

# **ENTERPRISE AND CULTURE COMMITTEE**

Tuesday 8 February 2005

Session 2

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## ENTERPRISE AND CULTURE COMMITTEE

### 4<sup>th</sup> Meeting 2005, 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)  
\*Mike Pringle (Edinburgh South) (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

#### CLERK TO THE COMMITTEE

Stephen Imrie

#### SENIOR ASSISTANT CLERK

Douglas Thornton

#### ASSISTANT CLERK

Seán Wixted

#### LOCATION

Committee Room 4



## Scottish Parliament

### Enterprise and Culture Committee

*Tuesday 8 February 2005*

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

#### Item in Private

**The Convener (Alex Neil):** We have a quorum, and it is nearly 2 minutes past 2. I welcome everybody to the fourth meeting in 2005 of the Enterprise and Culture Committee. No apologies have been received. I remind everybody to switch off their mobiles.

Before we start, I think that the committee should congratulate Scottish Development International on coming top out of 178 investment agencies throughout the world in an annual performance benchmarking exercise. When Scotland is at the top of the table worldwide, we should celebrate it.

Item 1 is consideration of whether we should take item 4 in private. Is it agreed that we take item 4 in private?

**Members** *indicated agreement.*

## Employability Inquiry

14:02

**The Convener:** Item 2 is our employability inquiry. Although the inquiry will not be started for some months, I thought that it would be useful for us to give some thought to the parameters and remit of such an inquiry, especially as the Executive is preparing an employability framework. That will give us some indication of whether, at this stage, we need to commission any research or additional material prior to developing the remit for the inquiry. It is also important that the committee gains a clear understanding of what we mean by employability and, therefore, of what the purpose of the inquiry is. Members have before them a paper to set off that discussion, which will allow the clerks and the Scottish Parliament information centre to start to prepare background materials for when we begin the inquiry. The paper is self-explanatory. I open the discussion for members to make comments and observations, beginning with Susan Deacon.

**Susan Deacon (Edinburgh East and Musselburgh) (Lab):** I did not even raise my hand—obviously, my eyebrows said it all. The paper is helpful, but I have several queries. Especially in its introduction, it is heavily laden with woolly technospeak. That is not a comment about the paper, which quotes from a lot of other papers. Rather than being an actual or implied criticism of SPICe, it is a note that an awful lot of discussion in this area is laden with woolly technospeak. When we come face to face with individuals who are finding it difficult to enter the labour market or with others who are observing those individuals finding it difficult, that introduces a whole range of practical realities into both our discussion and our analysis.

In our discussions, I would like us to get as close as possible to the practical realities. In that regard, the paper has a few striking omissions. I am surprised that, other than in the diagram, in which health is listed, the paper does not mention anything about drug dependency or alcohol and substance abuse, which are huge issues for a number of people who have not entered the labour market. I presume that our inquiry's scope will extend into that issue. To return to my preoccupation with targeting individual approaches, in my constituency, Work Track's sorted project works directly with individuals to deal with addiction and to get people into the world of work and so create a virtuous cycle. I am sure that other members have similar examples in their constituencies. That issue has been omitted from the paper.

My final point chimes with an issue on which we touched last week. The paper has a section on demographic change but, when we discuss demography, it is important that we talk not just about how to bring more people into the country but about how we ensure that individuals can balance work and family. That applies to those who already have family commitments and to those who may be thinking about having children and whose decision may be influenced if they feel that they can combine doing so with work. That takes us into the realms of child care policy, which is not mentioned in the paper, and the wider question of flexible working.

**Murdo Fraser (Mid Scotland and Fife) (Con):** Yesterday, the Federation of Small Businesses published an interesting report on Scotland's economic well-being. It was interesting, not least because it was written by John McLaren, the former economic adviser to two First Ministers, but also because of its useful points about the wider issue of what drives the Scottish economy. In relation to employees, the report considered issues such as health and identified poor health as a major impediment to economic growth. As we go into the inquiry, it would be useful to speak to John McLaren and get his input on the evidence that he took in putting together his paper. We should also consider taking evidence from him during the inquiry.

