further and higher education in Scotland than exists in other parts of the UK or in most other parts of Europe and the world, but we always want to work together better. One of the real gains from a merged funding council is that it will be able to facilitate working together a bit more effectively than two separate councils.

Susan Deacon: It is helpful for us, particularly in the relatively early days of the Parliament, to unpick experiences a little so that we can weave that into our learning process and practices for the future. Therefore, I am grateful for those replies and for the analysis that has been given.

I want to pick up from where David Caldwell left off and look more to the future. Are there any other opportunities that can be exploited through the creation of a single funding body? In particular, I am interested in what the differences will be—or at least, what they ought to be—for the Parliament. As Tom Kelly, for example, will know, I am the Parliament's Audit Committee, of which I am a member, has been involved in quite an in-depth piece of work with the Scottish Further Education Funding Council, and it had a number of concerns about a range of issues. I am trying to get a sense of the meaningful difference that we can expect to see, feel and touch in how we do business in Scotland once we have a single body in place. I would like to hear from Tom Kelly in particular, given that he is familiar with the exercise in which I was involved. What discernible improvements should we seek in the future that the bill might facilitate?

Tom Kelly: To be blunt, the degree of scrutiny to which the colleges were subjected by the Audit Committee was a relatively new experience,

although the practice has now been in place for some time. We talk about learning experiences, but I think that the colleges learned considerable lessons from that experience that will be applied. From the colleges' perspective, the most important thing was that our message did not get through to the Audit Committee strongly enough about the seriousness with which we took comparability of performance measures, such as performance indicators and so on. That was one reason why we felt that a single funding council with a different philosophy would be a gain both for us and, if I may say so, for the Parliament.

We want the Parliament to understand what things it is appropriate to ask the funding body to account for and what things it is perfectly entitled to ask the colleges to account for. Quality of service is what colleges are about, so we are happy to account for that directly and in our own terms. We believe that having a more streamlined funding body that has a different sort of interaction with the institutions will be all gain.

The Convener: I will let Fiona Hyslop ask her questions after I have asked a couple of my own.

Like its central proposal on the merger of the two funding councils, many of the bill's proposals, such as that the fundable bodies should be brought within the remit of the Scottish public services ombudsman, came from the recommendations of our lifelong learning inquiry, which was undertaken by our committee in its previous life as the Enterprise and Lifelong Learning Committee. Another committee recommendation was that quality assurance should be streamlined, given that some colleges were being quality assured on the same programmes up to 28 times. However, the bill does not address that issue. In the view of the Association of Scottish Colleges, should that omission be addressed or can such streamlining be achieved without legislation?

Professor Little: That alludes to the previous question on how we achieve coherence when the two funding councils are merged. You have drawn attention to the considerable audit burden that is currently placed on individual colleges and universities. As you will know, as part of the UHI Millennium Institute our college is trying to deliver a different type of higher and further education. We have tried to draw some coherence out of the two quite different funding and quality assurance systems that operate under the Scottish Higher Education Funding Council and the Scottish Further Education Funding Council.

Let me first deal with the quality audit burden. Within my college, I call 2003 the year of the audit. In that year, we underwent the college-wide quinquennial institutional review that Her Majesty's Inspectorate of Education carries out on different

subjects. Also in that year, the UHI arm of our activity was subjected to a very rigorous institutional audit by the Quality Assurance Agency for Higher Education. However, 2004 is no different and 2005 will be the same again. To achieve that coherence, we can and should try to streamline the way in which we conduct audits, whether those be for quality assurance or the financial accountability that was discussed earlier.

At the moment, the FE sector is quality assured through HMIE, which deals with the primary and secondary education sectors. I take issue with what Tom Kelly said about the use of the term "tertiary". Given that everything post-secondary is quality assured by the QAA, it seems to me that there is an opportunity to provide for the primary and secondary sectors to be quality assured and audited by HMIE and for the tertiary sector—that is, everything that is post-secondary, which means both HE and FE—to be audited through the QAA.

Tom Kelly: I am not sure that the principle of intelligent regulation can be legislated for, but if I were asked what that means, I would say that it implies that a new body of evidence should not be required where evidence from previous regulatory or inspection activity can be used. That is fundamental. Those who are in the regulation business should schedule their activities so that not everybody arrives on the doorstep at the same time, and machinery should exist—we now have it—to allow those who are engaged in the activity to talk to one another to resolve and reduce differences. We are some way towards that. We were looking not for a specific provision in the bill, but for a philosophy and an approach that would generate those benefits.

15:00

The Convener: In response to questions that we previously asked the Scottish Executive about the matter, we received a memorandum from the Scottish Further Education Funding Council. I would welcome your comments in writing about the progress that has or has not been made. It is about two years since the recommendation was made and progress seems to have been very slow. The subject was a major concern for several colleges—particularly those that do a lot of work for the enterprise networks, which imposed much of the quality audit, much of which was duplicated and overlapping.

Tom Kelly: We would be happy to supply a note on that.

Professor Archer: The document to which David Caldwell referred and which we would like to give you concerns the various forms of accountability in the university sector and contains a section about the QAA and development beyond

quality assurance. The theme at the moment is quality enhancement, on which Scotland has taken a lead that is influencing other places around the world to examine how we are doing. With quality enhancement, we are moving on and ensuring that we deliver the best education environment. The committee will see in the document that we have moved on from assurance to enhancement.

The Convener: I would welcome your comments on what the funding council said and on whether progress needs to be a bit faster.

Professor Archer: Sure.

The Convener: My next question is primarily for Universities Scotland. What should be the division of labour between the proposed research committee and the Scottish Science Advisory Committee? Should the research committee incorporate the advisory committee's functions, or do we still need two bodies?

Professor Archer: The committees are different beasts. In the funding council, the understanding of the research element and the way in which QR—that is quality research, to use the jargon—funding is distributed needs to involve a transparent process. A great deal of understanding is required of Scotland's competitive position in basic research as well as in applied research and the knowledge transfer elements. Delivering that rather specialised understanding to guide the allocation of funding is important in the funding council.

I make a distinction. The committee that is thinking about long-term future directions for Scotland and where Scotland's research strengths—delivered by a variety of processes—lie is complementary to but not the same as thinking about how resources will be divvied up.

The Convener: A primary job of the Scottish Science Advisory Committee is to develop for Scotland the science strategy—

Professor Archer: Priorities.

The Convener: We are dividing the responsibility for strategy and priorities from that for funding. Is that wise?

Professor Archer: If one element can inform the other, I suspect that that is helpful. In the funding council, it is important that those who are involved in the decisions that influence how higher and further education and suchlike are delivered understand Scotland's important strategic role in its research. I am sure that the funding council will be helped by understanding the deliberations of other committees that consider Scotland's strategic priorities.

The Convener: I am not sure that I entirely agree with you, but that is helpful.

Professor Archer: I make that distinction.

Fiona Hyslop: I gather that the witnesses have concerns about the administration of the new funding council and about policy making. The general duties would be quite light from a ministerial point of view but quite specific from the funding council's perspective. David Caldwell gave a diplomatic response to Susan Deacon when he outlined how the bill had been transformed during the consultation process. STEP—specified tertiary education provider—must be one of the shortest-lived acronyms in the history of public policy making. Everyone recognises that progress has been made and that good changes have been made to the bill.

