

# **ENTERPRISE AND LIFELONG LEARNING COMMITTEE**

**(INVERNESS)**

Wednesday 20 October 1999

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## ENTERPRISE AND LIFELONG LEARNING COMMITTEE

### 5th Meeting

#### CONVENER :

\*Mr John Swinney (North Tayside) (SNP)

#### COMMITTEE MEMBERS:

\*Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP)

\*Miss Annabel Goldie (West of Scotland) (Con)

\*Mr Nick Johnston (Mid Scotland and Fife) (Con)

\*Marilyn Livingstone (Kirkcaldy) (Lab)

\*George Lyon (Argyll and Bute) (LD)

Ms Margo MacDonald (Lothians) (SNP)

Mr Duncan McNeil (Greenock and Inverclyde) (Lab)

\*Dr Elaine Murray (Dumfries) (Lab)

\*Elaine Thomson (Aberdeen North) (Lab)

\*Allan Wilson (Cunninghame North) (Lab)

\*attended

#### THE FOLLOWING MEMBERS ALSO ATTENDED:

Mr David Davidson (North-East Scotland) (Con)

Rhoda Grant (Highlands and Islands) (Lab)

Mr John Munro (Ross, Skye and Inverness West) (LD)

Mary Scanlon (Highlands and Islands) (Con)

#### WITNESSES:

Mr Iain Robertson (Chief Executive, Highlands and Islands Enterprise)

Mr Jim Hunter (Chairman, Highlands and Islands Enterprise)

Mr Ralph Palmer (Director of Developing Skills, Highlands and Islands Enterprise)

Ms Tracey Slaven (Head of Corporate Planning, Highlands and Islands Enterprise)

Mrs Jackie Wright (Chief Executive, Lochaber Ltd)

Mr Gordon Cox (Chief Executive, Ross and Cromarty Enterprise)

Mr Archie MacDonald (Senior Investment Manager, Western Isles Enterprise)

Mr Arthur McCourt (Chief Executive, Highland Council)

Councillor David Green (Convener, Highland Council)

Mr Bruce Robertson (Director of Education, Highland Council)

Mr John Rennilson (Director of Planning and Development, Highland Council)

Allan Campbell (Chief Executive, Comunn na Gàidhlig)

Mr Donald Martin (Director of Community Development, Comunn na Gàidhlig)

Mr Lachlan Dick (University of the Highlands and Islands Development Co-ordinator, Sabhal Mòr Ostaig)

Mr Calum Robertson (Head of Corporate Planning, Sabhal Mòr Ostaig)

Professor Brian Duffield (Director and Chief Executive, University of the Highlands and Islands Project)

Dr John French (Head of Economic Development, University of the Highlands and Islands Project)

Dr Ray Harris (Strategic Projects Co-ordinator [Community Learning Networks], University of the Highlands and Islands Project)

#### COMMITTEE CLERK:

Simon Watkins

#### ASSISTANT CLERK:

David McLaren



## Scottish Parliament

### Enterprise and Lifelong Learning Committee

(Inverness)

*Wednesday 20 October 1999*

[THE CONVENER *opened the meeting at 09:06*]

**The Convener (Mr John Swinney):** Good morning. I bring this meeting of the Enterprise and Lifelong Learning Committee to order and I welcome members. I have received apologies from Margo MacDonald and Duncan McNeil, both of whom are unable to join us owing to illness.

The meeting has been joined by one of the members of the Rural Affairs Committee, Rhoda Grant, and I believe that John Farquhar Munro may also be joining us. We are also joined by David Davidson and Mary Scanlon, members of other committees who take an interest in our proceedings.

I extend a warm welcome to the members of the public who have come along today. Thank you for the interest that you have shown in the work of the Scottish Parliament and its committees.

I thank the parliamentary departments—the clerking team, the official report, the security staff, the broadcasting staff and the media relations personnel—for the tremendous amount of work that has gone into ensuring that this committee could undertake its proceedings in Inverness. I particularly want to thank those who are responsible for providing the simultaneous interpretation facilities for the Gaelic language, which will be used later today. For convenience, the necessary equipment for listening to the interpretation is on each desk, and all that people need to do is to put on the headphones and switch to channel 1; I am assured that it will work perfectly.

On behalf of the committee and the Parliament, I record our thanks to Highland Council for making the Town House available to us and for giving committee members a very warm welcome last night.