Page 7 of the paper refers to the closing the opportunity gap targets, one of which is to

"Reduce the number of workless people dependent on DWP benefits".

That touches on the number of people who are on disability benefit, which to an extent disguises the true unemployment figures. There is a view out there in the ether that some people who are on disability benefit could work but, for whatever reason, do not want to work or do not feel that work is right for them. It is worth considering whether some people who are on disability benefit could work, given the right opportunities and support. We need to delve into that issue because there is no doubt that the number of people who are on disability benefit has risen substantially in the past few years.

**Christine May (Central Fife) (Lab):** I do not disagree with either of those suggestions.

The people whom we might wish to consult are likely to be, by and large, the same people who are contributing to the Executive's development of the employability framework. We must ensure that we do not ask them the same questions, or at least that we ask them whether there is anything that they can say to the committee that would not be appropriate for the Executive's consultation.

There is a long list of folk from whom we will consider taking evidence. Every local authority

and local economic development area has a community learning strategy and a community plan that take account of the issues that Susan Deacon and Murdo Fraser raised of how we get folk who are potentially able to work at something—although not what they originally did—into a frame of mind that allows them to go back to training and development or to receive support services. Maybe we could consider that area, perhaps through the Convention of Scottish Local Authorities but I suspect probably more through local economic forums and local economic areas.

**Mike Watson (Glasgow Cathcart) (Lab):** I have two points. First, the introduction to the briefing paper says that the timetable for our inquiry is

"dependent on the timetable in the Scottish Executive for the development of its employability framework."

I am not quite sure what that means. Does it mean that the start of our inquiry must be delayed or that if the Executive published its framework, there would be less need for our inquiry? The phrase is ambiguous and I would welcome clarification.

Murdo Fraser touched slightly on my second point, which is about the large number of people who are described as "workless". The committee has discussed the matter before, particularly in relation to Glasgow and Dundee. It is important to get to the bottom of the matter and it would be useful if we could tap into the work that Scottish Enterprise Glasgow has done on employment growth in the city.

I want to raise another issue—I understand why Fiona Mullen only just mentions it in her paper. The penultimate item on the list entitled "linked activities" is

"Department of Work and Pensions UK employment and benefits policies".

The matter is not within the committee's remit, but it is often fundamental to whether it is worth while for someone to get back into the workforce. Even when someone has the will to re-enter the workforce there might well be serious financial reasons why it is not in their interests to do so. Without treading on toes or straying into territory that is not ours, we should ensure that we consider that aspect, because we cannot afford to ignore such an important factor if we are to consider employability in the widest sense.

**The Convener:** On your point about the timetable, we are trying to clarify what the Executive's employability framework will mean. I have had a briefing from one of the consultants leading the work that the Executive is doing and SPICe has been in touch with Executive officials and it is still not clear within the Executive exactly what is likely to be produced or when it will be produced. However, the Executive is talking about

an employability framework, which it intends to produce around the beginning of the summer recess. The committee will decide on the remit of its inquiry, which will probably feed into the Executive's work rather than review what the Executive has done, because even if the Executive produces the framework, I do not think that it will contain the level of detail that I would expect an inquiry to produce. I envisage the Executive and the committee working in parallel. How that works out will depend to some extent on the progress that the Executive makes.

Broadly speaking, there are about 250,000 people in Scotland who are not in work but who could and perhaps should be in work. Some 95,000 people are unemployed and claiming jobseekers allowance. A further 45,000 people would be defined as unemployed and looking for work by the International Labour Organisation but do not qualify for benefit. Based on the United Kingdom Government's estimates and the Executive's estimates—Jim Wallace made an unofficial estimate at his most recent appearance before the committee—an additional 100,000 or so people are on incapacity benefit but are capable of going back into the labour market, not necessarily immediately but at some point. When we add up the figures, we arrive at a figure of up to a quarter of a million people who are unemployed or on benefit but who are probably capable of going to work at some stage. The question is why they are not in work and what can be done to help them to get into work.

14:15

That brings me to the second dimension of the matter. Within the broad figure that I mentioned, there are special categories of people who find it particularly difficult to get into the labour market or to find work. Susan Deacon mentioned people who have been addicted to drugs, who have special problems in trying to find employment. Another special category is ex-offenders. We could go through a list of others, such as single parents who, despite all the improvements in child care services and so on, still find it difficult to get into the labour market.