How would the bill provide for policy making to ensure that the higher and further education sectors are fit for purpose for a European market in future, with reference in particular to the witnesses' concerns in relation to the Scottish credit and qualifications framework? From the strategic and policy-making perspectives, there must surely be an important role for the bill in that context. How should the bill be amended to ensure that policy making is for the minister, rather than for the funding council, as the witnesses imply? David Caldwell said that the bill does not include everything that he asked for. What is missing?

David Caldwell: I am not sure that I can readily come up with many specific points. We would certainly have drafted provisions about the ombudsman in a slightly different way if we had had such an opportunity. There are a number of other, detailed points that we would have approached differently.

You ask a fundamental question about policy making, which is always a more complex process than we might expect. I have the greatest respect for Scottish Executive ministers, but I do not think that they could have devised the Scottish credit and qualifications framework; the sector was needed to do that. The only reason why we have such a framework in Scotland at all is because the sectors worked together to devise it, which was possible only because the higher education sector had done the prior work to establish the Scottish credit accumulation and transfer—SCOTCAT—system. Without that concept, we could not have made the leap to the credit and qualifications framework. On one hand, it is terribly important that ministers and senior officials should attend high-level European meetings to pursue interests in developing the framework; on the other hand, we are involved in a partnership and ministers are able to pursue that policy because of the work that went on in the sectors.

There will be occasions on which the initiative comes from ministers. That is entirely proper. As I said, the letter of guidance that is sent annually to

the funding council is a tremendously powerful tool that is taken extremely seriously by the council. That is evident from the circular letters that the funding council sends us in the months following the receipt of the letter of guidance, which reflect the fact that the council is taking ministerial guidance on board.

I am not sure to what extent legislation can help policy making. The bill facilitates or inhibits policy making no more than any other piece of legislation does; it merely presents a framework. The making of policy stands aside from the legislation and depends on the political will and impetus—I am pretty positive about that. Tom Kelly alluded to the fact that since devolution we have witnessed an enormous increase in the interest that parliamentarians take in higher and further education. To be candid, that did not happen before devolution. We were a minuscule area of interest as far as the Westminster Parliament was concerned. One of the positive features of devolution is the great attention that higher and further education and other aspects of life in Scotland have received from parliamentarians. On the whole, there is a much better environment for the development of policy than there used to be.

Tom Kelly: On Fiona Hyslop's point about fitness for purpose for what could be an emerging European standard, the credit and qualifications framework has been built up from the bottom, and the processes would make whatever adjustments were needed in the future.

I pay tribute to the Scottish Qualifications Authority, which has got itself sorted out. Without the SQA, we could not achieve an SCQF for all the college provision that is now included within it, and we could not build it without the considerable efforts of staff. We need to keep making the point that staff in colleges have risen to every challenge that they have been faced with to adapt courses, structures and provision to modern needs. We are grateful that the Executive is putting substantial funding into the modernisation of higher national qualifications, which are the key to making our interaction with the universities work well in terms of credit and progression for students.

David Caldwell: One of the best things about the SCQF in relation to European developments is that Scotland is largely leading the way in developing European qualifications frameworks. We do not simply react. We take something very substantial to the table and, on the whole, it is more substantial than what most people bring to the table.

Tom Kelly: I cannot envisage a European framework that is not based on units and levels, because units and levels just make sense. My analogy is Lego. If you want to see how Lego works, you have got to use it. Throw the bricks on

the floor and children will show you that Lego works. It is actually quite difficult to prove that units and levels work, except by using them. We have done that and we are able to make a convincing case.

Fiona Hyslop: That is the point. Will the legislation work as a framework to inhibit or to encourage and facilitate? I hope that we will come back to that point.

I take your comments on fees, but section 8(10) refers to fees and excludes the training of teachers. That seems strange in a bill that you say will be used in a benevolent and non-destructive way. Why do you think that that provision is in the bill?

Secondly, on general principles, is it right that there should be a principle of deterrence, even if it is just for English medical students coming to Scotland? Is that the right policy position to take? It seems counter to some of the previous comments of Universities Scotland in particular about the use of fees to deter fee refugees from England. Is that not counter to the fresh talent initiative? In principle, is it not questionable?

Professor Archer: The point, as you are probably aware, is that the universities do not get to keep the fees. The process is intended to be cost neutral. Any additional fee that is gained from an English student coming in, for example, is deducted from the block grant that is given by the funding council, such that there is no economic incentive for the university to admit an English student rather than any other kind of student. The money that is collected and kept by the funding council gets recycled to support the overall funding of education.

David Caldwell: I accept that the question is very difficult indeed, but we are faced with a new situation. The position now is that an English student studying medicine pays exactly the same fee whether he or she studies in England or Scotland, which is currently £1,150 a year. When fees in England are increased—and it is fair to assume that in the case of medical courses they will all be increased to the £3,000 per year maximum—if nothing is done about the fee level in Scotland, the fees for an English student to study medicine in Scotland will become much lower than they would be for the same student to study in England. That is the change in the position. It will become significantly cheaper to study in Scotland. In those circumstances, the Executive has a legitimate concern that the number of English students who wish to study medicine in Scotland will rise to a higher level than is the case at present, thereby reducing the opportunities for Scottish students who want to study medicine. We have to remember that medicine is a controlled subject—the number of places is absolutely

controlled. The Executive is also concerned about the increased likelihood that the number of doctors qualifying from Scottish medical schools who choose to remain in Scotland would decline.

15:15

However, that is not the only factor. In our response to the Executive, we made the point that the most compelling way of persuading doctors to remain in Scotland is to make a medical career in Scotland as attractive as possible. That would mean that, regardless of wherever medical students were previously domiciled, many of them would choose to remain in Scotland. Nonetheless, in fairness, one has to accept that there is a tendency for those who come from England to study medicine in Scotland to return to England. When the level of fees in England rises, we will be dealing with a different situation.

Although we recognise the dilemma, we think that there is a legitimate case for the Executive to answer. It has to try to ensure that it gets the best value for money for the investment that it makes in medical education in Scotland.

The Convener: That completes our questions to the panel. I thank both organisations for their submissions and for the oral evidence that they gave today. The evidence was extremely helpful.

Arts in the Community Inquiry

15:16

The Convener: We move on to item 2, which is our arts and community inquiry. The committee is to hear reports on case study visits that were undertaken in connection with the inquiry. I think that Jamie Stone is to make the first report.

Mr Stone: I thought that Murdo Fraser was to give it.

The Convener: Murdo?

Mr Stone: Yes. It is the Fraser-Stone report.

The Convener: Which one of you will introduce it?

Mr Stone: The briefer of the two—and that is probably Murdo Fraser.

Mike Watson: Agreed.

Chris Ballance (South of Scotland) (Green): Is that on the record?

Mr Stone: I commend the quality of the report. I should also point out that neither Murdo Fraser nor I wrote it.

Murdo Fraser: Our grateful thanks go to Stephen Herbert of the Scottish Parliament information centre not only for writing the report but for driving all the way to Inverness. That said, we nearly got involved in a car accident on the way to Drumnadrochit, but we managed to survive. Our visit was extremely interesting and worth while and I will try to summarise it—although “summarise” might be too strong a word to use.

