

# **ENTERPRISE AND CULTURE COMMITTEE**

Tuesday 23 January 2007

Session 2

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## ENTERPRISE AND CULTURE COMMITTEE

### 3<sup>rd</sup> Meeting 2007, Session 2

#### CONVENER

\*Alex Neil (Central Scotland) (SNP)

#### DEPUTY CONVENER

\*Christine May (Central Fife) (Lab)

#### COMMITTEE MEMBERS

\*Shiona Baird (North East Scotland) (Green)  
\*Richard Baker (North East Scotland) (Lab)  
\*Susan Deacon (Edinburgh East and Musselburgh) (Lab)  
\*Murdo Fraser (Mid Scotland and Fife) (Con)  
\*Karen Gillon (Clydesdale) (Lab)  
\*Mr Stewart Maxwell (West of Scotland) (SNP)  
Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD)

#### COMMITTEE SUBSTITUTES

Mark Ballard (Lothians) (Green)  
\*Donald Gorrie (Central Scotland) (LD)  
Fiona Hyslop (Lothians) (SNP)  
Margaret Jamieson (Kilmarnock and Loudoun) (Lab)  
David McLetchie (Edinburgh Pentlands) (Con)

\*attended

#### THE FOLLOWING GAVE EVIDENCE:

Graham Berry (Scottish Arts Council)  
Stephen Boyd (Scottish Trades Union Congress)  
James Boyle  
Rhona Brankin (Minister for Communities)  
Stuart Cosgrove (Channel 4)  
Paul Durrant (Dare to be Digital)  
Ken Hay (Scottish Screen)  
Lizzi Nicoll (Federation of Scottish Theatre)  
Professor Philip Schlesinger (University of Glasgow)  
Professor John Wallace (Royal Scottish Academy of Music and Drama)  
Melanie Weldon (Scottish Executive Enterprise, Transport and Lifelong Learning Department)  
Jenny Williams (Glasgow Film Office)  
Allan Wilson (Deputy Minister for Enterprise and Lifelong Learning)

#### CLERK TO THE COMMITTEE

Stephen Imrie

#### SENIOR ASSISTANT CLERK

Douglas Thornton

#### ASSISTANT CLERK

Nick Hawthorne

#### LOCATION

Committee Room 6



## Scottish Parliament

### Enterprise and Culture Committee

*Tuesday 23 January 2007*

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

### Creative Scotland

**The Convener (Alex Neil):** Since it is about two minutes past two, we will make a start. I welcome everybody to the third meeting in 2007 of the Enterprise and Culture Committee.

I will deal with one or two housekeeping points before we move on to the agenda. First, I ask everybody to switch off their mobiles—they should not just be put on silent, but must be switched off. The same applies to BlackBerrys.

We have apologies from Jamie Stone, but his substitute, Donald Gorrie, is here to participate fully in the discussion.

We have had representations from other creative sectors, which are not represented around the committee table today, including the publishing sector, architecture and design and some others. The round-table session is a starter for 10 in looking at creative Scotland. I am sure that, irrespective of the election results, our successor committee after the election will take a keen interest in the development and establishment of creative Scotland.

We will strongly recommend in our legacy paper that our successor committee goes out of its way to ensure that all the sectors that are not represented today have a full opportunity to get their views across to the Parliament on creative Scotland and on any new culture bill that comes before our successor committee. I give everybody in those sectors that assurance.

I apologise for the fact that we did not have room for more people round the table, but I hope that we will have a productive discussion. It is intended to inform our legacy paper and opinion in the Parliament. I think that most of us members of the Scottish Parliament are starting from the point of view that we have a lot to learn about what is being proposed. I offer our apologies to those who are not here, but I give a warm welcome to those who are.

Agenda item 1 is creative Scotland and the creative industries in Scotland. We have deliberately mixed MSPs with our guests because this is a fairly informal round-table discussion. We do not want the jury and witness set-up that we

often have; we want everyone to chime in as much as possible. Some of our guests may not know some of the MSPs and vice versa, so although everyone's name tab is in front of them, it might be useful to go round the table and for people to say who they are and which organisation they represent. I will start with Professor Wallace.

**Professor John Wallace (Royal Scottish Academy of Music and Drama):** I am John Wallace, and I represent the Royal Scottish Academy of Music and Drama.

**Karen Gillon (Clydesdale) (Lab):** I am Karen Gillon, Labour MSP for Clydesdale.

**Paul Durrant (Dare to be Digital):** I am Paul Durrant, and I represent the Dare to be Digital project.

**Richard Baker (North East Scotland) (Lab):** I am Richard Baker, Labour MSP for North East Scotland.

**Ken Hay (Scottish Screen):** I am Ken Hay from Scottish Screen.

**Donald Gorrie (Central Scotland) (LD):** I am Donald Gorrie, Liberal Democrat MSP from Central Scotland.

**Graham Berry (Scottish Arts Council):** I am Graham Berry from the Scottish Arts Council.

**Susan Deacon (Edinburgh East and Musselburgh) (Lab):** I am Susan Deacon, Labour MSP for Edinburgh East and Musselburgh.

**James Boyle:** My name is James Boyle. I chaired the Cultural Commission, and I am now retired.

**Lizzi Nicoll (Federation of Scottish Theatre):** I am Lizzi Nicoll from the Federation of Scottish Theatre.

**Professor Philip Schlesinger (University of Glasgow):** My name is Philip Schlesinger, and I am from the centre for cultural policy research at the University of Glasgow.

**Murdo Fraser (Mid Scotland and Fife) (Con):** I am Murdo Fraser, Conservative MSP for Mid Scotland and Fife.

**Jenny Williams (Glasgow Film Office):** I am Jenny Williams from the Glasgow Film Office.

**Stephen Boyd (Scottish Trades Union Congress):** My name is Stephen Boyd, and I am an assistant secretary with the Scottish Trades Union Congress.

**Shiona Baird (North East Scotland) (Green):** I am Shiona Baird, Green MSP for North East Scotland.

**Stuart Cosgrove (Channel 4):** I am Stuart Cosgrove, a director at Channel 4.

**Christine May (Central Fife) (Lab):** I am Christine May, Labour MSP for Central Fife.

**The Convener:** And I am Alec Neil MSP, committee convener and member of the Scottish National Party. On my left are the clerks, led by Stephen Imrie, and the official reporters. The broadcasting unit is present and we are on camera as long as we are in session, so you can say whatever you like. Stuart, I am sure that you will be used to being on camera.

**Stuart Cosgrove:** People contained in a room and everything being filmed over a period of time—I hope that nothing too controversial happens. [*Laughter.*]

**The Convener:** We circulated a background paper prepared by the Scottish Parliament information centre. I hope that everybody received it, but if they did not, it is available to everyone around the table and any member of the public.

It might be useful to start off with Graham Berry and Ken Hay updating us on the creation of creative Scotland and the feelings about the future.

**Graham Berry:** The legal creation of creative Scotland is still some way off. The draft Culture (Scotland) Bill has recently been published, and we are currently in a consultation period. My understanding is that there is no intention to introduce the bill to the Parliament before the election in May.

The bill, amended perhaps, will go to the Parliament at some point after the election. As I understand it, the bill includes a provision that allows for the creation of a statutory instrument that will provide the date for the creation of creative Scotland and the demise of the Scottish Arts Council and Scottish Screen. In advance of that, it was announced just a few days ago that the Scottish Executive has agreed the appointment of a single board to overlook the two existing organisations until such time as creative Scotland comes legally into existence.

As well as looking after the existing interests of the two bodies, the joint board will start to consider how they might move towards creative Scotland and the activities that we might engage in on a joint basis before the organisation's legal creation. The board has not yet had an opportunity to meet, but I am sure that, at its first meeting in early February, it will start work on examining the possibilities for the future under the expert guidance of our chairman, Dr Richard Holloway.

The Arts Council and others have not yet had an opportunity to debate the Culture (Scotland) Bill in any great detail but, as the council is already on record as saying, it provides a powerful remit for creative Scotland. With the new board, there is an

opportunity to create something strong in developing the creative industries that we are discussing today.

The core of the creative industries comes from the arts sector and creative individuals. That idea must remain at the heart of the work of the new organisation, but there is no point in having a remit unless a remittance is attached, so we hope to discuss that in due course.

I am sure that Ken Hay would like to add some comments.

**Ken Hay:** Obviously, we have been going through where we are with the process. Scottish Screen has supported the proposals for creative Scotland because there is a key unresolved issue concerning the responsibility and resource attached to developing an industrial sector. We were established 10 years ago to lead the development of the industrial sector and the cultural sector—screen straddles both—but things were never reconciled: we had the cultural money but we did not have the enterprise or industrial money. We would like that to be sorted out from the beginning of creative Scotland.

We will look beyond purely screen—that reflects the way the world is shifting. Increasingly, artists, creatives, screen talent and screen businesses do not see themselves as being blocked off by neat public sector divides; they see themselves as operating across quite a broad cultural and creative landscape. At the moment, public policy and intervention restrict people in the way in which their creative and artistic endeavours are supported, but audiences do not care whether something is pure art or pure screen or pure culture; they consider only the relevance to themselves. Public policy should reflect how the world has shifted over the past 10 or 20 years.

I hope that today's discussion will start off a debate that goes into more detail. We have a challenge: stated Government policy is that creative Scotland will be responsible for the creative industries; stated Government policy is that Scottish Enterprise and Highlands and Islands Enterprise are responsible for leading economic development across the country. Until those two ideas are reconciled, we will be stuck and creative Scotland will be in danger of being less than the sum of its parts. That would be a shame for everyone.

**The Convener:** I will come to James Boyle next. James, in your role with the Cultural Commission, you were the architect of much of what is being discussed in the public domain. What is your view on where we are, as opposed to where you would like us to be?

**James Boyle:** Thank you for the opportunity to speak. I remain sceptical about the cobbling

together of the Arts Council and Scottish Screen. I apply the test of public value as defined in a ministerial paper of 2002, and I do not think that the test is passed. I am not sure what the public value of this hybrid is supposed to be.

I agree that the cultural industries have to be examined rigorously, but for that we will need a binding set of criteria that we do not yet have. One criterion for me would be vertical ownership in Scotland, and I would begin with the commissioning process. Whatever is being considered—architecture, design, a television programme—we should ask whether the initial high-level commissioning decisions are being taken in Scotland. If they were, we would be able to affect the process—the continuum—into the future.

There are examples of where we have not got the criteria together yet and therefore cannot deliver public value. If we consider publishing—one of the sectors not represented here today—we can see that the commissioning process can take place within Scotland. Everything—from idea, to writer, to publisher, to door—can take place within Scotland. Broadcasting is different—and I am thinking of my ex-colleagues in the BBC. Very little television for the United Kingdom is commissioned in Scotland.

It is important to acknowledge that there is a gap and that creative Scotland will not be able to affect it. However, although reserved powers are involved, the Executive and Parliament could affect it. For me, that illustrates the two extremes. At one end is publishing, which is a completely vertically stacked industry, and at the other is a creative industry that is desperately important to Scotland, but which has a United Kingdom outlet and for which there is no commissioning process and no agency to lock on to the issue and lead the way in advocating that we should have such a process, which indeed we should.

14:15

Beyond that, creative Scotland will be hobbled from the beginning unless the resources are available to back it up. If we are to move from the cultural model that we had in the past to a commercial/industrial model, the underfunding problems that were mentioned throughout the Cultural Commission's report must be solved from day one. Without the money, there is no point in going any further.

I continue to believe that it is extremely important to recognise that throughout the arts and the creative industries, the problem of fragmentation remains. There is a deep-set dependency on Government funding because of the lack of funding and of commissioning in the

past and everything that makes for a subsistence economy. The model that we have will be run by decent people such as those who are here today, but it is not the model that we ought to have, by which I mean one that is less dependent on Government, that is properly funded and that is allowed to operate under commercial law and with commercial imperatives behind it.