No matter how we draw up the remit, we must investigate how we can assist more of those 250,000 people into work and perhaps consider the particular requirements of some of the special groups of people to establish what needs to be done, on top of what is already being done, to facilitate their return to the labour market or to improve their ability to seek and sustain employment. I am not clear whether the Executive's review goes as far as that. SPICe is not clear about that and, to be honest, I do not think that the Executive is clear about it either.

There is a range of issues. For example, a debate is taking place on whether the careers service should sit with Scottish Enterprise. I think that at some point in the inquiry we will touch on that subject. There is also a debate taking place on how better co-ordination can be achieved among all the agencies that are involved in special measures such as the new deal. For example, how does Jobcentre Plus tie in with the services that are provided by local authorities, the Scottish Prison Service and so on? Many of those issues will arise when we eventually consider solutions.

For my money, the issue is how we can do more to facilitate people who are unemployed and who can work getting back into work at some point, either now or in the future. We will rejig the paper and bring it back at an appropriate time, perhaps after the Easter recess, when we will be nearer the point of knowing exactly what the Executive is doing and its timescale. It is useful to have had this discussion as it gives us a better idea of what we are trying to achieve. I think that we are all agreed on what we are trying to achieve; it is a matter of getting the definitions right.

**Christine May:** One other point is that the review of structural funds will include objective 3 and objective 5b funds—the European social fund. The work that is being done on that may be relevant to the inquiry and we should perhaps keep an eye on it.

**The Convener:** Absolutely.

We will revisit the matter. We wanted to get some early thoughts and that discussion has been helpful.

## Work Programme

14:18

**The Convener:** Item 3 is on the work programme. A fairly self-explanatory paper has been circulated on the issue. Since the work programme was drawn up—

**Christine May:** Scotland nearly won a rugby match.

**The Convener:** That is right.

**Murdo Fraser:** We do not need an inquiry any more.

**The Convener:** We would have won if the game had finished in the first half.

**Christine May:** Or even halfway through the second half.

**The Convener:** That is right.

**Michael Matheson (Central Scotland) (SNP):** We would have got a draw if the game had not started.

**The Convener:** Members will note that, since the paper was circulated, the Office of Communications has decided to undertake a review of public service television broadcasting obligations and their impact in the regions and nations. Given that we will be considering the reorganisation of the BBC, I suggest that once we have had a hearing on that issue we should widen the discussion to include the broader issues that are associated with the Ofcom review, which is specifically about the nations and regions. This is the appropriate committee—both from an enterprise and from a culture point of view—to examine the matter. I think that every member of the Parliament has been circulated with information on the Ofcom review. That would seem to be a logical development of our work on the BBC. Is everybody happy with that proposal?

**Members indicated agreement.**

**Chris Ballance (South of Scotland) (Green):** In the South of Scotland region, the Ofcom review for England and Wales directly affects the local broadcaster because Border Television is shared. The whole of the region is likely to be governed by the English Ofcom review rather than by anything that is done up here in Scotland. We must take that into account.

**The Convener:** With that proviso, are there any other comments or observations on the work programme?

**Mike Pringle (Edinburgh South) (LD):** I am sorry that I will not be here on 22 February.

**The Convener:** I take it that Michael Matheson will not be here either.

**Michael Matheson:** That is right.

**The Convener:** That is when we take evidence on the Scottish Rugby Union and consider the Further and Higher Education (Scotland) Bill.

**Christine May:** I presume that there will be substitute arrangements.

**Mike Pringle:** I am particularly sorry that I will not be here for the discussion on Scottish rugby, which will be very interesting.

**The Convener:** We will not ask where the two of you will be; we will just read the *Daily Record*.

**Michael Matheson:** I will not be at the cricket.

**The Convener:** Are there any other comments on the work programme? Annex A outlines who is coming from the SRU and so on. Is everybody happy with that?

**Members indicated agreement.**

**The Convener:** We now move into private for item 4.

14:21

*Meeting continued in private until 15:10.*



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