This is an historic meeting. It is the first meeting of a Scottish Parliament committee outwith the precincts of Edinburgh and members of the Enterprise and Lifelong Learning Committee are delighted to be the trail-blazers for that process.

We meet in historic surroundings. In 1921, the British Cabinet met in this hall to discuss Irish independence. I am told that the Cabinet met here

because Lloyd George was on holiday in Gairloch, which is a fantastic advert for the Scottish Tourist Board and holidaying in Scotland. We are pleased to be making history for the Scottish Parliament in this historic situation.

Our meeting today has two purposes. First, we shall conduct part of our hearings on the committee's first inquiry into the delivery of economic development, vocational training and business support services at a local level in Scotland. We are particularly interested to find out the Highlands and Islands perspective on that process.

Our second purpose is to hold more briefing discussions on the wider responsibilities of the committee in relation to enterprise policy in the Highlands and Islands and the Gaelic language.

In our work, we have spoken to many organisations to gather information about the committee's areas of interest. We decided that it would be a touch impertinent to invite all the Highlands and Islands organisations to Edinburgh to give us the benefit of their opinions and that, instead, it would be most appropriate for the committee to visit the Highlands and Islands to listen carefully to organisations and individuals here. I look forward to that opportunity.

### Local Economic Development

**The Convener:** The first part of our inquiry will be a discussion with representatives of Highlands and Islands Enterprise, who have joined us at the witness table. I welcome you all to the meeting. First, I invite the chairman of HIE, Jim Hunter, to introduce his team, from whom we will then hear a presentation.

**Mr Jim Hunter (Chairman, Highlands and Islands Enterprise):** Thank you very much, convener. First, on behalf of those in HIE and many other people in the Highlands and Islands, I warmly welcome your decision to come north on this occasion. We are delighted to be part of what is—as you say—something of an historic occasion. Perhaps we will see you again in the Highlands and Islands in the future.

We are pleased to have the opportunity to give a brief account of Highlands and Islands Enterprise's work and to consider some of the challenges and opportunities in the Highlands and Islands. Many of you will know Highlands and Islands Enterprise's chief executive, Iain Robertson, who is sitting on my right; we have been joined by Ralph Palmer, the director of skills development at Highlands and Islands Enterprise, and by Tracey Slaven, head of corporate planning.

With the committee's permission, Iain will give a brief presentation on our current work and on

some of the issues that we confront. We will then be happy to deal with any of the committee's questions.

**The Convener:** Thanks, Jim. You are very welcome. We look forward to hearing from Iain.

**Mr Iain Robertson (Chief Executive, Highlands and Islands Enterprise):** A schematic view of the Highlands and Islands indicates the scale and spread of the area, which comprises the northern half of Scotland and a sixth of Britain. With a population of 370,000 and a density of only nine people per square kilometre—against the UK average of 240 people per square kilometre—this is one of Europe's most sparsely populated regions.

Thirty per cent of our people live on more than 100 islands and the mainland areas are further fragmented by mountain ranges, penetrating fingers of sea and jutting peninsulas. Sparsity and physical barriers contribute to factors such as social exclusion—particularly for the unemployed, the poorly paid and the elderly—and to higher business and living costs.

When Highlands and Islands Enterprise was set up in 1991, amalgamating the powers of the former Highlands and Islands Development Board with those of the Training Agency, the 10 local enterprise companies came together spontaneously, reflecting sub-areas that were not pre-designated but had a natural sense of identity and cohesion. They also represent manageable chunks of geography.

Even so, convening a local enterprise company board meeting in areas such as Orkney, the western isles or Argyll and the islands can mean a long round trip of ferries, flights or road journeys and often overnight stays for the business and community leaders who give their time and expertise, unpaid, to provide local leadership and accountability.

The 10 LECs are the main delivery mechanism for the Highlands and Islands Enterprise network's programmes. Each LEC works to annually updated operating agreements and clear targets that have been agreed with Highlands and Islands Enterprise and are tailored to the needs of and opportunities in the LEC's locality.

As the slide shows, each LEC is also resourced by Highlands and Islands Enterprise, partly on the basis of a formula share that reflects population, fragility, need and other factors and partly on the merits of the LEC's annual operating and business plan. The Highlands and Islands Enterprise core body sets out local development output targets and provides strategic leadership and economies of scale through the provision of central support services such as accounting, legal and personnel services. Furthermore, we implement wider

Highlands and Islands programmes and major projects.