**Stuart Cosgrove:** Thank you for giving me the opportunity to speak, convener.

Picking up on some of James Boyle's comments, I want to focus on industrial development for the creative industries. It is worth stressing that over the past few years, during which strategy has been reviewed, Scottish Screen and the Scottish Arts Council have looked towards forming a coalition and Scottish Enterprise has gone through internal review, something significant and potentially quite threatening has happened, which is that Scotland has lost its premier place in development thinking on creativity.

As the director of nations and regions at Channel 4, which means that I manage Scotland and the English regions, I have noticed that certain of Scotland's regional competitors, including the north-west of England, Northern Ireland and other, smaller places, have got their acts together in a more joined-up way than Scotland has—for all sorts of reasons. I want to deal with some of the areas in which we might have lost our leading position. Four or five years ago, many people looked to Scotland when deciding where to go next.

There are three legs to the stool of the development of the creative industries. The first is support for indigenous creative companies that have key talent based in Scotland and which are likely to grow and thrive here. That is one set of challenges.

A second set of challenges is about inward investment. We need to think about how we can secure and bring in next generation media companies. Ireland, for example, has not been shy in seeking to attract next generation media companies and distributors such as Google, Skype and Bebo. If we assume that digital distribution will be as much about web enhancement as it is about TV broadcasting, I do not think that Scotland's inward investment strategy is necessarily strong. For example, there is no one at Scottish Enterprise who has power on the board to support that function. Most of our strategic thinking on inward investment has not been about getting next generation media companies to have headquarters in Scotland. That issue needs to be addressed.

The third leg of the stool of development is policy and strategic issues. As James Boyle pointed out, broadcasting policy is reserved to Westminster, but economic development is devolved to the Scottish Parliament. It is clear that those two are not disconnected. A big driver of market development in the creative industries, particularly in television, is the power of the public service broadcaster, whether that is the BBC, which is the biggest public service broadcaster, or Channel 4, which is my organisation. We are going through charter renewal phases and the financial review of Channel 4 by the Office of Communications. Ofcom has talked about the possibility that a so-called public service publisher, which would be a next-generation publishing commissioner, might be sited outside London. On all those issues, I sometimes feel that Scotland is not boxing with all its power and ability.

An unintentional consequence of the decisions that we are making could be that serious economic development for the creative industries falls off the table. In other words, creative Scotland would be judged on creative successes—a feature film that wins awards or an artist who wins international praise. We would feel good about ourselves as a nation. We should and do want that and we should aspire to that, but in its development of economic benefit, Scottish Enterprise has said that the creative industries are less important in its hierarchy of needs. There is nothing wrong with Scotland wanting to pursue life sciences, nanotechnology and all the other sectors that we are prioritising—that is good—but we must understand that creativity and the digital industries are changing significantly. We may miss a significant historic opportunity if we simply relegate it in our economic development thinking and say merely that a body whose job is to reflect creativity will take up the baton of responsibility alone. We have underplayed or underresourced our thinking about—and perhaps even underthought—the industrial development of our creative companies.

**The Convener:** Would you like creative Scotland to take over the enterprise network's responsibility for media industries and creative industries?

**Stuart Cosgrove:** As long as conditional on that expectation was the idea that creative Scotland would have a strong inward investment capability that was resourced—James Boyle has talked about that. One reason why I say that is the comparison with Ireland, which has perhaps been more astute and organised about obtaining inward investment from next-generation digital companies, whether they are in telecommunications, web-enhanced media or whatever.

Another reason is that I have watched closely one of our United Kingdom competitors in north-

west England—Manchester—where the arguments that are being mobilised for the BBC's relocation of two or three key genres to Salford quays have kicked in another set of thinking in the regional development agency there. The north-west development agency has a regional attraction fund the purpose of which is to help companies that might want to relocate to Manchester to do so. That fund does not have the biggest sum of money in the world, but it is an important corrective.

The promise of BBC jam five years down the line—although it might not be as juicy a jam as one would want—allied to the regional attraction fund capability means that about 20 independent companies have opened in Manchester and therefore not in Scotland. We are losing out on small and medium-sized enterprise growth in our sector—and that is happening when consolidation of the industry at a slightly different level has meant that bigger London super-indies have acquired some of our indigenous companies, such as Ideal World and the Comedy Unit. That has an upside—the possibility of bigger-scale production in Scotland—but it has an inherent downside, because the rights that accrue through consolidation return to a company that is based and headquartered in London and not to intellectual property rights value in Scotland.

If that is a picture of the overall status of SME creative development, we have harder and tougher thinking to do about the economic development of such companies.

**Christine May:** The speakers so far have considered opposite ends of the spectrum. Stuart Cosgrove talked about what we are aspiring to and where we hope to go; Graham Berry, Ken Hay and James Boyle talked about the organisational structure of the articulation between the creative community and the Government. Perhaps we can establish some key principles.

I assume that no one is suggesting that Government money should not come with some strings attached as regards what the Government would like to be done with the money. I presume that there is also agreement that the Government should stay out of taking decisions about what is acceptable creatively, other than in one or two obvious cases such as those on which it has commented in the past few days.

To what extent do you think the proposals in the bill place too great a constraint on creative freedom or set too few parameters for what the Government expects? What sort of structure or bureaucracy would be most suitable? If this is to be a real consultation, it is important that we get some of the issues on to the table and talk about them.



**Graham Berry:** It needs to be noted that the Scottish Arts Council and, I assume, Scottish Screen are already working in the creative industries sector. A huge proportion of what we do is in the creative industries. Almost all our crafts support goes to 3,000 crafts businesses and generates a turnover of the order of £100 million a year. That is not often recognised.

As Christine May said, there is a spectrum. At one end there is pure investment, to make a financial return; at the other there is subsidy, which artists typically require. Even the artists at the subsidy end are working in the creative industries. One unusual thing about the creative sector is that artists in all areas do not restrict themselves to working in one place at one time: they keep popping up right along the spectrum. Occasionally, people work on subsidised support projects, but at other times they work purely on investment. We must recognise that artists need to have the flexibility to deliver the return that we all seek for Scotland in the longer term from supporting the creative industries. The remit of creative Scotland will allow that to happen.

I take issue slightly with one point that James Boyle made. Creative Scotland is not simply a merger of the Scottish Arts Council and Scottish Screen. It absorbs most of our functions, but it is a new organisation that has a powerful remit to support creative industries. As I said earlier, if it has the authority to do that purposefully, with the backing of Government and within a strong policy framework, and with the money and investment that is required, we will have the bones of something that can achieve what Christine May was asking about—the structure to deliver the growth that we all seek.

**The Convener:** Please indicate when you would like to chip in. The purpose of the discussion is to enable people to participate.

**Professor Schlesinger:** Both James Boyle and Stuart Cosgrove have made many of the points that I wanted to make. Graham Berry's comments are important, because they point to the organisational culture of the new organisation. We must consider how the bits will fit together. I, too, remain to be persuaded that the merger is good. We need to think about its fundamental purpose. In the draft bill, it is presented primarily as an efficiency gain.

Quite different imperatives, which are in many ways contradictory and need to be thought about, underlie cultural policy in Scotland. First, there is an economic imperative; that is the issue that we have talked about most. Secondly, there is a social inclusion imperative. It is quite difficult to say what focus is left on culture when those two imperatives are taken into account.

14:30

My second major point is about the broader policy framework. Stuart Cosgrove helpfully alluded to the wider UK context, which is important to bear in mind. The UK Government recently published the creative economy programme's findings. Debate in Scotland should not take place without taking account of that, irrespective of whether one agrees with the approach. The fundamental idea of having a creative grid centred on London, of which creative cities such as Edinburgh or Glasgow would be a part, is an important driver. Policy formation in Scotland has been dependent without recognising its dependency, which needs to be addressed carefully. We must be part of that debate.

Another point that has emerged from the creative economy programme's thinking—this is also in the SPICe paper—is the increasing recognition that the creative industries are not really a workable idea and that we have to start disaggregating by industry sector. "Creative industries" is a useful label that has been used for about 10 years. It has dominated policy, but because of its imprecision it has never been a very clear policy instrument. If a new body is to be formed—and it looks as though it is—it is important that that background and the fundamental changes that arise from the shift from broadcasting and telecoms to communications and the digital environment are consciously embedded in new organisational structures.

I sat on the Scottish Screen board for eight years. Scottish Screen was backward looking and a great deal of the thinking was about large studios that were not at all appropriate to the digital age. That era has passed. It is important to get the fundamentals right.

Another question is what kind of policy intervention is feasible. The useful point has been made that there is a plethora of organisations. UK policy is moving to try to rationalise that diversity. Whether it will succeed is another question, but it is very strongly on the agenda.

My final point about the bill is that the way in which it has been drafted is questionable. It contains an admonitory note about the powers of the Scottish ministers, which has been glossed over as if it were not important. That needs to be addressed. It would be regrettable if the power to enable micromanagement were inscribed in the bill.

**The Convener:** When the draft bill was published, the debate focused on ministerial powers.

**Professor Schlesinger:** Although that is not the key point.

**The Convener:** As a politician, I do not believe that we should get involved in operational matters, even through a quango. Have we reached the stage at which the bill should say explicitly what the parameters of and constraints on ministerial intervention are?

**Professor Schlesinger:** Yes. I read the draft bill and the consultation document closely and found a couple of what I regard as weasel phrases. For example, the consultation document says that creative Scotland will have

“a close relationship with Ministers”

and that there will be directions that must be followed. That is rather peremptory and not in the hands of tradition. The draft bill also says that there will be guidance—guidance comes close to giving people a kicking if they do not comply with it. Even the less fierce formulation of ministerial powers is pretty fierce. In order to allay people's concerns, it would be useful to inscribe on the face of the bill that such a direction will not be taken.

**Stuart Cosgrove:** If I may clarify and add to what Philip Schlesinger said, I think that there is a greater need in Scotland for maximising policy opportunity. In that context, our political leaders can play a really important role, whether the policy opportunities are about broadcasting and its reserved status, the role of the public service broadcasters or European legislation on broadcasting.

I would also argue that, as we move into the next generation of digital media, other policy directives will evolve across all tiers of government, and we will have to be much more acute and smart about policy than we might have been in the past. It is difficult to get this right, but policy opportunities may have been lost for Scotland and we need to regain them. Rather than a politician micromanaging a screen agency in relation to the money that it invests in a feature film—whether or not that film works or is controversial—Government's role is to lead us in areas where there might be policy opportunities from which Scotland can benefit.

**Paul Durrant:** I want to bring the skills agenda into the discussion. We have not had a chance to touch on that yet, and it is obvious that it will be important for creative Scotland to ensure that—particularly after the Leitch review—the skills agenda and the business development functions are well connected. I do not think that we have always seen that connection in existing business support networks. Boy—in this sector, that is probably more important than anything, so I hope that we will see that connection through creative Scotland, as Ken Hay says, in the context of how it builds support to develop the industrial sector.

I agree with Stuart Cosgrove about what is happening elsewhere in the UK. As I have expanded the Dare to be Digital project, I have been around the UK, knocking on the doors of various regional development agencies, looking at what they have been doing and seeking support to take a project that was developed and grown in Scotland and make it a UK-wide and international project. Clearly, there are some significant opportunities in some of the regions through investment in various areas in the sector. We certainly need to consider that.

The Leitch review suggests that employers should be more involved in sector skills councils, so we need to think about how that will happen in Scotland through the new body.

**Susan Deacon:** I would like to take the discussion back to some nuts-and-bolts issues around the transition to creative Scotland. I recognise that the debate about the desirability of that particular structure is continuing. There have been lengthy discussions and disagreements on the way to our reaching this stage. However, let us take it as a given that the new body is being established. Graham Berry said that the new board will meet for the first time next month. Is that right?

**Graham Berry:** Yes.

**Susan Deacon:** Richard Holloway has been appointed as chair of that organisation. The creation of any new organisation is always an opportunity to take a fresh look at things and lay down markers for the future. I challenge anyone around the table to set out what they think are the immediate priorities for the new board. There will be a narrow window of opportunity for some of those issues to be considered. I include in that challenge what might be regarded as some of the mechanics, or operational issues, which I think will be pretty critical for how things will work in the future.