We held meetings with a number of different people who are involved in the promotion of community arts in the Highlands. We met representatives of the Eden Court Theatre, who were anxious to stress that, notwithstanding their Inverness base, their large outreach programme ensures that their operations are not restricted to the city. They see themselves as a theatre for the whole of the Highlands and Islands and get involved in pushing people out to different communities.

We also met an organisation called Hi-Arts, which is funded by Highlands and Islands Enterprise and the Scottish Arts Council. The function of Hi-Arts is to co-ordinate and market the huge number of annual arts festivals that take place in the HIE area, many of which are small-scale events that lack the capacity to market themselves. Hi-Arts acts as a central organisation that provides online ticketing, distribution and marketing services to the festivals in the area. The important point is that Hi-Arts does not support the festivals directly, all of which are self-standing, but acts as an umbrella organisation.

We also met the Promoters Arts Network, which is a similar organisation to Hi-Arts and which seems to be similarly successful. It exists to help venues in the area, such as village halls, by giving them advice on marketing and so forth. It also books acts to come and perform in the area. Again, the Promoters Arts Network gets central core funding and charges the various organisations that it supports for its services.

The last organisation that we met was Fèisean nan Gaidheal, which is based in the Highlands but which has grown to serve the central belt too. Its aim is to develop the Gaelic language and promote traditional Scottish culture—in particular, traditional music—through community involvement. It is a tremendous success and has grown exponentially over the past number of years.

Several of the groups that we met were critical of Highland Council, which they felt had not paid enough regard to the arts because of a cultural bias against the arts in some quarters. The arts were regarded as an add-on, not a priority, although that was probably starting to change. However, there was a feeling that local authority funding for the arts was patchy throughout Scotland and that other parts of Scotland were much better provided for than the Highlands.

Mr Stone: I echo what Murdo Fraser said. He is right about what was said about Highland Council, with the exception of what Fèisean nan Gaidheal said, which was rather more complimentary to say the least. Rita Hunter of Fèisean nan Gaidheal told us that, compared to Eire, we were not doing a huge amount about exporting our traditional music and similar arts, whereas the Republic of Ireland has CDs of its traditional music on sale and being promoted worldwide. That is not to say that it all must be tat. She also mentioned that there is a slight problem in that some of the more classically trained musicians do not take the traditional Scottish arts as seriously as they might, but we know from the opening ceremony for our building that the traditional arts strike a huge chord with the Scottish people and beyond.

I think that it was Fèisean nan Gaidheal—Murdo Fraser will keep me right—that made the interesting point that the Parliament, as opposed to the ministers of the Scottish Executive, might be able to do more for the promotion of Scotland's arts. The Presiding Officer has been talking about that. We touched on the matter for about five minutes, but there might be possibilities in that idea.

Murdo Fraser: To clarify, it was Sonia Rose from the Eden Court Theatre who pointed out that we have a community sports leader award that is designed to promote excellence in sport, but there is no equivalent for the arts. She suggested that

the Parliament might be interested in promoting an artistic or creative leader award to try to encourage youngsters to pursue excellence in the arts in the same way as the sports leader award encourages excellence in sport.

The Convener: I open up the meeting to questions or comments on the succinct report from Murdo Fraser and Jamie Stone.

Mike Watson: It was an interesting report. One thing that hit me was that the Promoters Arts Network is

“trying to get back to a position 10 years ago where Highland Council had a full-time Arts Officer”.

Does Highland Council not have a full-time arts officer now at all? When I think of the size of the area as well as the amount of activity in it, I find that surprising.

Mr Stone: I can probably help you from my experience. Within its area structure, Highland Council has arts officers for areas such as Caithness and Sutherland or Ross and Cromarty, although the provision is slightly patchy. The trouble is that they tend not to have much of a budget.

Mike Watson: The report says that their budgets are £500 per annum.

Mr Stone: Yes. Before the reform of local government in 1995, Ross and Cromarty District Council had quite a big arts set-up—in fact, Bryan Beattie, who is an adviser to the minister, was very involved in it—whereas other parts of the Highlands did not have much at all. There was very good and not so good provision before reorganisation, but now funding reasons mean that provision is squeezed. I would not say that it is the lowest common denominator, because that would not be fair, but we discussed the fact that, as we all know, if a local authority is squeezing the revenue budget, it will say, “Wait a minute, we don't definitely have to give money to the arts. We had better concentrate on social work.” I think that it is true to say that the Promoters Arts Network recognises that the problem is that arts funding is not a statutory role of the council.

Mike Watson: I notice that the report says that the Eden Court Theatre

“relies on a patchwork of funding sources.”

I think that the phrase that Michael Matheson and I heard when we were at Cumbernauld Theatre yesterday was “cocktail of funding sources”, so there is a clear parallel.

I am not sure whether the Promoters Arts Network is a funded organisation, but the report says that it is considering employing area development officers. It seems odd that it would do that if Highland Council has arts officers,

although I find it surprising that those arts officers have budgets of only £500, because they could barely get to the far end of Jamie Stone's constituency for £500, never mind do anything with the money that is left over. Is the Promoters Arts Network a funded body, or does it consist of people who are already in some way funded coming together to form a kind of support network?

Murdo Fraser: From memory, I think that the Promoters Arts Network got money from Highlands and Islands Enterprise.

Mike Watson: It does not say that in the paper before us.

Christine May: As I recall, the Promoters Arts Network represents commercial ventures, so it is presumably funded by those individual commercial ventures to improve ticket sales and promote events. Did its representatives not come before us at our first informal session?

The Convener: I think that they did.

Christine May: Yes, I think that they did. I am sure that they said that they promoted—

Mike Watson: Sandy Anderson is a familiar name.

Christine May: I have two thoughts on the matter. One comes as a result of what the paper before us says about Fèisean nan Gaidheal. We have taken no evidence from anybody working in the fields of racial equality, minority ethnic community arts or minority ethnic festivals. I am thinking, for example, of the Edinburgh Mela and the Glasgow festival, which have done so much not just for the promotion of community but for tolerance, understanding and recognition.

I remember the second thing because I recently sent an e-mail to someone about it. A super new website has just been launched that pulls together downloadable Celtic and traditional Scottish music. I will circulate that for the information of the committee.

The Convener: Judith Evans has just passed me a note to say that all those groups were asked to submit evidence, but did not.

Christine May: I wonder whether we should chase one or two of them to put something in. I will talk to Judith Evans about that later.

Mike Watson: Overall, I am disappointed at the amount of evidence that has been submitted. There were only 58 written responses in total and the fact that only seven local authorities responded is appalling. Only one commercial organisation responded.

Susan Deacon: I echo Christine May's concern about the importance of multiculturalism and

diversity and so on in the arts. I accept the point that there is no excuse for big funded or statutory organisations such as local authorities not to send written submissions to an inquiry such as this. This is a wider concern of mine. Frankly, I think that our expectations are too high, particularly when it comes to largely voluntary organisations or organisations with limited numbers of staff, who would need to take time out to prepare written submissions.

We explicitly reached this conclusion at the beginning and we reflected this in the way in which we carried out some of our informal sessions: we felt that this was a topic that did not lend itself particularly well to written submissions. I agree with Christine May's specific point about the gaps in what we have heard. This might relate to the next agenda item, but I have a sense that it would be useful to have a wash-up session so that we can think about other areas where we want to reach out a bit more, before we reach the end point of the process.