I will briefly take the committee through some of the challenges and aspects of the emerging potential of the Highlands and Islands. I will then outline some of the approaches taken by the Highlands and Islands Enterprise network to overcome the problems and realise the opportunities.

What are the strengths of the area? The area is experiencing an overall population resurgence from a two-century low of 320,000 in the 1960s to more than 370,000 in the most recent census.

Population growth is being outstripped by employment growth. We now provide 50 per cent more jobs here than in the 1960s—the figure is rising from more than 80,000 to more than 120,000. We are helping to stimulate a strong new business birth rate per head of population.

09:15

Our economy is at last beginning to diversify and become less vulnerable to national and global shocks to any one sector, such as tourism or agriculture. Examples of that diversification include biomedical manufacturers Inverness Medical Ltd; Iomart Ltd, which has located an internet service in Stornoway on Lewis; the AGM battery plant in Caithness; and Braidgrove Ltd's technology centre in Easter Ross.

Inward investment is a key driver for diversification. We are starting to build a broader portfolio that includes biomedical, knowledge-based and high-tech manufacturing businesses. We are also building on our indigenous business talent and have some long-established home-grown successes such as Norfrost, which employs more than 400 people and exports to 127 countries; Walkers of Aberlour, whose shortbread you have eaten in hotels and on planes all over the world and which employs several hundred people in rural Speyside; Ortak, which is based in Orkney and is one of Britain's largest jewellery manufacturers outside Birmingham; and Grampian Records in Caithness, which produces CDs and tapes for worldwide markets.

The area's export portfolio is also expanding and broadening. A joint Highlands and Islands Enterprise and Scottish Council Development and Industry survey revealed that Highlands and Islands manufacturing export sales—excluding the oil sector and whisky—more than doubled in the five years following 1991 from about £90 million to £200 million a year. At the time, that growth rate was at least equal to Scotland's overall. However, our export portfolio is particularly diverse, as it comprises a large number of small businesses in a wide range of sectors. Although trends slowed in

the past two years with the rise in the strength of the pound, there have lately been a few distinct signs of re-acceleration. In the same period, the number of active exporters in the Highlands and Islands has grown by more than 20 per cent, which is several times more than Scottish rates.

The rebuilding of community life and culture provides real assets for our area by generating local confidence and making unique contributions to the nation's sense of being and diverse make-up. Cultural renaissance also creates economic benefits in its own right, with, for example, 1,000 jobs in Gaelic tourism, arts and media.

Our environment is also a distinct asset, providing both unique conditions for industries such as quality food, tourism and renewable energy, and a global marketing cachet and brand name. It also provides the nation with a source of renewal and perspective in today's pressurised world.

The philosophy of developing people and investing in skills has penetrated deep into the area's business population of predominantly small and medium-sized enterprises and micro-enterprises, as in Kishorn in Wester Ross. Despite having less than 10 per cent of Scotland's businesses, we have produced 30 per cent of Scotland's Investors in People recognitions. Last year, the proportion of our skillseekers training while in work increased from 70 per cent to almost 80 per cent. Three years before that only 25 per cent undertook training while working.

Through fostering such strengths—in partnership with our colleagues in the local authorities and others in the public, private and voluntary sectors—we intend to establish the Highlands as one of Britain's most competitive areas, in terms of lifestyle, low crime, education, social cohesion, recreation and health care. The area has a head start, because we have a shared sense of place. The people, the businesses and the communities feel a strong sense of regional identity. Organisations value partnerships and we have no shortage of local leadership for local enterprise companies.

On our weaknesses, I have mentioned the area's population sparsity; it is the thinnest in Europe apart from that of the northern parts of Finland and Sweden. Highlands and Islands economic output—our gross domestic product—is still growing too slowly compared with that of Scotland, the UK and Europe. Our economy is still far too narrow and over-dependent on tourism and seasonal employment.

Despite overall repopulation, we have localised depopulation, largely because of age structure and youth emigration. The map on the slide shows the most fragile areas, as well as the initiative at the

edge areas, about which I shall go into further detail later.

The area has a complex physical geography. There are large distances between major cities and towns; Inverness is the only town with a population greater than 40,000 and Fort William is the only other settlement with a population greater than 10,000. We have other infrastructure problems, including access to markets, high transport costs and inadequate, often poorly integrated, transport systems.