What priorities ought to be considered at this stage? What are the priorities for politicians in the broadest sense—by which I mean ministers and other members of the Parliament—in working with the new body to create more space in the future for some of the wider, more strategic and long-term issues on which many of the witnesses have touched? If it does not disrupt the flow of the discussion too much, I would welcome hearing from people about some of the immediate concerns. It is all very well for us to have a wide-ranging discussion, but it is crucial that the people who are charged with the task try to get matters right, whatever that means, at the earliest possible date. It is also important that the problems of transition are minimised and that time is not lost because of structural upheaval.

**The Convener:** Graham Berry is desperate to reply to that, so I will come to him, but I will first bring in some other people whose names are on my list.

**Murdo Fraser:** The debate has moved on a little, but I want to pick up the flow from what Susan Deacon said about expanding the discussion. We started off talking a lot about structures, but I am keen to broaden the debate beyond that and to consider what the Government can do to try to stimulate a creative economy. Paul Durrant raised the important issue of skills and education, which is an issue that we must consider. I tend to take the view that, on most matters, Governments and politicians get it wrong and that therefore the more interference there is from Governments and politicians, the worse things tend to end up.

**The Convener:** Is that a general rule, or does it apply only to the creative industries?

**Murdo Fraser:** It is a general rule. However, there is still an opportunity for the Government to create an environment in which industry—particularly the creative industry—can flourish. It can take action on issues such as infrastructure, skills and education. Susan Deacon has set a challenge but, aside from the issue of structures, I am interested in what actions Government can take to try to stimulate the growth of the creative economy.

**The Convener:** James Boyle wanted to say something before Susan Deacon spoke, so perhaps he could connect the points that she and Murdo Fraser made.

**James Boyle:** I can connect the issues: those that Susan Deacon raised dovetail nicely with the point that I want to make about Stuart Cosgrove's comments. Obviously, the first thing that the new board ought to be clear about is the resource with which it has to work, but even more important than that is for the board to define what it means by creativity and the creative industry. It must consider what it thinks the creative ethos in Scotland should be. I use the word "ethos" deliberately, because it refers to the public policy work that has been done in this country on public value. Will the ethos be Treasury tied and about not risking too much and sticking with structures, or, as I have heard suggested today, setting the structures to one side, could we have an understanding of where cross cutting across Scottish society might lead us?

A creative ethos begins in primary schools. We said in our report that, if we do not think about and provide for two to three-year-olds, ultimately, we will get nowhere with 16, 17 and 18-year-olds. One of the first tasks for the new board will be to think carefully about and agree on the creative

ethos and to keep checking that against the other matters with which it deals, as one would with a balanced scorecard in management. That will allow the board to begin to see beyond the structural issues, such as trying to dovetail with British policy, and neat activities, such as campaigning for more Channel 4 commissioning or for the BBC's digital ambitions to come to Edinburgh. We cannot always have devolution of infrastructure or economic solutions in the creative industries, which in essence are a people thing. We need to consider what kind of creative climate we can build that is well resourced and allows proper creative risk by individuals.

We have just come to a frontier, particularly with web 2.0. It is like the medieval definition of God—a circle the centre of which is everywhere. Scotland could be one of the centres of the world digital wave if, in the context of web 2.0, we think about what we are trying to do in social collaboration and look to see what we have got around the country. I am trying to make the distinction between a kind of grinding, less-devolved, more-of-the-BBC approach and being a bit more buccaneering in our creative and industrial policy, trying to see what we can build and what risks we might take with individuals to get them out there, fund them, fail a little and win a little. We must educate people as to what that creative frontier is about, starting early but—to address Susan Deacon's remark directly—beginning with the board of creative Scotland.

14:45

**Donald Gorrie:** I have three points to make. First, the draft bill should say that councils must deliver the requested cultural entitlements. It is a waste of time to say that cultural entitlements are a nice thing that councils can perhaps try to deliver. If a council is caught between fulfilling a statutory duty and doing something that it does not have a statutory duty to do, the latter goes down the drain. If we are serious about cultural planning, it must be made a statutory duty. It could be done flexibly, with each council doing its own thing, but it must be made a statutory duty that councils must fulfil.

Secondly, in general, councils are major players in the provision of all sorts of cultural and creative activity—they have been brought on board in the discussion and they provide a lot of the venues and support local activities—but they should probably do more to be creative. No public body is organised to be at all creative; they are interested only in systems and that sort of stuff.

Thirdly, from the earnest discussions that I have regularly with Patricia Ferguson on cultural policy—I cover culture, among other things, for the Lib Dems—I gather that there is a serious

weakness in the fact that enterprise aspects are not on the table along with cultural aspects. The two must be brought together, as others have said. We must attack the creative industries both from the industry side and from the creative side. The witnesses and their colleagues must, therefore, somehow stir up the Executive to implement its famous joined-up approach to government, which never actually happens.

**The Convener:** I should state that we invited the Convention of Scottish Local Authorities spokesperson to today's round-table discussion, but he or she was unable to attend.

**Graham Berry:** On what the new board of creative Scotland should do, I think that a tremendous urgency is needed to get a grip of the whole issue. Stuart Cosgrove mentioned the policy opportunities that are being lost, and I agree whole-heartedly with what he said. To ensure that we do not lose any more opportunities and to regain some of the ground that has been lost, the new board must be given the support, authority and good will to get on and tackle the issue head on. It must bring together as many people who are interested in the area as possible, perhaps through a seminar of some description, to agree the ground and the way forward.

Lots of bodies have responsibilities in the creative industries, and they are all doing something. As I said, we are working within the creative industries, and I hope that we will always do that. However, there needs to be much greater coherence of policy. We have heard that, on a UK basis, the Department for Culture, Media and Sport in London is working strongly on a range of programmes. We need to work within that context, as Philip Schlesinger mentioned. A seminar that brings together people who have a genuine interest will inform the new board, which, with support, good will and authority, will be able to get on and deliver something.

An arrangement is also being made within the Executive for a form of consultancy in relation to the creative industries—again, to determine who should be responsible for them, what they are, what should happen and so on. That work needs to go ahead in the context of the new board looking at things globally, if at all possible, but with a view to what Scotland does. The group of interests that are represented here and the country as a whole need to give the new board the authority and responsibility primarily to get on and do something urgently; otherwise, we will simply keep on coming back to the issue. There have been discussions with the music industry group and discussions on publishing. All sorts of discussions have gone on, but it is now time for some action, and for somebody to be given authority to take that action.

**Professor Wallace:** What is missing from the consultation—I hope that it will appear in the bill—is the clarion call that we heard from James Boyle. We need a big vision. We are dealing with an immensely complex issue, but we have to move with the urgency that Graham Berry advocates and we have to get every step of the nuts and bolts right, as Susan Deacon exhorted us to do.

However, I feel incredibly positive about certain elements because they mirror the changes that are happening both where I work and in higher education. Global competitiveness is a fact, but we are not even competitive with the north-west of England. For example, my son lives in Glasgow but works in the film industry in Manchester. We have competitors on our doorstep. In HE, there has been a merger in the tertiary sector, and now, whether we like it or not, the Scottish Further and Higher Education Funding Council has a strategic plan.

What is missing is a national cultural or creative board to draw the whole thing together and emulate what is happening in places that had the problems earlier than us, such as Wales and Ireland. However, there is a lot that is right, including the joining together of culture and technology. Culture is technology driven, and human ingenuity drives both culture and technology simultaneously.

There are some big tensions in what I just said and in what Stuart Cosgrove and Ken Hay said earlier. The cultural sector is saying, "This is too instrumental a view of culture." In the structure, we need somehow to reconcile the different views. We must have cultural objectives so that things do not remain amorphous.

There are five key points. First, we need to slacken off ministerial control at every level. Ministers cannot control the mavericks with whom we deal. It is the people who do it all wrong who bring the greatest benefits in the end. The second point is the instrumental view of culture, and the third point is the entitlement issue. I say to Donald Gorrie that we have to get real about that. I do not think that there will be any money attached to it. Instead, we need something like national standards for local authorities to attain. The fourth point is the position of the national performing companies. There are 80 other companies out there, which are represented by Lizzi Nicoll, but they are off the radar at the moment. The fifth point is the role of the artist. We need to address support for them.

Finally, there is a need to make the whole thing sustainable.

**The Convener:** We could do that in five minutes. [*Laughter.*]

Do you think that we have missed a trick? We are talking about merging two quangos. There will still be a national board, which, even with the best will in the world, will be a bit dirigiste about what happens in the creative industries in Scotland. Instead of creating a new board, should we consider creating a national academy of arts and culture, with people being elected by the various sectors, such as publishing, broadcasting and theatre? That would build things from the bottom up rather than from the top down.

**Professor Wallace:** I do not think that what you suggest would be building from the bottom up, because that is not how culture works in our country. There is probably a profound misunderstanding that somehow the national bodies own culture and give it to everyone else. In fact, culture is a part of every human endeavour. It is bubbling up out there all the time. If we have too rigid a public sector, we will end up in the French situation, in which there is no commercial theatre—they have subsidised this, that and the other. It is a very small niche. Given the new digital platforms that James Boyle was talking about, Scotland could potentially be much bigger than that. We are into a very exciting time, if Government just resists having too many controls.

**The Convener:** It is Government that appoints the board. I am asking whether there is another way to do it that involves people who are involved in the creative industries, rather than having boards that always have to be appointed by ministers.

**Christine May:** I have a couple of points. First, I presume that you would all be reasonably content that the same ministerial powers of direction should apply to the new board as apply to other quangos. That is now a standard clause when establishing quangos. Perhaps we can park that one for the moment.

Secondly, I am a little disappointed that we are not getting any feel for the big things that the board might want to consider or that you might want to discuss with the minister and the committee. Stuart Cosgrove mentioned what might be termed the industrial sector, and developing our business and entrepreneurial capacity in creative industries, as well as in other areas.

One of my pet hobby-horses is the extent to which creativity helps to generate improvements in ordinary industrial processes. We must not forget that element. This is not all about—to paraphrase—poncing about on the stage or painting; it is about what we do in everyday business life.

I want to hear more of your ideas for those big things. Is there consensus on John Wallace's five key steps? How do we achieve the freedom that

you want at the same time as the freedom for Government—rightly—to establish its priorities for the money that it gives?

**Stuart Cosgrove:** I will say a couple of things that are probably unfashionable. It is worth putting them out there into the debate, though, because they are at the core of the issue. Over the years, because of its heritage and ideology as a nation, Scotland has got to the stage where it is frightened of elite achievement, elite academies or maximising the value of the conservatoire. That is ironic, given that Andy Murray, who is far and away our best tennis player ever, is so because he went to elite academies—places he was able to secure through a mixture of public funding and family support. The guy who we are cheering has been trained in Barcelona and Florida. I could go on, and move into other sports where a lot of our best people have emerged through a process of selection. That is true of most sports and, indeed, of a lot of the high arts.

However, Scotland tends to be scared of that, and immediately rushes to the other debates that we love, on social inclusion and the capacity for everyone to be given access to the range of areas that we are discussing. There is an inherent tension there, which Scotland has not been good at thinking itself through. That is a challenge for the new body. We cannot hide from it. We cannot turn round and say, as James Boyle did, that it all begins at primary school, while at the other end saying—as I do—that it all begins with maximising opportunity for key people within the industry. Those two points of view are contradictory. They can be resolved intellectually, but they are hard to resolve when your job is to distribute funding and to maximise structures and priorities, for example.

One reason why Scotland is underperforming in the independent television production sector—the sector that I know best—is that we do not have enough talent at the industry's high end. However, we have an embarrassment of riches at the entry level, as our higher education sector has been phenomenally good at producing extremely bright students, many of whom want to work in the creative industries but cannot do so. That is another tension.