The Convener: The next item covers the beginnings of our draft report. We will be discussing the issues that we want to include in it. Next week, we will formally revisit our work programme. I suggest that, when we discuss our work programme next week, we discuss the first version of the draft report. Let us consider whether we need to take additional written or oral evidence at that stage, given that we will be considering both the work programme and the draft report, rather than making a quick decision on the matter today. Would that be reasonable?

Mike Watson: That might put the publication of the report beyond the turn of the year.

The Convener: We would just need to accept that.

Mike Watson: Yes. I would not think that that would be disastrous.

The Convener: We have two other things coming out just before Christmas, so everybody will still have something to read over the Christmas recess. Are there any other points?

Christine May: I will just give you my book list now.

Chris Ballance: I agree with what has been proposed, but this issue also brings up general questions about how we as a Parliament engage with people on the ground. There is a wider question to be considered here. There may be room for exploring new ways of reaching out to people, possibly through the Parliament's outreach team rather than through the traditional routes.

15:30

The Convener: That touches on Mike Watson's point two or three meetings ago about the need for us to get out and about a bit more. We rely an awful lot on people coming to the Parliament. Although that is quite handy for many people at the moment because they want to come and see the place, in my experience there is no substitute for our going out on the front line.

Chris Ballance: I wanted to make an entirely different point. Murdo Fraser and Jamie Stone mention the relationship between various arts organisations and HIE. Obviously, that relationship is possible because HIE has a social remit, whereas Scottish Enterprise does not. Did you get any impression of how valuable arts organisations found that link with HIE, particularly with respect to their relationship with the local council?

Mr Stone: The link is hugely important—arts organisations recognise it and they are very grateful. I do not want to slam the council for the sake of slamming the council. Like all authorities, it is cash strapped; it has to justify to the electorate why the potholes are not being filled.

Chris Ballance: But to turn the focus slightly more on to HIE, and the value of that relationship—

Mr Stone: The relationship is greatly valued. We heard that from all the people who gave us evidence. I would be hard pushed to think of any criticism of HIE. I do not say that because I live in the Highlands. Murdo Fraser and I came away thinking that HIE has an advantage because of its social remit. From what we heard, it seems to be quite creative in targeting funding via the different mechanisms that are outlined in our report.

HIE seemed to be having an impact in relation to events and festivals and to dance, music and painting. My one slight caveat is that, in an inquiry such as this, it may always be the nature of the beast that the report will be a bit of a snapshot. That bothered me slightly. Knowing the Highlands as Murdo Fraser and I do, we recognised that other things were going on that we did not have time to investigate. However, as the convener commented earlier with reference to members getting out there, our visit was very well received. I think that Murdo Fraser would agree that it went down a bomb—it was great. The members of this committee function well and there may be more scope for us to do such things. It is certainly quite cost effective. The people to whom we spoke opened up—I thought that they were very frank with us.

The Convener: We move to the report from Cumbernauld. As that visit took place yesterday, the report has not yet been circulated, so I ask for an oral report from Mike Watson and Michael Matheson.

Mike Watson: I will make some initial comments and Michael Matheson may want to add to them. The visit was useful. I echo Jamie Stone's point—I got the impression that it was very much appreciated that we had taken the time to visit. I also got the impression that the people whom we met had put in considerable work in preparation for our visit. We were there for about three hours.

The Convener: Are you talking about the theatre?

Mike Watson: Yes, Cumbernauld Theatre. I have an aide-mémoire, which will probably be fairly close to what is circulated—I had forgotten that other members do not have it. Cumbernauld Theatre is a community resource as well as being a theatre. It is interesting, as it is not in any way a typical theatre. It is a kind of add-on to a row of cottages. It is multifunctional. Part of the cocktail of funding to which I referred is the contribution made by the theatre's public bar. There is a theatre bar, which is open when there is a production on, but there is also a public bar, which is open like any other bar in any other main street. Because of the nature of Cumbernauld new town, there is a shortage of bars, so the theatre bar provides a local function. It also gives a profit to the theatre of—did we say about £35,000?

Michael Matheson (Central Scotland) (SNP): On average, between £20,000 and £30,000—

Mike Watson: A year. That probably comes to about 5 per cent of the total turnover.

We were particularly taken with the work that Cumbernauld Theatre does with young people in addition to its typical role as a theatre. There were two people there from Scottish Power, who were involved in one of their company's initiatives, Scottish Power learning. The theatre takes three lots of 20 fourth-year pupils from local schools—they are atypical children who are not achieving or engaging much—and tries to assist them by using artistic activity to get them more interested in learning. The initiative helps children to release their creativity in a way that they have not been able to do before. The theatre also has an interesting programme called ArtsWork. In the example that we saw, a CD-ROM was produced with 10 different themes, such as hype and freedom—it was cleverly done.

The money that Scottish Power puts into those programmes is important. The representatives of Scottish Power told us that they were keen to extend the work that the company already does. That was a useful adjunct to the information that we received from the Bank of Scotland at one of our informal sessions. As members will see from the papers for the next agenda item, the Bank of Scotland was the only private sector company that made a written submission to our inquiry, although

Scottish Power clearly does a considerable amount of work and provides resources. In fact, one of the people whom we met worked full time on such projects, not just in Cumbernauld, but on other schools initiatives that Scottish Power uses to enhance learning through cultural or artistic activity.

Like everybody else, the people from the theatre to whom we spoke finished with a bit of a swipe at funding. We learned that the funding that the theatre receives is considerably less than it was before the local authority changes, which hit the theatre quite badly. The theatre used to receive money from Strathclyde Regional Council, but North Lanarkshire Council does not give as much.

Michael Matheson: Ten years ago, the theatre received £140,000 a year, but it now receives just under £80,000 a year in core funding. I was impressed with Scottish Power's involvement because many corporate sponsors do not like to get involved with arts projects in which they are the core funder—they just want to provide add-on funding. We could ask the theatre what it is doing financially to ensure that it is a sustainable organisation, but the core funding provides only one third of the money needed—the theatre raises the other two thirds through ticket sales, other events and schemes, and the pub. The theatre puts in a lot of work to remain sustainable, but it has a real problem with core funding. One of the key issues that was flagged up was the need for greater sustainability of core funding, which would allow the theatre to plan more effectively. At present, the theatre receives annual core funding. If a good member of staff thinks that they might not have a job in a year's time, they just disappear. The people flagged up the need for local authorities to provide groups and organisations such as theirs with core funding for three to five years to allow them to plan ahead and work out what they have to do in that time to bring in additional resources.

I was immensely encouraged by what the theatre does and by what it sees as its role. It is based in the community and engages with young people. The work that Scottish Power does through Scottish Power learning must also be encouraged. My understanding is that Scottish Power does not sponsor any sports events, but instead puts money into the arts through Scottish Power learning. It is encouraging that a corporate organisation is prepared to do that. The company wants to roll out its work further, but it sees a need for more Government and local authority involvement in order to make that effective.

The Convener: I recommend that any member who has not visited Scottish Power's learning centre at Cathcart should go—the set-up is absolutely brilliant.