As ever, major threats to the economy of the Highlands and Islands lie on the horizon. The dependence on the oil sector remains a serious issue. Employment in the oil industry is among the most highly paid in the area, but is extremely volatile. Less than a year ago, the industry employed more than 8,000 people; it currently employs closer to 6,000 and early in the new year that number will shrink by about 3,000. That will result in the loss of £100 million in direct and indirect wages, and will hit the Moray firth economy hard. Meanwhile, work for several hundred people has ceased in the Lewis offshore yard in the western isles. A small proportion of the workers have been outplaced, but the yard has gone into care and maintenance.

The strong pound is affecting exports and tourism. Tourism is worth several times more per head in the Highlands and Islands than in the rest of the country, but we are losing business and market share in the context of a global trend of growth.

The primary sector is under great pressure. Farming, fish catching, fish farming and the recently hit shellfish sector are significantly more important to the area than they are to Scotland overall. Localised problems are even more pronounced. For example, Orkney's dependence on beef production means that the area is suffering disproportionately from the problems affecting that sector. Similarly, farmed salmon pricing problems are hitting the western isles hard and Argyll has experienced significant job losses since the beginning of the current outbreak of infectious salmon anaemia. Sheep prices have decimated crofting and hill farm incomes. However, in my view, the greatest threat to the area would be a slackening in the overall development effort. Recovery is being demonstrated, but, after two centuries of decline, it is still tenuous and patchy.

We must look to our opportunities. We are harnessing new technologies. We established a rural lead in telecommunications infrastructure; we are building on that as a means to overcome sparsity and as a gateway to knowledge-based industries and e-commerce. Our first call centre opened in 1992, in Caithness, employing 26

people; there are now more than 1,800 people in a variety of similar jobs and there is potential for many more such jobs.

Inward investment is a key driver for growth and diversification. HIE's success in attracting new business, mainly in specialised high-technology sectors—both service and manufacturing—is growing and broadening the economy of the area. Last year, we attracted 18 inward investment projects, creating 1,275 jobs—a record—across the area. Those projects range from an internet service centre in Stornoway, potentially employing 60 people, a lithium-ion battery manufacturing plant in Caithness, employing 130 people—a joint venture with two Japanese companies and AEA Technology—to a call centre employing 300 people, in a problem area of Easter Ross.

The development of the University of the Highlands and Islands presents another opportunity. It will make a major contribution to economic and social development, creating jobs and revenue for the area in its own right, as well as opening up access to higher education. It will provide a new auxiliary engine for developing businesses, which increasingly seek such links for research, development and the commercialisation of ideas.

This year, with the Government and our local government partners, we gained European agreement for objective 1 to be succeeded next year by a major transitional funding programme of €300 million to 2005. That presents a major opportunity to capitalise on the success of the Highlands and Islands European partnership in establishing new transport and communications infrastructure, in developing business expertise and innovation and work force skills, in upgrading key aspects of sectors such as tourism and in promoting environmental sustainability.

The ultimate challenge is for the Highlands and Islands to become a net contributor to Scotland. We can achieve that through the development of a productive, resilient economy, strong exports, a boosted GDP growth rate, cultural richness and a full appreciation of the unique environment as a productive resource.

The strategy of the Highlands and Islands Enterprise network has evolved since its development in 1991 and its redevelopment in 1996. In the refocused strategy for 1999, the three main objectives remain consistent. HIE's main activities are summed up in the diagram. Although the individual activities fall into three groups, all those groups overlap. For example, work with businesses affects communities and individuals. Similarly, the development of confident communities and skilled individuals encourages business location and increases prosperity.

The first objective is to strengthen communities. We aim to do that by promoting investment in community assets, developing community strengths and leadership—helping people to help themselves—and enhancing the value of culture and heritage.

Our second concern is growing business. We will improve competitiveness by helping indigenous business with grants, loans, advice and a range of facilities. We assist new starts, attract inward investment and improve business locations through the provision of sites and premises.

Our third objective is to develop skills. We match training with opportunities—skilling for the area's needs. We extend access to training opportunities—we hope to provide everyone with a job with training. We develop the training and learning infrastructure; the main example of that is the University of the Highlands and Islands project.

Underpinning our strategy and our operations are a few key principles. First is sustainability—not simply environmental sustainability, but economic sustainability, relating to skilling and equipping businesses for long-term survival, so generating lasting prosperity, well-being and quality of life in the Highlands and Islands.

Our second principle is inclusion. We want to ensure access to personal development, fulfilment and employment for everyone living in the Highlands and Islands.