15:00

One reason why we need to grind out policy issues and problems is that Scotland has not got the maximum value from the public service broadcasting settlement in the United Kingdom. There are still issues to be examined. I do not want to hit on an old shibboleth or hobby-horse; rather, I want to ask whether maximising opportunities should be one of the new board's objectives. I know what that would mean in my industry, although others might interpret matters

differently. That is one of the key starting points. It is important to aspire to maximise opportunities in Scotland's creative endeavours. Doing so will unite individuals and companies. Maximising opportunities is different from spreading things thinly and giving a little bit here and a little bit there. There is much to be resolved.

I have a question for Graham Berry and Ken Hay. Will the make-up of the conjoined board mean that we will have the best board that we can get, or will it be a solution to a set of circumstances? The board will be quite light on industrial development, policy and strategy.

**Stephen Boyd:** I am not sure where to start.

**Christine May:** Pick a point.

**Stephen Boyd:** I will pick the important point that Christine May made about why we should support the creative industries. It is fair to assume that a longer-term impact will result across all industry. I agree that we do not create and innovate particularly well in Scotland. We tend to confuse and conflate creativity and innovation with research and development, which is unhelpful, and largely explains our productivity deficit in comparison with the productivity of other European countries, which are far more innovative in the fields of work organisation and job design and things that we never discuss in Scotland when we discuss productivity. However, that is perhaps a discussion for another day.

I make no apology for making a mundane point. I am here to represent people who work in the creative industries, and the discussion about the new structures has failed to enthuse them—indeed, it has been met with huge indifference. They are particularly keen to see, whether as a result of the Culture (Scotland) Bill or creative Scotland—

**The Convener:** I am sorry to interrupt, but are those people indifferent or critical in the way that James Boyle is?

**Stephen Boyd:** They are not hostile; rather, they are largely indifferent. I do not think that they see the new institutional infrastructure as the most important thing. The discussion continually returns to funding and resources, and I am not sure whether the new infrastructure will help to resolve funding issues.

The key issue for the people whom I represent is that there should be a commitment—whether as a result of ministerial direction or the bill—to fair employment practices in the creative industries, particularly in the subsectors that are characterised by low pay and insecure employment. Stuart Cosgrove referred to oversupply. Some employers have used that oversupply to attract—

**Stuart Cosgrove:** Unpaid labour.

**Stephen Boyd:** Yes, basically. Subsectors have seen the very worst examples of aggressive management, which is detrimental to the long-term interests of the organisations in question.

Skills have been mentioned. Our loss of all manner of skills, particularly craft skills, is a huge issue. We are losing the chain of creativity. That we are losing people who can build sets for theatres is not the only issue; such people are not proceeding to become heads of production, for example. I am talking about a long-term problem that is emerging. The people whom I represent want the infrastructure that supports creative industries' subsectors to be rebuilt from the bottom up. There is no infrastructure to support the music industry—all the infrastructure is in London, which is one reason why our musicians continually go down there. I hope that things are not as bad as they were, but that still happens.

The key issue is that there is no clarity about the roles and responsibilities in the future cultural and industrial structures. I am pretty relaxed about whether creative Scotland should assume some of the responsibilities that are held by Scottish Enterprise, or vice versa. I see no reason why Scottish Enterprise should not continue to provide much of the generic business support that will be of interest to all companies, whereas creative Scotland could deal with the more specialised side of things.

I have some concern about Scottish Enterprise's commitment in this area. The recent reorganisation contained a focus on national priorities that were picked on the basis of having the most potential to contribute to gross domestic product in the short to medium term or to help grow big companies in particular sectors. We have always thought that to be an inflexible approach that could hinder support for other industries that, although they might not be at that level yet, are still crucial.

Up to now, there has been a lack of joined-up thinking between the culture, education and sport parts of the Scottish Executive—the Education Department and the Enterprise, Transport and Lifelong Learning Department. That has been reflected in a number of ways, and we should get that right before we turn our attention to creative Scotland and Scottish Enterprise.

I return to the point about skills. If, following the election, there are going to be big changes to Scottish Enterprise and how it is constituted, we have to be clear about who has responsibility for improving skills in the sectors that we are discussing. I am relaxed about who has that responsibility, but we have to be clear about who it

is, and they must have a commitment to work with others who have a stake.

**Lizzi Nicoll:** I am not entirely sure where to start. I endorse Graham Berry's request for urgency and clarity of authority in relation to the direction of the creative Scotland board. There should be wide consultation with practitioners and the creative sectors.

I represent about 80 theatre companies from throughout Scotland, ranging from the largest to the most teeny-tiny professional companies. The feeling is that there has been little consultation with the practitioners—those who are actually doing the work that will come under the direction of the new organisation. We would welcome an opportunity, driven by the Parliament and the Executive, to participate as soon as possible with the new authority. Creative Scotland should then be able to get on with the job—assuming that it is a *fait accompli* that the organisation will exist.

I entirely endorse Professor Wallace's five points. At lunch time, we attended a meeting with representatives of the Visual Arts and Galleries Association, the Playwrights Studio, the Scottish Artists Union, the traditional music forum, the traditional dance forum, the literature forum for Scotland, the Scottish Museums Council and Equity. John Wallace's five points were widely endorsed by that broad range of constituents. We will be working to pull together a collective response, which we will submit to the Parliament shortly.

As John Wallace said, one of the things that we discussed at lunch time was the concept of a strategic forum, which would provide a vital opportunity for us to have a collective voice that could drive a vision. Obviously, creative Scotland will be the body that will deliver, but there is a lack of vision now. We need to keep the cultural vision at the heart of everything that we do. The example of what is happening in Wales was cited. Following the U-turn that the Welsh Assembly Government took in relation to who is running that country's cultural bodies, we feel that the concept of a strategic forum that represents stakeholders and practitioners, as well as politicians and strategic bodies, is a good one.

From the viewpoint of practitioners—those on the ground—ministerial influence is a worry. It might be a *fait accompli* as far as the proposed legislation is concerned, and it might need to exist, but the wording of the draft Culture (Scotland) Bill is slightly inappropriate in that regard. The opportunity exists to change it to exclude influence over artistic matters. That is mentioned in the guidance notes to the bill, but it would be of benefit to embed it in the bill.

We have not touched much on entitlements, but they are vital to the process. Creative Scotland will

be the body with responsibility, we hope, for art forms and economic development, recognising that both are crucial to the strength of Scotland's cultural life. However, there is a distinct lack of clarity in the role of local authorities in delivering entitlements. In addition, the bill focuses a lot on delivery as opposed to creation. National standards are important. We appreciate that there is no more money to give to local authorities to provide a set of entitlements throughout the country, and we appreciate that demographic and geographical differences among local authority regions preclude a set level of entitlements. However, having a quality standard throughout the country is important.

Finally, I want to highlight the term "creative industries" and come back to the continuum that was mentioned earlier. I represent theatre companies and, as Graham Berry said at the beginning, those who make theatre tend to work at the subsidised end of the continuum. However, without those working in subsidised theatre, there would be a paucity of quality actors, technicians, set builders and directors to feed into the screen end of the industry. The term "creative industries" is being bandied about, and it is obviously an important part of what we are discussing, but the lack of economic impact or saleable value of the work at the artistic end of the continuum does not denigrate its ultimate worth. I highlight that there is a continuum, and that we must maintain a discussion at both ends of it.

**Karen Gillon:** I am not precious about how things are organised; I am precious about what they do. Whatever the organisational structure of the new body, what matters is what comes out the other end. Some of Stuart Cosgrove's comments about what we have lost in the past eight years were interesting, but we have got very hung up on ministerial control and direction. I was part of the Parliament last session, when ministerial direction was very much required. For example, some of our national companies were running well over budget and asking for substantial sums of money from the Executive. That balance is important, too.

The sport analogy is important. In sport, we try to get more people in at the bottom as well as supporting those who flourish at the top. That is elitist, but if we want to succeed, we have to support people and enable them to take up the courses and training opportunities that exist. I guess that the same is true for the creative industries. We need grass-roots development, but we also need the structures to support those who are going to be the best in their field. How do we get that balance?

On the skills agenda, where are the gaps? What auditing has been done to show the areas in which our skills fall short? Those skills gaps will not be

plugged in the very short term. We need a strategy to work out where the gaps are now and how to fill them, and where the gaps will be in the long term and how to fill them. How do we support people in the industry to improve their skills and move to other parts of the industry? How do we support those who want to enter the industry?

How do we link all that up with the vocational sector and bring in young people who are, at the moment, pretty disillusioned with school but who cannot see themselves being part of the creative industries, because they think that that is what wealthy people do? They do not realise that they could be involved in set building and other jobs on that side of the industry. How is the industry interacting in all that? How can we politicians work with you to take these matters forward in the months and years ahead?

15:15

**Professor Schlesinger:** The way in which this discussion has gone has been extremely interesting. There is impatience with regard to solving the problem of what the new body will do and how it will locate itself. However, it is worth resisting that impulse. Although there will be no year zero, and although, in any transition, a body will carry forward certain legacy factors, the fact that the legislation has not yet been passed gives us a chance over the coming months to think carefully about what should happen. For example, with regard to the notion of creativity, which has been continually reiterated, we might need to step back and think hard about what precisely we mean by that. It is something of a shibboleth at the moment.

Before it really gets started, the new board will need to take a broad look at a range of different issues, including, for example, the changing relations between communications and broadcasting and how all that relates to culture, and the relation between film and the arts and technologies. This is really the time to get a sense of how we position the new body and the new policies.

We should also think about John Wallace's important point about the articulation with education. At the same time, we need to recognise that all policy processes have their limits. That is where the relationship between bottom-up and top-down approaches comes into the picture. If we are to make any advances, the basis for the discussion will need to be wider and involve more people than the Parliament or interest groups.

The history of creativity policy—I am happy to send the committee my recently published paper on the topic—shows that it has been driven by economic concerns. What is going on here is a

struggle to define another ground that is not defined purely by economic competitiveness and worries about how the United Kingdom and Scotland relate to the BRICK countries—Brazil, Russia, India, China and South Korea. There is another dimension to this issue, which is likely to get lost if we do not resist taking the current debate on creativity on its own terms.

**Stephen Boyd:** Following on from Karen Gillon's comments on skills, we would be happy to provide more information of the type that she asked for. I should also note that Skillset—the sector skills council for the audiovisual industries—has been the first to introduce what is effectively a mandatory training levy on employers, which emphasises the fact that voluntary participation has not worked.

**The Convener:** So we are going back to the 1960s, then.

**Christine May:** If Stephen Boyd is going to provide that information, it might be useful for John Wallace to give us something about the kind of skills—aside from the musical skills—that his students come out with. We have not yet touched on that. After all, I presume that they are not taught music alone; surely they come out with some business skills.

**Professor Wallace:** In order to take this huge agenda on board, we are reviewing all our drama and music school courses. As all our people come out as single, self-employed small companies, they need enterprise and business skills. However, they are simply not learning those skills at the moment.

In response to Karen Gillon's questions, I think that we can carry out the audit quite quickly. We know where the gaps are. For example, the academy has been teaching classical music since 1847, but, at the moment, that accounts for only 2 per cent of the music industry. We do not cater for the other 98 per cent. We will be dead in the water unless we deal with that.

I recently spent a Saturday with an alumnus who went to see Stockhausen's "Gruppen" in 1958, the first time that it was performed in the United Kingdom. He then went back to the academy and tried to get the teachers to take on Messiaen and all the contemporary music of the time, but he could not get anything out of them, so he left and went down to London. Between 1966 and 1968, he became the first British artist to go platinum, with the group Cream, and sold 35 million records. That is an anecdote, but what I am trying to say is that the process should be ideas driven. Ideas are the most important thing in creative Scotland, so that is what should drive the agenda from the top.

**The Convener:** Maybe we need our own version of "The X Factor".



**Professor Wallace:** I think that we already have that.

**Stuart Cosgrove:** That is the wrong channel for me—and the wrong demographic, darling.

**Christine May:** We could have a tartan “Big Brother”.

**Shiona Baird:** I refer to a point that Professor Schlesinger made. We have concentrated on the creative industries and their economic benefit, which is measured narrowly by gross domestic product. We must realise that a much wider element of the creative industries is their social benefit, which we cannot measure. If we could get our heads round a different way of measuring what really matters, we might arrive at a better assessment of the value of the creative industries throughout society. The committee has considered that issue previously and needs to investigate it further.