Mr Stone: Mike Watson mentioned the girn, if you like, about the difference in funding now compared with a few years ago. Is a pattern developing? When arts funding was delivered in part by district authorities, that budget did not compete with budgets for major strategic services such as social work, education and roads and transport. What you said slightly parallels what we heard in Highland. I am thinking out loud and the issue might be for another day, but is a theme emerging? Out of interest, how does the theatre marry the idea of a pub that makes £35K profit a year with the fact that children put on shows there? Is there not a problem with that?

Michael Matheson: The pub is, effectively, a separate part of the building. It is connected to the theatre, but it sits on its own. It serves the local community in that it is the local pub for the nearby housing estate. There is a theatre bar as well, which families can use. There does not seem to be a problem.

You are right that there seems to be a theme. I do not know whether it is because priorities have changed since district councils provided funding and we now have unitary authorities. What is clear, however, is that core funding for community arts projects is seen as being an add-on rather than being central. Local authorities do not have a statutory obligation to support community arts organisations. Interestingly, Cumbernauld Theatre is the only independent arts organisation in the North Lanarkshire Council area, but it gets less than £80,000 a year towards its core funding.

Mr Stone: The committee might want to discuss, at some stage, whether the events of 1995 set back the provision for the arts.

Mike Watson: That certainly happened in Strathclyde, where there were 13 local authorities. It happened not only in the arts but in all areas that relate to bodies that were part funded by the regional councils. When that stopped, some unitary authorities were able to pick up funding but others said that, as the body was not based in their council area and not many people from their area used it, they did not see it as being their responsibility. To put it mildly, the pro rata contributions were variable.

Christine May: That is exactly the point that I was going to make. Prior to the 1995 reorganisation, many organisations, venues and projects had been core funded by the district councils with top-up money from the regional council for reasons relating to education, health and so on. The squeeze in local authority budgets between 1995 and 1999 was mainly felt by the arts because, for the councils, there was no contest between arts and the statutory functions of health, social work and so on. It was a no-brainer. Councils had no option. It was not that they did not

rate arts and culture, but that they were faced with situations in which there was no choice. The arts could be cut without affecting core services directly. Of course, indirectly, those cuts reduced the impact of those services that make people feel good about themselves and enable them to participate in society. More important, they led to a speeding up of the decline in the fabric of buildings. We have heard that over and over. Maybe the report should say so. We now have to get back from that situation.

Chris Ballance: At this point, I should remind members of my declared interests.

The reorganisation also made it harder to make links. A group that was trying to set up a tour of Strathclyde, organise a touring exhibition or establish six identical projects in different areas had to deal with the 13 organisations that Mike Watson mentioned, each with different timescales, deadlines, priorities and personalities, rather than with one organisation. All of that made it harder for the arts to work in a joined-up way.

The Convener: There are no other comments. The written report will be circulated to members following this meeting. It could not be helped that the visit to Cumbernauld took place only yesterday. Obviously, under the parliamentary rules, we are not allowed to circulate papers informally; we have to do things properly. That is why members will not get the report until after the meeting.

We must now consider issues for inclusion in the draft arts in the community report, bearing in mind that we agreed earlier to reconsider whether we need to hear additional evidence at next week's meeting. The two papers have been circulated and I assume that all members have read them. I invite members to highlight points in the papers that they believe need to be changed, added to or subtracted from. Judith Evans has suggested helpfully that each member should highlight two or three major threads that they think we should develop. The clerks will prepare various drafts of our report, which we will go through. They will rely on the written material that we have received. This discussion is not a replacement for that debate, but is intended to add to it. Members may stress the key points that they think should be highlighted in the report.

15:45

Susan Deacon: I promise that I will make my three points, but first I would like to put them in context. I am concerned about how linear this kind of process often is. In reality, the thoughts and ideas of all of us evolve, as they should. It is important for us to have an opportunity to chew some fat around the table. The discussion should

be wider than our saying, "Here's our list of points."

I want to take a step back and to ask what we are trying to achieve. I ask members to bear with me for a minute. We really want to add value to this discussion; we do not want just to repeat what people have been saying for a long time. I was reminded of that at the weekend, when I attended a launch of an exhibition at the City Art Centre in Edinburgh. I take this opportunity genuinely to encourage members to go along to it before we complete our report. The exhibition is called "Arts the Catalyst for Social Action and Change" and documents the history of the arts in Craigmillar. It goes back to the 1960s and 1970s and the genesis of the Craigmillar festival, showing how that came about.

The Convener: We are still in public session, so the whole building can hear you.

Susan Deacon: I encourage everyone else to go along to the exhibition, too. I say that in all sincerity, because the exhibition concentrated my mind on the constant risk of reinventing the wheel. On the night, the actor John Murtagh, who opened the exhibition, reminded us all how much wheel reinvention had been done in this area in particular. Dotted around the walls there are wonderful quotes and commentary from leading lights in arts in the community worldwide. Those remind us of fundamental points about what works and does not work in arts in the community. My first plea is for us not to reinvent the wheel, to learn from some of the thinking that has been done and to make that explicit in our report. I know that that is sometimes easier said than done.

Secondly, I would like us to apply some of the philosophy of which I was reminded at the exhibition and about which we have heard a great deal at the meetings and visits in which members have participated during this inquiry. If we as politicians—the Parliament and, by extension, the Executive—really want to support and encourage the development of arts in the community in the broadest sense, we cannot merely propose a list of tight actions in our report. That is almost the antithesis of what is needed. If the inquiry results in more audits and reviews and changes to process in relation to funding mechanisms, we will have failed.

We must try to show what liberates creativity and people's potential in communities. One of my key points is that there are aspects of process that can and should do that. For example, we have received hard-edged messages about evaluation and monitoring of funding. We can have different approaches that involve not just counting heads or burns on seat, but measuring qualitative impacts and so on. We should make hard-edged recommendations on process in our report.

The biggest of my three points is that I would like us to speak the language of enabling, facilitating and releasing potential. We should challenge the top-down approach that is taken, because it does not work. I would like us to do something to address the issue. There needs to be more judgment and instinct around questions about what is supported financially and what is woven into policy and practice. We can go round and round in circles talking about evidence-based policies and literature reviews, but that has all been done. We should mop it all up and contextualise our report. We then need to move on and discuss the kind of culture change that we are advocating for policy and practice. Before I rabbit on any more and people start to kick me under the table, I should explain that my major point is about culture change and people-based solutions.

The more hard-edged point is about evaluation, monitoring and facing up to the fact that we cannot measure everything. My next point is probably more of a statement than a specific recommendation. We need to put up in lights the message about the wider benefits of the arts—although those benefits cannot be quantified, they are there. The literature review document used the idea of links rather than causal connections, so we should just accept that there are links.

Christine May: We cannot prove it, but we know that they are there.

Susan Deacon: We just know that the benefits are there and the committee should be willing to make a big statement about that. I apologise for talking so much, but the convener has not kicked me yet.

Chris Ballance: I agree with those three points—

Mr Stone: Just say “agreed”.

Chris Ballance: No, because I would head them slightly differently and put slightly different nuances on them. The first point relates to values and benefits. The one thing that does not appear in the excellent précis is the idea that poverty is not just about money; it is also about how someone is valued in society. We have clearly heard from all the practitioners that value is precisely what community arts can and does provide.