Our third principle is to work in partnership. The effectiveness of HIE and the many other bodies represented today depends on aligning plans, objectives and resources. Our best projects are joint projects. Some examples are the European partnership, the multi-agency Highland Wellbeing Alliance, project partnerships, such as the Aviemore redevelopment partnership, and the local economic forums that bring together LECs and local councillors.

09:30

A further principle is accountability. This network has pioneered key areas of public sector openness and transparency in the LEC board appointment processes. The HIE network will continue to lead the way.

Another fundamental principle is value for money. We ensure that the maximum development value is obtained for the public sector and private sector pounds that we leverage, and we will employ the best possible measurement practices to test that continuously. In short, our watchword is responsibility.

To round off, I shall show a couple of slides on

outputs and value for money. The network has made a substantial contribution to employment in the Highlands and Islands, creating nearly 25,000 jobs over nine years. I mentioned the importance of inward investment, but you will recognise that our main job remains to work with our home-grown businesses to enhance competitiveness, employment and income. I have stressed our commitment to achieving value for money and, as committee members will see, the results are increasing employment and output against a real-terms decline in our grant-in-aid over the period.

The Highlands and Islands region is in the process of getting back on its feet. Two keywords are progress and legacy. Significant challenges remain, but the area is at last showing its potential and is demonstrating that, given a reasonable chance, it can provide a good life for its people. It can make a valuable contribution to the economy, to the environment and to the cultural well-being of the nation. In that vital task, we look forward to the Parliament's continuing interest, to liaising with the committee, and to the committee's support in the years ahead. Thank you.

**The Convener:** Thank you, Iain, for a comprehensive presentation and for some refreshing insight into the strengths of the network and the problems that endure in the Highlands and Islands. That is much appreciated. I invite general questions, for up to half an hour, on Highlands and Islands Enterprise, before we address the specific areas of our own inquiry.

On the problems that face the Highlands and Islands and the challenges for the network, you said, Iain, that the biggest threat was any relaxation of the development effort. In your concluding remarks, you said that there had been a real-terms decline in grant-in-aid to the HIE network. Can you explain how those two remarks can be balanced? To what extent is the real-terms decline in grant-in-aid a problem for the effectiveness of Highlands and Islands Enterprise in delivering its strategy? In the context of the developments and changes in European funding, especially in relation to objective 1, how does the network plan to continue the development effort that you described within the conditions that you outlined?

**Mr Robertson:** We have been fortunate to receive sustained funding from successive Governments, which we value greatly. However, with pressure on Government and throughout the public sector, funds are hard to come by. As a development agency, we are being asked increasingly, and rightly, to squeeze as much value for money as possible from the public pound. That is what we have sought to do. Our funds have tailed off in real terms, but we have managed to produce predominantly improving

results across the board for the public purse. It is becoming harder to do so, however. We cannot sustain improved results with lower real-terms funding. It must be borne in mind that there is a connection between the two.

**The Convener:** How does that translate into the practical choices that face the network? You will find no lack of support in this committee for increasing value for the public purse through economic development and other expenditure. The question is whether the strategic horizons that are expected of Highlands and Islands Enterprise can be delivered on a declining real-terms budget.

**Mr Robertson:** We have become good at leveraging resources from, and working with, other bodies. We have had to become good at financial engineering in our projects and at saying no to the cases that are less valuable for the area, which does not always make us popular. Across the board, the opportunity to work more closely with businesses, through the increasing contact between the LECs and local business, means that we are increasingly able to get better results for each pound from the private sector. We face the hard task of driving down our contribution to each project, grant and situation.

**The Convener:** So, for example, instead of HIE contributing 40 per cent of funding to a project, it is contributing 25 per cent and leveraging resources from elsewhere?

**Mr Robertson:** Yes.

**The Convener:** I understand that, but what does that mean for the viability—or rather, the commencement—of more uncertain projects, for which, in the past, support from Highlands and Islands Enterprise would have made a difference where the risk evaluation was too great for the public purse to take on? Those projects were more likely to have been taken on in the past than they are now, as there is a decreasing HIE component.

**Mr Robertson:** The area has not lost any projects through lack of funding, but there is often a fine line between viability and non-viability. We have had to be firm with applicants on the level of available funding, and the LECs must be firm in reviewing cases. A development agency must always take account of displacement and additionality criteria, but the declining grant, in real terms, at the level of output cannot go on. We will not sustain output level without some real-terms accommodation in funding for the development agencies in the area.