**Ken Hay:** I want to comment on two points. The first is about skills. We worked closely with Skillset on the development of a sector skills agreement for the whole sector. The agreement covered everything from primary school education to top-end industry training and identified clearly the gaps, the needs and the resources that were required to deliver what was needed. As part of that agreement, we delegated £600,000 of national lottery resource to Skillset for a two-year period to boost skills in the sector. The challenge to throw back to the Executive is that, although we have done that for a two-year period, in the long term that level of support should come not from the national lottery but from grant in aid, either through Scottish Enterprise, creative Scotland or some other body.

That leads to my second point, about structures, which, inevitably, we have talked a lot about. Graham Berry and I are in a slightly awkward situation, because we know that everyone round the table, including a few members, might be looking at the future with concern.

**The Convener:** We are asking ourselves whether we have one.

**Ken Hay:** Ditto. We obviously have to play a particular game at the moment, as everyone does. Our ambition for the board of creative Scotland is that it should assume the leadership that it will be given. It could get hugely bogged down going through almost an entire rerun of the Cultural Commission process, but that would not benefit anyone, because we would have another two years in which nothing happened. The board will have to take the responsibility seriously and get on with its work, although it must consult a range of stakeholders from every conceivable sector and agree on the overall ethos.

To pick up on some of the earlier points, the board will have to decide what in broad terms we are trying to achieve and then identify the key opportunities. In simple terms, and considering the purely industrial element, Scotland has 7.1 per cent of the UK gross value added in the creative industries but—depending on which figures one believes—it has somewhere between 3 per cent and 5 per cent of employment in the sector. Scotland has 3.6 per cent of network television production for the UK market. Those figures are unacceptable for a country that is supposed to be at the forefront and taking the lead, so we must consider how we can improve them, which requires leadership and a clear vision. Once we have identified the opportunities, we can identify the needs that must be met if we are to deliver. We can then start talking about resources. There has been a lot of discussion about the need for resources.

Scottish Screen has repositioned itself over the past couple of years. If we approach our job more widely than just divvying up a few hundred thousand pounds here and there among different films or activities, we can have a much bigger impact. It is more about how we put in place the effective policy development, research and statistical information that enables us to lobby and advocate for more to come into Scotland, whether at UK level or from Government. For example, how much does the Scottish Government or UK Government commission from Scottish creative companies?

**Stuart Cosgrove:** Not nearly as much as it should.

**Ken Hay:** Exactly, but that is an easy thing for the Scottish Government to change—it could do so immediately—

**Stuart Cosgrove:** I am sorry to interrupt, but I would like to come back on a very important point that Lizzi Nicoll made. She said that the subsidised areas of our creative theatre work, in which theatre companies and individual actors are working, feeds into the screen industry. We gain benefits from that—we could name hundreds of good Scottish actors, many of whom are world class, who have moved into the screen industry which, importantly, is largely subsidised by lottery, national or broadcaster money. That is the case for the vast majority of films that are made in Scotland.

We are now hearing the phrase “We ain’t got enough of it” used of the broadcast industries. Guess where that chain leads us? It leads us back to the fact that we are not providing enough opportunity for a sector that needs to be subsidised, precisely because it is not commercially competitive in terms of profit-and-loss accounts. It comes back to the fact that one of

the big drivers is network television production. That is not all that this is about by any means—music is one example, as we have heard. However, the important point to catch is that this is not only about saying, “We want more from London” but about having a chain of creative command in Scotland.

**Ken Hay:** I will finish.

Questions were asked about what studies have been done. Over the past few years, endless studies have been done on the nature of the creative and cultural industries, on what opportunities and needs exist and so on. The Office of Communications produces endless documents that are detailed and evidence-based. The National Endowment for Science, Technology and the Arts produced a good document last year and the European Commission recently produced one on the cultural and creative industries. Obviously, there is also the creative economy programme that the Department for Culture, Media Sport and the Department for Trade and Industry have been leading on down south.

What is common to all those is the recognition that the creative sector is hugely fragmented—it is very difficult to measure or cluster. On the whole, people tend therefore to ignore it because it is far too difficult to deal with. For the major enterprise bodies, the creative industries are too difficult to deal with because the people who are involved in them do not have ambitions for high-value, high-growth companies. The businesses are microbusinesses that have specific needs and do not necessarily want to become multimillion pound corporations. That puts them under extreme pressure because they cannot access what are deemed to be the traditional business support routes of finance, business advice and so on. In simple terms, that demonstrates that there is a requirement for other routes. Such companies have limited routes to market because they are so small and the only way public policy can make sense of them is by joining them up. What you would then have is a complex but vibrant ecosystem that had everything from the teeny-weeny theatre that was described earlier through to the BBC, which is a high-value and increasingly high-growth organisation that employs many people in Scotland.

What do we do about it? The answer comes right back down to that horrible thing: structures. To date, we have not got the structures right. Over the past couple of years, we have missed a series of opportunities. The competition that we have had from the north-west of England, Northern Ireland, the south-west of England and Yorkshire demonstrates that, where strategic thinking and Government can be joined up across economic development and cultural development, you win,

and that, where there is a great big divide, you lose. Our ambition for creative Scotland is, at the beginning, to clarify the divide and sort it out so that we will win.

**The Convener:** Richard Baker wants to come in on that. I will then bring in Stuart Cosgrove.

**Richard Baker:** In the north-west, about which Stuart Cosgrove spoke, there is the regional development agency and Northern Arts, or whatever it is called.

15:30

**Stuart Cosgrove:** The Northwest Regional Development Agency—NWDA—which is the strategic development agency for the north-west of England, delegates, as it were, money to the screen agency, which has a board. That is also true in the south-west, where money can be used appropriately. That approach is quite interesting.

More thinking could be done in respect of creating a strategic forum. For example, the north-west of England has used a regional attraction fund to attract inward investment from creative companies that are of decent scale. Wales has an intellectual property rights fund, which aims to secure for Wales strong IPR value in creative content. In other words, it is designed to ensure that they get the next “Harry Potter” owned in Wales, as it were.

**Richard Baker:** So, beyond the bill, that could happen in Scotland anyway.

**Stuart Cosgrove:** That is right, but we are not currently having that debate. People elsewhere have arrived at different solutions to the same set of problems, which is one of the reasons why I feel that there must within creative Scotland be a strategic engine, which may be an adjunct to the board. That goes back to Lizzi Nicoll’s point and is a really important part of the discussion.

**Graham Berry:** Stuart Cosgrove asked whether we had the right board and whether we have all the skills. Of course, we will never in a dozen or so people have all the skills that we need—one or two gaps will need to be filled—but there is a need as time goes on for the new board to seek out the expertise, specialist advice and so on that it needs. Whatever it does, it must do that and act on the advice in a dynamic and creative way through partnerships, research and so on, rather than by creating a huge static committee structure. That is the last thing a body needs if it is to take risks, be dynamic and move forward positively. It faces quite a big challenge in getting the advice that it needs and in creating the partnerships that are the only way forward for the creative industries and the arts in general.

Going back to Christine May's question about the big ideas, there are loads of big ideas in the Arts Council, as I am sure there are in Scottish Screen. We have papers with ideas on how to develop publishing, on which we did a major study recently, but those ideas have not been taken up. There are issues about the cultural enterprise offices and small-scale schemes such as idea smart to help young entrepreneurs who are working in the arts to get a foot in the door through working on risky but perhaps commercial ventures.

**The Convener:** I am sorry Graham, but when you say that the ideas were not taken up, who is supposed to take them up?

**Graham Berry:** Nobody is supposed to take them up. We are there to develop the arts as well as to fund them. We do that through research and by developing ideas, but we do not have the spare resources to implement such things. We would love, for example, to have a major fund that supported publishing.

We referred to the music industry—a huge amount could be done to support it. We have been working on that with the Executive and have set up a music industry group. This week we sent a number of musical groups to New York to perform at a showcase. We have sent bands such as Franz Ferdinand, in their early days, to the south by southwest festival. The sums of money that we are talking about are tiny—a couple of thousand pounds here and there. Major resources are required in the music industry, in particular, and in publishing to do the job properly and to support creative individuals.

As I said, artists—people with ideas—are at the heart of the creative industries. As John Wallace said, those people sometimes work in bizarre ways and can be thoroughly annoying and abusive, but they are where it all starts from. We must have solid ways of supporting those guys and of getting the work done so that they are free to develop ideas, take risks and so on.

On the education side, we want to expand the cultural co-ordinators scheme, in which co-ordinators work with schools throughout the country to get young people interested in the arts. As James Boyle said, that is one of the key issues. The younger the people we can get a hold of and the younger they are when they become involved in the arts, the more creative they become in their ways of thinking and in learning and so on.

There are plenty of examples. Lizzi Nicoll mentioned the theatre structure. "Blackbird" was the hit play of the Edinburgh festival in 2005. It moved on to the west end, where it did particularly well. I understand that it is now playing in about 19 different locations in goodness knows how many

countries across the world. That happened by accident, although it is an excellent play with great marketability. Such opportunities come up frequently, but we cannot take advantage of them all. An organisation that has the resources and skills to grasp opportunities as they arise and to develop ideas would really move things forward.

I return to my earlier point about urgency. We are losing opportunities. I ask the committee to allow the new board to move things forward as rapidly as it possibly can and, within the means that will be possible in the future, to give it the resources that it needs to tackle the big issues.

**The Convener:** James, are you more optimistic at 3.35 than you were at 5 past 2?

**James Boyle:** We have all been very frank. We have said the worst that we have to say—I certainly did that, as ever. However, there are three final things for me to say. First, it is essential for creative Scotland that it works in full partnership with education. Secondly, it must do its work enthusiastically and it must enthuse the sector—it must go out with a big smiley face. Thirdly, it must have the bottle to advocate strongly, even in the face of ministers who do not want to know what it thinks. I know how hard that is; I have had the letters that say, "One more time and you're out" but it is important that creative Scotland is seen to be the instrument of the people in the sectors that own it rather than the instrument of the minister.

**The Convener:** I return to Ken Hay's point. In the broadcast media, we have 3.5 per cent of present spend, but in population terms we should have 8.9 per cent. You hinted that we have not got into inward investment in the creative industries. From what you say, it seems that other parts of the UK, including Wales, Northern Ireland and the north-east and north-west of England, are into inward investment in a much bigger way. Can we close the gap? Can we get a bigger presence in broadcasting?

**Stuart Cosgrove:** We can close the gap, but there are built-in challenges. It is fascinating to shine a torch on the matter. We talked about the debate on inclusiveness and elitism. There is something specifically Scottish about the conundrum. On the one hand we aspire, rightly, to have a TV culture that more clearly reflects and speaks to Scotland, so there is pressure on the BBC to opt out and to offer Scottish programmes that reflect Scottish sensibilities or whatever. At the same time, the industry is becoming increasingly global. Great achievements have come from that, but significant opportunities have been missed.

Our independent television production sector contains a number of people who have made fine

films, some of which have gone on to be distributed and some of which have even made a profit. Alongside that, however, we do not have a significant presence in returning television drama. The biggest opportunity that we had in drama recently was the new soap, "River City". It could and should be an important driver for creativity in Scotland but, of course, it speaks to Scotland rather than out to other cultures. It is not like the Channel 4 programmes "Hollyoaks" or "Shameless", both of which are made in the north-west of England and which have tended to aggregate value into that area.

The executive producer of "Shameless", Paul Abbott, is an A-list talent who can get things commissioned. Possibly we do not have enough people at the high end of television who, by their presence, can drive decision making. We are trapped between two things that are not wholly contradictory but which look in slightly different directions. One is the desire to speak to ourselves and the other is the desire to speak outwards to wider cultures. Those two things are not irresolvable, but there is a contradiction.