As an addendum to that point, I would like us to focus much more than we have so far on the 20 per cent of people who are not involved in any form of community art. I would like the committee to consider ways in which we can push arts further. I do not see why that target should not be 100 per cent.

The Convener: Should we be aiming for 100 per cent? Is that not telling people that they must

be involved in community arts? Some people are just not interested. They have the right not to be.

Chris Ballance: We can have a target of trying to find artistic activities that appeal to everyone. When we consider that that ranges from reading books and doing needlework—

The Convener: Buddy Holly.

Chris Ballance: Absolutely. Why not? We have Elvis impersonators and things like that.

Mike Watson: I am a bit intrigued as to why we should expect 100 per cent of the population to be interested in any one subject, be it sport, culture, foreign holidays or reading books. If we already have 80 per cent, that is not bad.

There are two other points. First, how do we get in touch with the other 20 per cent? Secondly, a small amount of that 20 per cent might say that they would have got involved if there had been something accessible, but most of them would say that they do other things and have no time to be involved in community arts. They are not really interested. It is like fishing. Thousands of people fish, but no amount of parliamentary activity would get me to start fishing even though lots of people do it.

Mr Stone: So it is true what the Countryside Alliance says.

Mike Watson: That may not be the most precise analogy, but fishing has the most participants of any sport in the United Kingdom. However, I have no interest at all in it, although I like sports.

Chris Ballance: Yes, but fishing is not such a catch-all.

The Convener: Worm your way out of that one.

Shall we try to get back to the serious point?

Chris Ballance: The point that I am making is that we know much more about the 80 per cent who participate in community arts than about the 20 per cent who are not involved in any way at the moment. I would like the Scottish Arts Council to find out much more about that sector of society and why those people do not participate. The arts are not just one activity; fishing is one activity, but the arts cover an enormous variety of activities.

The second area to consider is funding. We have heard much about the complicated nature of applications and about the number of hoops through which people have to jump for a very small amount of money. We have also heard about the difficulties that can be associated with private sponsors. For example, the fact that private sponsors such as the Bank of Scotland say that they will sponsor only organisations whose message is in line with their brands makes it harder for some organisations to get private

sponsorship money. I am thinking of organisations such as those that promote the arts in prisons and in mental health areas, which are not particularly attractive to private sponsorship. I would classify that as a funding issue.

Mr Stone: The arts of the Scottish socialists.

Chris Ballance: Yes. We heard evidence that there is no way that 7:84 Theatre Company's most recent project would have attracted any private funding.

The third issue is the position of the arts in general and in politics. One of the notes from our informal meetings states that

"community arts can often be the only provider of essential support services, particularly for women",

and that it is

"essential that this is recognised and that other services can link in".

The minister said that all departments are considering their remit in relation to the arts, but I wonder whether the lead should be taken by the minister with responsibility for the arts. It rather looks as though the agenda is being set by the other departments. It is a matter of emphasis, but I wonder how central the minister is in setting the agenda of the other departments and ensuring that they fit into an arts agenda instead of an arts agenda having to fit into the agendas of other departments.

The Convener: Are you suggesting some kind of arts proofing?

Chris Ballance: Some people are saying that the ideas of arts projects can become skewed in the search for funding, as they try to fit other people's agendas. Perhaps it is time that we put the arts agenda at the heart of Government thinking instead of making it a little add-on that gets knocked off by authorities when funding is tight.

Richard Baker (North East Scotland) (Lab): We should ensure that, even if we cannot get 100 per cent participation, there is at least the opportunity for that. We have received written evidence that in rural areas there is not the same access to some activities as there is in other parts because of transport issues. Voice of Carers Across Lothian says that local government should be developing a clear policy framework for the delivery of community arts.

I was not able to go on a case study visit, but from what people have said it is quite clear that provision is not uniform. Perhaps it is difficult to make uniform provision, but greater strides can be made at least to give more people the same kind of opportunities and access. We want more access and we should identify and address gaps.

Perhaps there is a role for local authorities and the Executive in that, too.

My second point is about cross-fertilisation of initiatives and funding. I am happy to be corrected on this, but we heard, for example, that the cultural co-ordinators just work in schools. It would be better if they could work on a wider basis with other organisations. I do not know whether I am right about that.

16:00

Christine May: That is not the case everywhere. The evidence was that in some areas—I think Glasgow was one and Fife was another—cultural co-ordinators do more than just work in schools.

Richard Baker: Yes. We need more of a standard overlap. The written evidence mentioned areas of health spending and investment in arts and other budgets and departments. We need to see what efforts are being made in each area and we need not to create silos but to galvanise work.

We did not look at a huge amount of the outreach work done by professional artists and national companies—perhaps we will do more on that. We heard a bit from the National Galleries of Scotland. A key issue in the work of the Cultural Commission is how much outreach work national companies are doing. That is a huge factor in getting best value from them and in promoting community arts, bringing their work into communities and encouraging other people to get involved locally on an amateur basis.

My third point is to reiterate what Michael Matheson said about three-year funding, which we must address. Local authorities have three-year funding and everything possible should be done to give local arts organisations that kind of ability to plan ahead.

Murdo Fraser: I have two points, the first of which relates to the paper from the event on 21 September—the first round-table discussion that we had here. A point that does not appear in the summary—members might disagree with what I remember—is that there was a division among the people there. The clerks had done a good job of getting a cross-section of people from the arts. There was a lady there from the Embroiderers Guild and another lady from Making Music who represented a particular strand of purely voluntary groups, which exist happily in their own communities. The Making Music lady represented choral societies and music societies that put on shows in small communities. The Embroiderers Guild lady represented other groups. Their view seemed quite different from the view of some of the others present, who were professionally or semi-professionally involved in the arts and whose

salaries depended on the funding coming in. It seemed to me that people from the purely voluntary sector were saying, "We're quite happy just to get on with it. A bit more co-ordination between our groups would be helpful and a bit more joined-up thinking would be great, but we can just get on with it." The other groups were much more concerned about funding. There was a clear distinction between the two groups.

Inevitably, the meeting was dominated by the people in the second group—those who were involved professionally—because they were saying, "We must have second-year funding because we are actually employed in the sector." That was an interesting development. It is important that we do not lose sight of the fact that we are talking not just about people whose jobs depend on the sector; there are people in the purely voluntary sector—if I may use that expression—for whom funding is not the issue. They are concerned with promoting their activities and widening access, but for them it is not about providing salaries.

My second point came out of our trip to Inverness. It is obvious that there is a patchwork of provision throughout the country. That is probably an inevitable consequence of the fact that local authorities are often charged with delivery—the role of the Scottish Arts Council notwithstanding. That raises the question of how we can reconcile what we want to happen nationally with the fact that delivery is done by local authorities that have different priorities.

Mr Stone: I agree with the sentiment that if the report is merely to be a description of where we are now and a list of what is happening in various places, it will be no better than a list of registration numbers of cars travelling up and down the Canongate. Clear action must be proposed; we must have the bottle to say what we think should be done.