**James Boyle:** There is a mindset that reinforces that. I agree with everything that Stuart Cosgrove said. When the BBC finances, let us say, "River City", and the enhanced news and current affairs service that is needed to reflect the Parliament, that is seen as part of the settlement line that has been drawn. If devolution is anything, it is a process. We ought to be saying, "That's fine. We are now at this point, guys. Let's talk about something else." I agree with Stuart Cosgrove, who was subtle about it, that we also need to think about Scottish products that will sell outside Scotland.

**Stuart Cosgrove:** There is an interesting lesson to be learned. When he worked on a Channel 4 programme called "Queer as Folk"—which got us into trouble as well—Paul Abbott worked alongside Russell T Davies, who is the writer of "Doctor Who" and "Torchwood", both of which are filmed in Cardiff. Russell T Davies is a Welsh creative writer. He argued that "Doctor Who" should be brought back, filmed in Cardiff bay and targeted at the whole of the UK population, and that the rights to the programme should be sold abroad. That is not something that we have pulled off in Scotland. We would probably have come up with something that spoke to Scotland rather than something that spoke to science fiction. Therein lies a big challenge for us. "Torchwood" is a forward-looking drama in which the viewer does not quite know where the action is set—it takes place in some fictional city of the future and is filmed in Cardiff.

**James Boyle:** Maybe our version would be called "Torchwouldnae".

**Stuart Cosgrove:** Aye.

**The Convener:** So, we want more "Footballers' Wives" and less "Take the High Road".

**Stuart Cosgrove:** I will pass no comment on that observation—both programmes are made by downmarket broadcasters.

**The Convener:** Jenny Williams is the only person who has not said anything yet, so I will give her the last word.

**Jenny Williams:** I take on board what has been said by Stuart Cosgrove, Stephen Boyd and James Boyle. The key requirement for the film sector is business support and development, which we provide. It is interesting that the Northwest Vision model has been thrown up. Scottish Enterprise funds Glasgow Film Office to provide business support to film and TV production companies.

There is a tendency for the theatre companies to assume that the creative industries—TV and film—are the well-off, more expensive organisations. We should not lose sight of the fact that those screen industries need help. That has not been reflected as strongly as I had hoped in the bill. Culture is obviously hugely important, as are theatre groups. However, there needs to be clearer support for business development to create more sustainable creative industries.

**The Convener:** There is a clear theme emerging about the business development and economic roles for creative Scotland.

It has been a useful and enlightening session for the committee. I realise that we have jumped from subject to subject but, as a starter for 10, its purpose was to cover a fair amount of ground to give us an idea of what we need to do in more depth once we start to consider the bill, if it is introduced after the election. I thank all our guests for participating in an extremely worthwhile debate, and I repeat the assurance that those whom we were unable to accommodate today will get their chance during the consideration of any bill that is introduced after the election.

We will take a five-minute recess before item 2.

15:34

*Meeting suspended.*

15:51

*On resuming—*

## Employability Framework

**The Convener:** Item 2 is the Executive's employability framework and strategy to reduce the proportion of young people not in education, employment or training. I welcome two ministers—Rhona Brankin, whom we congratulate on her appointment as Minister for Communities, and Allan Wilson, the Deputy Minister for Enterprise and Lifelong Learning, who is a regular at the committee. They are accompanied by Melanie Weldon and Margaret Barbier, whom I welcome.

We have had a round-table discussion on the issue, the *Official Report* of which the ministers will have read. I invite the ministers to make some introductory remarks, after which the committee will ask them questions.

**The Minister for Communities (Rhona Brankin):** I thank the committee for inviting me to provide evidence on what we all agree is an absolutely crucial agenda for us in Scotland. I also thank the convener and the committee for their positive feedback on the workforce plus and more choices, more chances strategies.

We agree that implementation is important. Much work is now under way to develop the strategies and take the required actions at local level. As you will know, the Executive is committed to tackling poverty and disadvantage in Scotland and to growing and developing the workforce. "A Partnership for a Better Scotland" makes it clear that those are top priorities for us. Our closing the opportunity gap approach aims to prevent individuals and families from falling into poverty, to provide routes out and, crucially, to help people to sustain a life that is free from poverty. We believe that work is the surest way out of poverty, bringing improvements not just to income but also to health and well-being, to social inclusion and to access to services.

The workforce plus and NEET strategies are key to the success of closing the opportunity gap. They support the four targets that are focused on reducing worklessness and the number of young people who are NEET—targets A, B, C and G. They also make a major contribution to target J, which is the overarching target to promote community regeneration. The Executive is investing £20 million over two years in support of the workforce plus and NEET strategies to help people from Scotland's most deprived communities into work. That is supported by more than £50 million in community regeneration funding over three years and £15 million a year in working for families funding.

Financial exclusion is closely linked to worklessness. The Executive has committed £5.3 million a year towards its financial inclusion strategy, with the money being distributed across 11 local authorities during this year and next.

That is all that I want to say, so I hand over to Allan Wilson.

**The Deputy Minister for Enterprise and Lifelong Learning (Allan Wilson):** I will be brief. It is good to have the opportunity to come to the committee again to discuss one of the Executive's top priorities: giving economic employment opportunity to our fellow citizens who may have been denied that opportunity in the past.

I agree fundamentally that we cannot approach the issue only from an economic perspective and that we must take the social dimension into account. If employment is one—if not the only—route out of poverty, increasing the employment rate and getting our economically inactive fellow citizens economically active will mean that we benefit not just economically, but as a society from offering economic and employment opportunity to people who are denied it.

The two policy documents that we will discuss are the product of fairly sustained and broad consultation and development over the two years or thereabouts in which I have been directly involved in this work. People like me welcomed the committee's response to that process as, even if we are not completely at one, we generally agree on the direction of travel and on the best means of going from where we are today to where we jointly want to be.

Recognition has been given to the substantial progress that has been made, not least to offer employment opportunity—200,000 of our fellow Scots have been given new employment opportunity since 1999 and, as members know, our employment rate is second only to that in Denmark in the European Union 25 nations for employment opportunity.

The vast majority of our school leavers progress into positive destinations, whether in higher education, further education or vocational training opportunities. Positive school-leaver destinations have particularly improved in the past two years—the number of negative destinations has decreased by 26 per cent. However, as members know, a hard core remains of individuals who have severe problems and obstacles to entering education, employment or training. The focus of our NEET strategy is on giving those individuals—the 20 per cent who are underachievers in our educational system—the opportunity to enter education, employment or training.

We have set ambitious targets. I believe that, over the piece, we can eradicate NEET from our

vocabulary. We have set the ambitious target of bringing 66,000 people off benefits and into work by 2010 and an intermediate target of bringing 30,000 people off benefits and into work by 2007, which we are 80 per cent of the way to achieving. The statistics on our ability to move people from benefit into employment are impressive.

Challenges remain. I notice that the committee discussed leadership in this context. I could not agree more with the committee's conclusion that leadership and partnership are fundamental to success. We must treat people as individuals and ensure that public agencies respond to individual needs. People have varied, multiple and sometimes complex reasons why they cannot re-enter the labour market. We must ensure that our response mechanisms and response systems and the response of all the public agencies involved are tailored to the individual's needs.

We must ensure that agencies work in partnership. Everyone agrees that there is no shortage of public resource for the work—we estimate that the various bodies spend circa £500 million on securing positive outcomes. How that money is spent and where it is spent to create added value and best value are most important for the outcomes for individuals.

Workforce plus and more choices, more chances represent two important steps. We welcome the committee's round-table discussion; I was encouraged by its outcome, as I have been by almost every public agency with which I have discussed the strategies.

I was also encouraged by the response of employers and organisations such as the Smith group, which has seen the positive benefits that can accrue to it and wider society by engaging with the agenda and helping us to provide the economic and employment opportunities that will make a difference to such people.

16:00

**The Convener:** Thank you both; that was very helpful. Obviously, the objective of getting more people off welfare and into work, and getting our young people into employment, education or training, unites everybody in the Parliament. During the round-table discussion, Professor Alan McGregor highlighted some of the practical problems that people who come off welfare and go into work face. For example, they lose benefits almost right away and if they move from weekly benefit to a monthly salary, it might be three, four or even eight weeks in some cases before they receive the first salary payment, which creates a major cash-flow problem. Moving from weekly to monthly budgeting for the family can raise a number of problems. People are often caught out

by the debt they built up—particularly for council tax—while they were claiming benefit.

There are several practical steps, such as the continuation of benefit until the first wage is received—it could be reclaimed at some point—that do not necessarily require additional resource, but a more flexible use of resource. I know that we are touching on reserved issues to an extent, but we need to co-ordinate reserved and devolved powers to tackle the problem. Both are involved at the crucial point. Will you both comment on what is being done by the UK Government and the Scottish Executive to address some of those practical issues?

**Allan Wilson:** I suspect that we could speak at great length about the process. I have been actively engaged with three successive Department for Work and Pensions ministers on precisely that agenda during the past two years. I have found them to be responsive and happy to work with us on developing new strategies and approaches to the problems to ensure that the partnership of which I speak involves them. They have been particularly involved with Jobcentre Plus and the benefits service to incentivise the process of moving from benefits to employment, which, as you probably know, is the thrust of the Government's green paper on which we are currently being consulted.

There have been a couple of areas of significant progress, particularly in relation to the cities strategy. Three of our cities—Glasgow, Edinburgh and Dundee—are involved in that partnership. Their representatives sit at the same table to discuss how best the various agencies can work together to simplify the process, part of which is signposting to ensure that there is a one-stop shop as far as possible. Although that is an easy thing to say, it is difficult to deliver on the ground.

An important and big step forward is the proposition of a shared resource to ensure that the resources that are put into the area are best used. We require a shift in how resource is used. There needs to be earlier engagement with the various client groups that form the bulk of the people who are most affected.

There also needs to be better aftercare, so that people are incentivised to move from benefits to employment. They need to see tangible advantages not just in improved self-confidence and well-being, but in remuneration. They need to experience an actual financial benefit when they succeed in making that move. I think that we have made significant steps forward in that regard.

As the convener mentioned, much of the effort involves overcoming what is known as the poverty trap, whereby people lose benefit when they move

into employment and find themselves no better off—or even worse off.

**The Convener:** According to the latest research, the effective marginal rate of tax can sometimes be as high as 90 per cent when people move from welfare to work. Obviously, that is a major disincentive. Another point, which Alan McGregor made very forcefully, is that many people fear that, once they get into work, they will not be able to go back to the same level of benefit if they lose their job.

**Allan Wilson:** I am happy to deal with both those questions, although they refer to reserved issues. The tax, benefits and credits system is designed to remove people who are in that category from the tax system. Circa 2 million of our fellow citizens have found themselves taken out of the tax system entirely as a consequence of that.

We can help by ensuring that benefits that are administered by local authorities are delivered effectively. The obvious case in point is housing benefit, which affects the decisions that people make. Compared with local authorities elsewhere in the United Kingdom, local authorities in Scotland have a very good record on the time it takes to process applications for new entrants. However, we need to incentivise the process better and ensure that the agencies work together more effectively to ensure that the individual gains not just increased well-being and self-confidence, important though that is, but positive remuneration.

**Rhona Brankin:** The provision of financial advice is absolutely key. Through our work on the financial inclusion action plan, we have supported front-line money advice services with funding amounting to £5 million a year. We recognise that there are issues—as the committee has, I think, heard in the evidence that it has received—with the range of financial services that are available. We recognise that the landscape is quite cluttered, so we will evaluate the plan later this year.

For our working for families fund, which is a pilot initiative, £50 million has been made available over four years. The initiative runs in 20 local authority areas and helps to support disadvantaged parents overcome barriers to work. Obviously, a key element of that is money advice. We recognise the need to provide money advice for people who are facing barriers to work.

**Allan Wilson:** We do not provide just advice. Under the Bankruptcy and Diligence etc (Scotland) Bill, which was passed comparatively recently after some lengthy deliberations by the committee, access to debt relief will be made available to no income, no asset debtors. Such relief can be an important consideration for people who want to

move off benefit and into employment. By virtue of the amendment to the debt arrangement scheme that the committee discussed, we have also given low-paid debtors access to debt crystallisation and, prospectively, debt relief.

**Karen Gillon:** I do not want to dwell too much on today's news about One Plus, but affordable child care is an absolutely essential component of the debate.

In general and in relation to today's announcement, how are we working with local authorities, voluntary organisations and others in the social economy to develop affordable child care so that parents with responsibilities can afford to make the positive choice to get back into the workplace to support their families? Child care is an expensive business.

**Rhona Brankin:** Absolutely. I do not know whether you want me to talk about the One Plus situation. It is an important subject and I would be happy to answer questions on it, if that would be helpful.

We acknowledge that supporting people who have child care responsibilities to get back into work or to come into work for the first time is essential. That is why the child care strategy is in place. Funding to provide affordable and accessible quality child care for children between the ages of zero and 14 in all neighbourhoods has risen from £29.75 million in 2004-05 to more than £43 million in 2005-06. A key target group is lone parents who wish to undertake further and higher education. We want them to be able to overcome some of the barriers that they face and to give their children a better start in life. As you know, there is a £1,180 lone parent grant and a £1,100 grant to help lone parents meet their child care costs. To date, almost 5,000 grants have been awarded.

You will also be aware that sure start Scotland aims to ensure that every child has the best possible start in life by targeting support at families who have very young children in areas of greatest need. I mentioned the working for families fund, which runs in 20 local authority areas. It will receive £50 million over four years to help disadvantaged parents overcome barriers to work. The fact that a series of actions is being taken demonstrates that we recognise that child care is an essential component of getting people back into employment.

**Karen Gillon:** My second question is about early intervention. It emerged from our round-table discussion that a number of the young people who find themselves in the NEET group are identified or could be identified fairly early in their education. What steps are we taking to ensure that early intervention work is done so that those youngsters

do not quickly become disillusioned and that support on drug or alcohol abuse is available? In the context of family support, the Glasgow pilot that has been mentioned this week is interesting. How do we provide support to those young people and their families at the earliest opportunity so that they can get the most from their education and find a suitable occupation after it?

**Rhona Brankin:** I have mentioned sure start Scotland. The key thing is that vulnerable families are brought to its attention, either through the health service or through the education service. We have put in education opportunities for youngsters at nursery school. There needs to be a transition so that vulnerable families who first come to the attention of the health service are captured by the sure start programme and the link is made with nursery and full-time school education.

Although Allan Wilson and I do not have responsibility for school education, I would certainly be happy to get information from Hugh Henry on how those families are worked with during and beyond the key transition into school education. I agree that children with particular needs can be identified early on and that it is crucial that steps are taken to support them and their families.

**Karen Gillon:** What links are being made with the lifelong learning sector? What role can it play in helping the young people in the NEET group?

16:15

**Allan Wilson:** Its role will be fundamental. You mentioned the Glasgow pilot, which will be crucial. As you know, the rate of teenage pregnancies is very high, but those people have tended to drift off the radar screen when they leave school. Tracking them after they leave school will be fundamental to understanding the obstacles that they face in getting into the labour market after the birth of their child. Intervention at educational level is equally important.

People who face the greatest obstacles to returning to the labour market—young mothers fall into that category—are better catered for by our more general lifelong learning strategies. That means better support for part-time returners to learning in our further education colleges. As committee members know, the amount of money that we put into that is paying great dividends for part-time learners—particularly for young mothers and mothers more generally who are returning to further education.

**Christine May:** This is not what I was going to ask you, but the obvious questions that arise from what you have said about the Glasgow pilot are how long it will last and whether there will be more pilots if that one works.

**Allan Wilson:** Those are fair questions and they relate to the issues of partnership and leadership. I am sure that you will agree that we do not hold all the answers here in Edinburgh—in the civil service or in public agencies more generally. The purpose of setting up local partnerships and giving them a leadership role is precisely to ensure that local initiatives such as the Glasgow pilot can be put in place, with any lessons learned being passed on more generally. Laurie Russell made that very point when he came to the committee. Others did, too.

In any intervention, it will be important to identify who takes the lead role—the local authority, the careers service, the community planning partnership, or whoever—and to ensure that everybody understands who is taking the lead role. It will be equally important to have sufficient flexibility in the system to allow for local solutions. When local solutions are found, other people should be able to share in the benefits, taking ideas for their own programmes.

I had a very positive meeting with all the local authorities involved in producing NEET action plans. They stressed the importance of collaboration. I agree. We have to look at what works, where there is added value and where there is best value, and we have to ensure that we achieve an appropriate return for what is a fairly substantial investment.

**Christine May:** It was local authority NEET action plans that I wanted to ask both ministers about. There is a NEET action plan in my constituency—a group of people formed a steering group, brought the proposal to ministers, and will now, as the implementation group, take the plan forward. Those people come from a wide range of local authority and other agency services. If there can be cross-departmental and cross-agency collaboration at local level, the question to the Minister for Communities and the Deputy Minister for Enterprise and Lifelong Learning is this: what are you doing to ensure that your ministerial colleagues keep in touch with you when their responsibilities impinge on this work? You have to be able to cross-fund.

**Allan Wilson:** That is a very important point: we cannot demand partnership working of others if we do not replicate it internally. Since I have taken up the reins, I have been at pains—as Melanie Weldon knows—to ensure that education colleagues are as engaged as enterprise and communities colleagues. We take responsibility for determined to succeed, our enterprise and education strategy, but it is important that our education colleagues are engaged with us in the early intervention process that Karen Gillon mentioned, and in ensuring that the right messages about education are getting out to



young people. The appropriate mechanisms that should be in place for specific groups of people, such as care leavers, give them opportunity.

The best example I can give is of the school-college partnership, which involves sitting down with education colleagues and other stakeholders to work on skills for work courses, which are now a popular element of education provision. It is a matter of ensuring that such opportunities are rolled out more generally across the country. Indeed, at my most recent meeting I was struck that, contrary to much of what we read in the press about young people being shunted to negative destinations for vocational education and training, the exact opposite is the case. Such is the popularity of skills for work courses among the cohorts of 14 to 16-year-olds at which they are targeted, while many of them will move on to positive school leaver destinations, there is a danger of squeezing out kids who would benefit more from the opportunity. We have to keep an eye on that and ensure that the people who could benefit most get the opportunity.

**Rhona Brankin:** Closing the opportunity gap is an important vehicle for bringing together the work that different Executive departments and portfolios are doing. As members know, the overall aims of closing the opportunity gap are to prevent individuals and families falling into poverty, to provide them with routes out of poverty and to sustain them in a lifestyle that is free from it. I take on board the concern that has been voiced about having a lot of different people in different organisations engaged in the work in this area. We agree that the funding streams should be simplified. It is important for local partnerships to have a clear picture of the service infrastructure and of who funds what and for what periods.

At a national level, we have—I hope—been setting an example by combining money for the various strategies with the regeneration outcome agreements. We will be considering merging the deprivation funding streams further at the next funding review. The Finance Committee asked us to consider simplifying the funding for areas of multiple deprivation to create a single deprivation fund. We have already made efforts to tackle the matter through the community regeneration fund, which merged three previous funding streams—the social inclusion partnership fund, the better neighbourhood services fund and the tackling drug misuse fund. We will consider that matter further as part of the strategic spending review process. We think that there is a need to do that.

**Allan Wilson:** Melanie Weldon can give an example of co-operation between officials in different parts of the Executive.

**Melanie Weldon (Scottish Executive Enterprise, Transport and Lifelong Learning Department):** The question was to do with how ministers are joining up across portfolios, but it is essential that we do that at an official level, too. In particular, we have established a NEET programme board, which is chaired through a Cabinet secretariat. It has representation from all Executive departments at group head level. Its job is not only to oversee delivery of the NEET strategy; it aims to look across and ensure that a wider set of activities can support positive outcomes for that group of people. The NEET strategy takes us so far, but we are not sure that we have covered all the bases.

In addition, I am part of a small NEET team in the Enterprise, Transport and Lifelong Learning Department. We do not have the solutions, however—we do not have control over all the different bits. There is now a wider NEET team, which comprises 35 officials from all departments, including ETLL, the Health Department, the Justice Department, the Development Department and the Finance and Central Services Department. Our job is simply to ensure that we are joining up and that the NEET strategy is embedded in all our policies.

**Christine May:** That is good. I have one final question. During last week's debate on skills academies, I highlighted an issue that had been drawn to my attention by my local further education college and my local school. That was that the distinction between academic and technical subjects is fairly tightly drawn in terms of funding at further education level and, I suspect, in further education courses in schools. Are you considering whether those restrictions can be loosened slightly? The example that I gave was information technology, which is designated as an academic rather than a technical subject. Can the system be loosened fairly easily to make life easier for young people who are choosing subjects?

**Allan Wilson:** I am happy to look into the detail of that situation. I know that information and communications technology forms part of the skills for work courses that we have introduced, so there should be a cross-cutting provision that could meet some of the need, but I will look further at the situation.

**The Convener:** On a point of clarification, is anyone from the Department for Work and Pensions on the NEET management board?

**Melanie Weldon:** It is internal, so the answer is no.

**The Convener:** Would it not be common sense to involve that department, given its central role?

**Melanie Weldon:** We have another partnership board that has been set up around workforce plus, and the DWP is represented on that.

**The Convener:** Could you give us a wee map of all your boards and who is on everything?

**Melanie Weldon:** I certainly can.

**Allan Wilson:** I would be happy to do that—no problem.

**Shiona Baird:** At long last, the value and role of social enterprises in providing supported employment are being recognised. Is that recognition and support being transferred down to local enterprise companies and jobcentres so that they can include those opportunities when providing employment?

**Rhona Brankin:** We agree that social enterprises are central and have a key role in implementing the programme. The committee will be aware that our futurebuilders fund provides £18 million to grow the social enterprise sector. I accept the importance of the sector. It is key to delivery.

**Allan Wilson:** I could not agree more. We often consider employment purely from a private sector perspective and forget the role that is played by the social enterprise and public sectors. For example, the national health service is a massive employer and has a critical role to play in offering employment opportunities to people who have been furthest from the labour market. If we make demands of private sector employers, it is fair to suggest to colleague ministers and public sector employers that they do more to offer employment and training opportunities to people who are currently excluded.

My own experience has been the same as Shiona Baird's. The third sector has a critical role to play in, for example, working with people with learning disabilities and giving them the opportunity to enter—it is often “enter” rather than “return to”—the labour market. We will not succeed without its active involvement and its continued support for the programme. For example, Enable is a critical partner in the process, and we are certainly making efforts to ensure that all stakeholders, particularly those in the social enterprise sector who have a role, are engaged and supportive. There has been a positive response to that agenda from those groups, as, it must be said, there has been across the board.

**Shiona Baird:** I am particularly concerned about the recognition in the jobcentres.

16:30

**Allan Wilson:** Very much so. Interestingly, when Jim Murphy, the UK Minister of State for

Employment and Welfare Reform, and I went to Drumchapel—I think—to launch the UK paper, we had the opportunity to engage with individual jobcentre clients. It was obvious to me that there was an appreciation among Jobcentre Plus colleagues, and in the DWP more generally, that to reach out to those who are currently furthest from the labour market, it is necessary to use organisations in the social enterprise sector. The Wise Group is particularly good at that in Glasgow.

I think that there is still work to be done with the Scottish Enterprise network—dare I say it—and some of the local enterprise companies that have still to appreciate fully the importance of engagement with the social enterprise sector and those who are furthest from the labour market. I think that they have a positive relationship with their skillseekers, get ready for work and training for work clients.

**Rhona Brankin:** We are currently working on a social enterprise strategy, and I am happy to let the committee have information about that.

**Murdo Fraser:** Karen Gillon rather stole my thunder because I was going to ask about early intervention—

**The Convener:** Not for the first time.

**Murdo Fraser:** Indeed. I will restrict myself to one question about the most effective age for intervention. I have heard different views about whether it should be six or 12. Some people would say that it should be older. Does the Executive have any view on that and how resources should be targeted? What is the most effective age at which to identify youngsters who might fall into the category?