My first point is that, although I do not think that we should say, "Thou shalt be involved in arts," I think that 100 per cent of the population should at least have the opportunity for such involvement. Let us park the remote parts of Scotland for a moment and think instead of the inner cities. Some of the most disadvantaged people in society have no opportunity for such involvement, for a variety of reasons, which I will not go into now. The angle from which I approach the issue is that I would love a quality picture, if not an original, to be put up in the soup kitchen—I hate to use that expression—just up the Canongate, on the right-hand side, or in the Grassmarket mission. I do not know whether members have ever visited the Grassmarket mission, but the people there are in real trouble in our society. They do not get to see such pictures. A clever selection of prints of some

of the masterpieces could be used, as security would obviously be a point to bear in mind. Such people are not getting access to art in any shape or form. I do not want to force them to look at pictures, but I believe fundamentally that good surroundings are beneficial for people in some deep way. It would not be difficult to do something for people who, I am acutely aware, are utterly excluded. Prints could be obtained, a performance could be put on or music could be provided. From the way that Susan Deacon is looking at me, I am not sure whether she agrees.

My second point is that what the Bank of Scotland said was very interesting. A great deal can be done on corporate social responsibility. I concede to Murdo Fraser that it is necessary to go with the grain of business and make it worth its while to go down that route. It is clear that the Bank of Scotland thinks that it is worth its while to chuck big chunks of money at opera, but not at art in prisons. Perhaps there are ways in which we could tweak things, for example by changing the law or the circumstances in the country, to encourage more corporate social responsibility so that companies realise that it would be worth their while to do something in prisons. We will have to change things, because we cannot force business down that route. I am talking about using more carrots rather than more sticks. We should think about creative ways of doing that, although perhaps not as a committee.

My final point relates to an old hobby-horse of mine. The Parliament could do a little bit for the arts, both because of the nature of the building and because of what we are about. I used to have arguments with Sir David Steel about that. People say that, come the summer recess, when we are off doing our bits in our constituencies, this place should be locked. To me, that is rubbish. If the Edinburgh festival, or I do not care who, wants to hold an exhibition or to find a venue for a quintet, for traditional music, for humour and comedy—that might be appropriate—or for whatever else, why should not some of the space in this building be used? We are talking about a wider message. If the institution of the Scottish Parliament and its building are to belong to the Scottish people, there must be something creative that we can do on that front.

The Convener: To be fair, is George Reid not prepared to do that?

Mr Stone: He is, but we should remember that we are a parliamentary committee of many colours. We have a locus in such matters. I do not know whether I will be able to persuade my colleagues on that front, but I would love such a recommendation to be included in the report. That would be genuinely creative. Can members imagine what anathema such a suggestion would

be in the Palace of Westminster? If a request were to be made to hold a performance or to have a quintet playing in the central lobby, the response would be, "You must be joking!"

We can take a very different approach. We are all Jock Tamson's bairns. We MSPs should not get above ourselves and we desperately need to reach out to the Scottish people—to try, for example, to reverse the decline in voting. We have an opportunity here. I feel a bit passionate about this, as members can tell.

Christine May: I do not disagree with Jamie Stone. The committee rooms would be ideal as small venues and I do not see why they should not be used.

I have three points to make, the first of which concerns funding and picks up on a point that VOCAL makes on page 9 of the summary document. Across Scotland—and I include the Executive in this—we are missing opportunities to use community planning to set out a series of priorities. After that has been done, we can consider allocating funding to a range of activities that delivers on those priorities. That is the only way in which we will ever achieve the value of arts and cultural activities to the economy, to health and to social regeneration. I have been preaching that message for the past five years and I will carry on preaching it, because I think that it is the right way to go.

I received an e-mail yesterday as a result of an event called B in the park—a rock concert with local bands and kids—that was held at Riverside park in Glenrothes. The various activities and aims were supported by NHS Fife, the substance abuse team, the colleges, one of the banks, the enterprise company and the local authority. All the activities and aims met with the corporate and individual priorities of those supporters. We sometimes get this funding business the wrong way round and it is high time that the Parliament and the Executive considered that.

My second point is about buildings and locations. Murdo Fraser spoke about people doing activities that were purely voluntary. The most that such people ever want from public bodies is a venue—an affordable, warm, safe and accessible venue. A huge number of publicly owned buildings are underused and under-resourced. We could encourage and support local authorities—who generally own the buildings—to close some of them and so rationalise the number of their buildings.

My third point goes back to one that Susan Deacon made. Let us encourage everybody, including ourselves, to streamline the processes so that we capture the essence of what people are really doing out there. Sometimes we do not know

why something works, but we know that it works. Go with your guts.

Those would be my three messages.

Michael Matheson: I have only two points—I joined the committee fairly late on in the inquiry and obviously did not hear all the evidence.

I will start with the negative point. I agree with a lot of what Susan Deacon said but, in our report, we must address some of the issues of process. Some of the organisations that gave evidence to the committee would want us to take such issues on board. I am thinking, for example, about three-year funding, the streamlining of the application process for funding, and the evaluation of effectiveness.

Having said that, I feel that the report should also be about celebrating art in the community. A lot of research has been done on the value of community art and we should highlight what is going on in different communities and the benefits that accrue. We should highlight the need to encourage such initiatives in other parts of the country. In some areas, people encounter barriers.

In producing reports, there is always a danger of merely making about 50 recommendations and saying that we want the Executive to go through them in turn and give a response. However, the committee also has a responsibility to highlight the good things that are happening. If we believed the media, we would think that the arts world in Scotland was terrible, but an awful lot is going on. We should acknowledge that and support it.

Corporate social responsibility is increasingly becoming an issue for many major companies, both those that are based in Scotland and those that are based outwith Scotland but which operate here. I am encouraged by the partnerships that I have witnessed so far between arts organisations, the Scottish Arts Council and corporate companies in taking forward arts programmes. We need to consider how we can develop that agenda, with corporate organisations becoming much more involved in community arts projects rather than being involved purely at the high end to get their brand across. One of the things that we must do to encourage that greater involvement is to address some of the issues of process to ensure that community arts projects and organisations are sustainable. If we can do that, companies might be more encouraged to engage in the process.

16:15

Mike Watson: We have a unique opportunity with this report, because it will not only be sent to the Executive but will form our submission to the Cultural Commission. If we can put forward ideas that have merit and convince the Cultural

Commission that they have merit, it might incorporate at least some of those ideas in its report. That would give our report even more weight, and we should bear that in mind.

Based on what we have seen and heard during the past couple of months, there is, as Michael Matheson said, a tremendous amount of good stuff going on. It is not all about the funding of Scottish Opera and doom and gloom: will the artistic director leave and if so how will that affect the company and what will the new woman who comes in do about refocusing? The national companies are of great importance, and that is recognised. We talked about Cumbernauld Theatre and the work that goes on there with Scottish Power Learning. Scottish Power does that work, but it also part funds the Royal Scottish National Orchestra—it sees the micro with the macro.

There is no getting away from the fact that funding is crucial. There is no doubt that there should be more funding of the arts and cultural activity in Scotland. I have a major proposal that I would like to see in the report. It did not come to us in evidence, although I think that I mentioned it during our hearings. In Sweden, which I visited two years ago, there is a requirement that 5 per cent of the cost of any new building, whatever its total cost, must be spent on some kind of cultural input. Perhaps 5 per cent is a bit ambitious—I do not have details of how the scheme operates, so the first thing that I would like the clerks to do is to contact the Swedish embassy in London to see whether they can get those details—but even if we specified 1 per cent as a starting point, for every £25 million building we would have £250,000 of cultural input. That might be art on the walls, sculpture, a performance space, a rehearsal space or a reading facility. There is no limit to what it could be—we are limited only by the imagination. We could start with the public sector in Scotland and say that 1 per cent of all public sector spending on buildings and facilities in Scotland should have such input. That could make a dramatic difference, not least in the further flung communities.