**Allan Wilson:** I have heard similar things, probably from the same people. I personally support the earliest possible intervention—sure start was mentioned—but I do not believe that it is a question of a single early intervention at whatever age. It is a question of early and repeated intervention.

I mentioned transferring some resources to earlier engagement, which could mean at nursery school, during formal education, or after school through the school-college partnership. It could mean earlier engagement by the employment agencies with those who are disengaged from the labour market.

It is about early and repeated intervention and transferring resources into early engagement. It is also about aftercare. We have to deal with the revolving-door syndrome, which I noticed was a feature of some of the partners' representations to the committee. It is not good enough for people to go on successive 13-week courses, picking up certification that has no value in the modern labour

market. We must ensure that our interventions make a difference to that individual and enable them to progress to and hold down either a job or a place in further education or training.

**Rhona Brankin:** I am happy to ask Hugh Henry at an early stage to provide some information about additional support for learning legislation, which recognises the importance of early intervention and the need for liaison between education provision, health provision, social work involvement with young families, and the need to support youngsters who are seen as being vulnerable and needing additional support.

**Mr Stewart Maxwell (West of Scotland) (SNP):** I am glad that the minister raised the problem of the cycle of 13-week courses. The point was raised in the round-table discussion that to get funding the agencies must meet a target of getting people into work and keeping them there for 13 weeks. Does that not in effect skew the agencies' operation to meeting that target rather than getting people into work in the longer term? I mentioned that during the round-table discussion because I encountered exactly the same problem when I worked in this area almost 20 years ago. Funding was tied to a certain period of time and the whole organisation was directed towards meeting those targets rather than at the longer-term aim of getting people into employment and sustaining it in the longer term. It is slightly disappointing—although perhaps not surprising—that 20 years down the line we still have the same problem. What do you think about that?

**Allan Wilson:** As someone who has been engaged in this sphere of activity for more than 20 years, I think that there has been progress in the interim.

**The Convener:** You must have been young when you started.

**Allan Wilson:** I was a child bride.

The most effective change in the interim has been the move to three-yearly funding cycles in the public sector, especially in local authorities. We have replicated that across the public sector, so that organisations understand, in so far as they can, where they will be financially three years hence. As the member knows, there are always exceptions to that rule, sometimes in the unlikeliest places, but it is a positive move.

Another positive move that is under way is the Glasgow pilot, which proposes to extend the 13-week period to 26 weeks. We are interested in seeing what happens as a consequence. It would be difficult to argue that a 26-week intervention could not give someone a positive steer for their future personal development.

Another change that is under way but which is not yet complete is the move towards aftercare—an issue that the convener raised. It is about incentivising the process to ensure that people have the opportunity to engage and that all the difficulties that arise after people have entered the labour market are addressed by the various agencies concerned. Those difficulties may relate to child care, which has been mentioned, transport or housing. Shifting resources from simple engagement to aftercare is an important change that is under way.

**Mr Maxwell:** The shift from one to three-year funding is a good move. I remember the annual panic in organisations that annual funding caused.

**Allan Wilson:** The fire service was affected by it.

**Mr Maxwell:** I am not talking only about the fire service. The funding of organisations in which I worked previously was decided in that way—organisations were focused on the problem for half the year.

In response to a question from Murdo Fraser, you suggested that some of the certification was irrelevant to what people were doing—I cannot recall exactly the words that you used. To what extent is the 13-week target responsible for the irrelevance of some of the certification? The focus is on getting people into employment, getting them a certificate and meeting the 13-week target. The 26-week pilot is a good idea, but do you think that there is a connection between the funding mechanism and some of the things that are being done?

**Allan Wilson:** Historically that was certainly the case. I remember the youth opportunity programme, the youth training scheme and the other schemes that were basically supply-side measures to reduce the number of people appearing on the official unemployment register. Such schemes did not address the demand side of the equation, which is about creating economic and employment opportunity.

We are now in a different labour market scenario. As members know, there are employment opportunities out there; indeed, some employers argue that there are skills gaps and shortages. The task is to give people who are economically inactive the skills, training and education that are necessary to make them competitors in that new labour market situation. Some of that can be done in 13 weeks, but some of it will take longer. We must ensure that the appropriate interventions are made that suit individuals' needs. That is vital from an economic perspective. As low-cost manufacturing moves to low-cost destinations, our ability to compete will be dependent on the skills and training of the

workforce. We must also give people who are currently in employment the opportunity to upgrade and upskill.

**Richard Baker:** Following on from what the minister said about the skills gaps, during the round-table discussion we heard some impressive evidence from Aberdeen Foyer, which is based in Aberdeen but works throughout Scotland. A skills gap has been identified in the oil and gas sector. Aberdeen Foyer has managed to get oil and gas companies to work with it, take people who have had drug addiction problems—people at the hard edge of the NEET issue—and get them into employment in that sector. Could such success be replicated through the strategy? Might other parts of industry that have skills pressures be up for such engagement? Will third-sector organisations and businesses be brought together, either in a national workforce plus team or in local partnerships, or should the partnerships themselves do that?

**Allan Wilson:** Both, I think. National engagement—for example, but not exclusively, via the Smith group—is about ensuring that employers are engaged in this agenda. You mentioned the oil and gas industry. It is important for Scotland and for the north-east that that industry is engaged, given that it is a key driver of the Scottish economy. Some people in the sector would admit that they neglected skills training over the piece and are now having to catch up and invest again in ensuring that they have the necessary supply of skills and labour for the new period of economic engagement that they are enjoying.

Employers are vital to the process. I have been encouraged by their response. It is partly a question of corporate social responsibility and partly a question of economic necessity. There is an appreciation and a realisation out there among the major employers that I come face to face with that they could and should be doing more to engage with those who are outside the labour market—not least because their own bottom lines can benefit from that engagement. Those organisations appreciate that unemployment is a social ill and that there is an obligation on them to act in a corporate and socially responsible manner to address it.

**Richard Baker:** So it will be up to the local teams to decide the extent to which they bring on local employers and create partnerships.

**Melanie Weldon:** Obviously, we will look to the local partners to engage with employers in their areas, but we will support that nationally, building on the employer engagement strategy that was established through determined to succeed, which is our enterprise education strategy. There is no point in our having a parallel strategy for the NEET

group. We must ensure that the employer engagement strategy is fit for purpose for young people who typically find it difficult to benefit from such opportunities.

We are in the early stages of developing the strategy to make it more responsive to NEET issues. The Smith group is helping us with that, and we are jointly funding a secondee. We intend to target specific sectors. At the moment, we are looking specifically at the construction industry, but we are keen to work with not only the private sector but the public sector. Your point is well made. There is a lot of potential within the health and social care sectors in particular. I know from the Dundee planning team that it is looking at aligning those agendas in social care.

**Rhona Brankin:** One of the closing the opportunity gap targets is to ensure that children and young people who need an integrated package of health care and educational support get that support. In a sense, the need to integrate the range of support needs for young people is recognised throughout Government.

**Allan Wilson:** There are difficult questions on priority resource allocation for the committee, for ministers and for whoever forms the incoming Executive. These are important issues that require to be addressed in part through the allocation of public sector funding. That involves difficult decisions about where and how we can best spend limited financial resources.

16:45

**Richard Baker:** It is interesting that private companies that have traditionally not engaged in such things are now doing so. I hope that there is also scope for such work in the public sector.

**Rhona Brankin:** There are examples from the public sector. Between 2004 and 2006, NHS Scotland aimed to provide 1,000 job opportunities to inactive or unemployed people, with support for training and progression once people were in post. I would be happy to give the committee more information about that scheme.

**The Convener:** Have ministers taken anyone into their departments?

**Allan Wilson:** We are actively looking across the public sector. I said in response to an earlier question that it would be inappropriate for us to demand that others do things that we are not prepared to do ourselves. I have been at pains to ensure that the Scottish Executive and the civil service are as engaged in the agenda as we expect the oil and gas industry, the service sector or construction industry employers to be. The health service is a classic case. We believe that we can, for example, get people with mental

health problems, who are a key cohort, re-engaged with the world of work. Where better to do such things than in the health service?

**Christine May:** The Minister for Communities and I are interested in coalfields. Funds such as those held by the Coalfields Regeneration Trust are for community regeneration and for supporting employment. Such funds will not be suitable for all areas where there are many people in the NEET category, but are you considering how those sources of funding can help to support other activities?

**Rhona Brankin:** Absolutely. I reinforce what I said about the need to integrate funding streams and to recognise that particular funding streams are targeted at particular areas. Like Allan Wilson, I represent a former coalmining area. Therefore, I am aware of the challenges that such areas face. Such funds are critical, but we must ensure that we work jointly with organisations and take an integrated approach, while recognising the individual remits of those organisations.

**Allan Wilson:** Interesting work was carried out in Renfrewshire, the results of which apply throughout post-industrial Scotland—to coalfield communities, steelworking communities and so on. That work identified around 84 projects in Renfrewshire, where some 112 funders were spending £12.8 million. It strikes me, and, no doubt, people there and other members, that that represents a less than effective and efficient use of resources. People should sit down and consider matters coherently and ask whether the best return is being achieved for that £12.8 million and whether 84 projects are needed. They should consider whether replication or duplication is involved and ask whether some of that money should be spent on earlier engagement or better aftercare. Such a process would be logical.

**Christine May:** There could be a common application form. That takes us back to the point that Stewart Maxwell made about filling in application forms for funding.

**Allan Wilson:** Absolutely.

**The Convener:** That point can no doubt be added to Mr McCabe's report on efficient government.

I thank the ministers and their officials for coming to the meeting. The session has been extremely helpful. For obvious reasons, the issue will be included in our legacy paper. Our successor committee after the election can then give it reasonable priority.

## European Union Legislation (Gold Plating)

16:49

**The Convener:** Agenda item 3 is on the gold plating of European Union legislation. A paper on a report on gold plating in Europe that was prepared for the European and External Relations Committee has been circulated. There are four recommendations at the end of it. Do members have any views on the paper?

**Christine May:** The third bullet point on page 3 of paper EC/S2/07/3/4 mentions

“mechanisms that will ensure MSPs are more informed about Executive plans to gold plate legislation”.

We should qualify that sentence by saying “any Executive plans” instead of only “Executive plans”, as there is an implicit and probably unreasonable assumption that the plans will be carried out.

**The Convener:** This subject is close to Murdo Fraser's heart.

**Murdo Fraser:** It is. Jim Wallace's report is interesting. He does not state in his conclusions whether he thinks that gold plating exists, but he implies that it exists in certain areas.

The examples are particularly interesting. In paragraphs 11 and 12, Jim Wallace draws attention to the waste incineration directive, which was transposed in identical terms but interpreted differently throughout the UK. The Scottish Executive—or the appropriate agency—applied the definition more rigorously than the Department for Environment, Food and Rural Affairs, which took a more relaxed view. Although the wording was the same in both cases, the burden on Scottish businesses was greater than the burden on businesses south of the border. That important point should not be missed. Would it be possible to refer to that in our comments?

**The Convener:** How would you like to refer to it? Should we state that it illustrates the fact that, in deciding how rigorously to interpret things, we should benchmark ourselves against what others are doing—something along those lines?

**Murdo Fraser:** Yes. It is not just a question of the wording of directives and how they are transposed. It is a question of how they are dealt with by Government agencies.

**The Convener:** Yes. We should benchmark ourselves to make sure that we do not put ourselves at a competitive disadvantage.

**Murdo Fraser:** Yes—and that we have a level playing field.

**Mr Maxwell:** And not just within the UK.

**The Convener:** Yes—across Europe. Is everyone happy with that?

**Christine May:** Yes. As Murdo Fraser says, what is important is not just the wording in the legislation but how it is interpreted locally. I remember local butchers and all kinds of people lobbying me on the directive. It was a disgrace.

**The Convener:** Is everyone happy with the recommendations in the paper, subject to Murdo Fraser's amendment?

**Christine May:** And mine.

**Members** *indicated agreement.*

**The Convener:** Thank you. We meet again in three weeks.

*Meeting closed at 16:52.*

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