My second point is also on funding. One of the things that struck me most in the information that we gathered was the list of Scotland's local authorities and what they spend on cultural activities. The information related to a specific cultural activity, although I cannot remember what it was—it might have been theatre or drama. There were huge differences, not only between, say, Aberdeen and the Borders, but between North Lanarkshire and South Lanarkshire and between the Ayrshires. There is no obvious reason for that. Councils hate ring fencing and I am not suggesting that they should be given money that is ring fenced by the Executive, but we

must find a way to ensure that there is a bit more consistency in the level of funding so that we do not have the artistic or cultural equivalent of postcode prescribing. There needs to be a way to take borders into account—not the Borders, but local authority borders.

I notice in the report on the Inverness meeting that 45 per cent of the people who use Eden Court Theatre live more than 45 minutes' travel distance away. That means that quite a few of them do not live in the Inverness council area, which is important. In relation to our earlier discussion, how do we get a local authority to contribute to a facility that is not within its boundaries? A facility might benefit a lot of an authority's citizens even though it is not in that authority's area.

There is almost room for a mini-inquiry, perhaps through the Convention of Scottish Local Authorities, into the disparity in funding; it could cover what local authorities do, what they fund and what they regard as their responsibility. Councils know that any theatres within their boundaries are their responsibility and they do something about that. However, Michael Matheson and I found out yesterday that councils may not do as much as they could. For example, as Michael said, people from Falkirk go to Cumbernauld Theatre, but Falkirk Council contributes nothing to that theatre. I am sure that it never shows up on its radar, although quite a few of its citizens go there. I want to address that kind of thinking. Local authorities should spend a bit more on the arts and should divide the money more logically instead of spreading it evenly across the board.

Finally, I want to stress the benefits of community arts. Evidence from SPARC—social inclusion partnership arts for regeneration and careers—highlighted the range of benefits to individuals from artistic activity, including increases in self-confidence, self-expression, physical fitness and social interaction. Such benefits carry a lot of weight in encouraging individuals to get involved. West Dunbartonshire Council highlighted the community benefits of artistic activity, including strengthening cultural life, increasing civic pride and providing volunteering opportunities.

People probably do not associate many benefits with cultural activity. Somebody said at one of our informal sessions that people who are involved in cultural activity would not necessarily use that expression to describe what they do. They might think that they are just doing something for their community. I wish that we could somehow put a price on the benefits, but it is difficult to do that. However, we should highlight what the arts and culture contribute not only to individuals and communities but to society in Scotland in general. Our report's conclusions on that will surprise many people.

The Convener: I agree with most of what has been said, but I want to add two or three points. First, local authorities cannot be relied on for arts funding. Frankly, the fact that only seven local councils gave evidence to our inquiry makes it clear that the arts are not high on councils' lists of priorities, although we understand why that is so. We will fail if we go down the route of relying on local authorities to be the main distributor of funds, or the main delivery agent—or whatever phrase we like to use—for arts in the community. We must try to get down to more localised communities. I am not saying that the arts money that goes to local authorities should be withdrawn. However, we could, for example, earmark lottery funding for more localised activity.

I agree with Jamie Stone that the Parliament should take the initiative in involving the business community in the arts. We could encourage people not only in the private sector but in certain institutions to provide funding for local initiatives that get nearer to the grass roots than local authorities do. In addition, there is an awful lot of centralisation and snobbery in Scotland in the arts. They are very Edinburgh-centric and we must change that if we are to deliver arts in the community or, more important, to make the arts accessible.

I agree with Mike Watson that we should copy the Swedish idea, but another thing that strikes me is that an awful lot of art is locked up in Scotland in private estates and public institutions. Beginning with the public institutions, it would be worth while unlocking such art and sending it to, for example, Inverness or Ayr, and putting it in public and non-public buildings so that people can see it. Let us have a travelling circus of art so that people can see what is, after all, their inheritance. Art is not just our inheritance or that of the people of Edinburgh, Glasgow or Ayr, or wherever it happens to be locked up. Art is the inheritance of all of us, so let us push some of it out and use what is there. It would not cost a hell of a lot of money to do that.

Christine May's point about buildings is critical. In the evidence that I sat through, people said that if they got a building the rest could be left to them, although they might struggle a bit.

The other big point is not just the level of funding, but its accessibility and flexibility. We have reached the situation whereby everybody is the funder of last resort and people must put together a package to run even a small project. Then, when they get core funding, they get it for only a year. That is how not to encourage people and initiatives. I think that Michael Matheson and Richard Baker mentioned that extending core funding beyond one year—certainly to three years and perhaps even to five years—would do a lot to give enthusiasm and initiative to people.

We have had a fair discussion. Earlier, I made a mistake in saying that we would discuss the draft report next week—we will return to it the following week. I am fairly relaxed about the report. If it is necessary, I would prefer to have the report in January or February and to get it right rather than to have it even for the week before Christmas. We have a bit of slack at the beginning of January. We could use that time to soak up our discussions a bit.

I want to give members some food for thought. It strikes me that we are discussing a report that it might not be necessary or desirable for us to agree in private. We cannot take a decision on that today, as the matter was not on the agenda, but let us be a bit innovative and let us start the process of participation. Although five political parties are represented around the table, I sense that we are talking about something that is in not any way party-politically controversial. It might be good for the Parliament, the committee and—more important—the subject matter if we held our discussions in public on what should and should not go into the report. We do not have to make a decision on that until two weeks from today when we have our first formal discussion on the report, so I am not making a hard and fast recommendation, but it strikes me that it would be good to discuss the report in public. I simply leave that thought with the committee.

Does any member have any additional points to make? Obviously, we will receive a first draft of the report. If members want to feed more stuff to Judith Evans, they should do so. The more threads and thoughts that the clerks receive from committee members, the easier it will be for them to come up with a first draft that reflects what the committee is trying to say. If members have additional material, it would be extremely helpful if they could submit it by around next Tuesday.

Mr Stone: On what I said earlier, I want to re-emphasise the point that Murdo Fraser made. We heard in the Highlands that there was an opportunity not only for the Parliament to do things in this building, but to reach out there. I cannot remember the term that was used.

The Convener: Absolutely. Is everybody happy with our discussion of the item?

Members indicated agreement.

Delegated Authority Report

16:28

The Convener: Item 4 is the final item on the agenda. There is a requirement to report that the committee has had and has met expenses from people in respect of the renewable energy inquiry, which are mentioned in the paper that has been circulated. I have not listed all the witnesses and how much they claimed, as that information is publicly accessible for anyone who wants to dig it out. The total came to £911.69. Are members happy with the paper?

Members *indicated agreement.*

Richard Baker: A bargain.

The Convener: I look forward to seeing members next week and remind everybody that we will start at 2 o'clock.

Meeting closed at 16:28.

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