**Mr Hunter:** I offer a further thought on that. Although our grant aid to projects is focused on development, development in a rural area such as this is not solely about the injection of capital, although such aid is critical and I do not want to minimise its importance. However, one of the

great strengths of the network—with which I have been involved in various capacities and at different levels since its inception—is that local enterprise companies are now able to work closely with businesses and communities in the localities in a way that was not possible within the previous, more centralised set-up. The network is therefore a marked improvement on what existed before.

As part of the overall process, at all levels in the community, we are involved in projects and partnerships with others that increase local confidence. It is difficult to measure that, although we are making some attempts to do so. I am convinced that creating that confidence must be one of our aims.

**Miss Annabel Goldie (West of Scotland)**

**(Con):** Mr Robertson, you mentioned that HIE was formed in 1991 and that there are 10 LECs. There are two parts to my question. First, does HIE propose to reappraise the number of LECs or how they operate, given that eight years have passed? Secondly, in your slide, there seemed to be a fairly close pegging between allocation of resources and population. The exception was the western isles, for which the formula share was the predominant factor, for reasons that we can all understand. Is the allocation of resources prescriptive, or do you anticipate that there may be a departure from the population aspect as a result of changing circumstances and technology?

**Mr Robertson:** In answer to your first question, we have no proposals to change the LECs; that would have to be done through the Scottish Executive. We find that our LECs are, as Jim Hunter said, particularly close to their customers. Bottom-up development really works—that is our message. The LEC in Skye has 12,500 people in its catchment area. It is very accessible and has been one of the most successful LECs in the country in terms of Investors in People awards and various other things. The form of local development in our area is increasingly the subject of interest from across Europe and the wider world.

There is an anomaly in the Moray, Badenoch and Strathspey area, because we share the management of that LEC with Scottish Enterprise. That situation has been considered several times and both Highlands and Islands Enterprise and Scottish Enterprise are relaxed about whether one or the other should take it over entirely. The LEC, too, is relaxed about a change, but no change has ever come about. The system works relatively well at the moment but it could probably be improved if people wanted that.

I will ask Tracey to answer the question on the allocation of resources, as she is deeply involved in that work.

**Tracey Slaven (Head of Corporate Planning, Highlands and Islands Enterprise):** The formula share affects six of the LECs significantly and, as members will appreciate, the Western Isles LEC is most affected. We start from the population bases. Some LECs cover fragile areas that suffer either economically, demographically—from having an aging population—or geographically, from being islands off islands, for instance. Those LECs gain 0.1 percentage points of the share of our total budget for each 10,000 people living in those areas. That resource is diverted directly from Inverness. If we allocated the budget simply according to population share, the Inverness and Nairn LEC would get around 20 per cent of the budget. The formula share gives it only 8 per cent, so there is a big diversion of resources away from the core area.

**Mr Robertson:** The beauty of the network is that, although we start off with the indicative budgets for the LECs based on the formula share—that is done in sync with the needs of the area—as we go through the year, if one area finds that it has a really good big project coming up, it can ask us whether we can find more money in the network. We then talk to all the LECs and find out which ones are running slack and which are running ahead. Over the past nine years, we have been able to accommodate some gigantic projects, including several £7 million projects, by arranging for LECs whose spend is low to allow other LECs to take a portion of that cash so that projects can go ahead and to get the money back several years later.

**The Convener:** What proportion of your budget are you likely to move around in that way in any given year, Iain?

**Mr Robertson:** Eighty per cent of our budget is spent by or for the LECs, but I am not sure how much—

**Ms Slaven:** The swing in any one year has been up to about £8 million or £9 million. The strength of the network lies in the fact that, over the eight or nine years in which we have been operating, the allocation to the LECs has been driven more than 85 per cent by the formula share, despite the big swings year by year.

**The Convener:** If my mental arithmetic is any use, that means that you are talking about perhaps 12 per cent that may be moved around in any given year to reflect market reality.

**Mr Robertson:** That does not happen every year. For example, the Aviemore town centre project went slowly for a couple of years. During those two years, we had inward investment opportunities from Inverness Medical and AGM batteries, so we were able to enhance Caithness and Sutherland Enterprise's budget to deal with

the AGM development, and Inverness and Nairn Enterprise's budget to deal with the Inverness Medical development.

**Mr Hunter:** There is no doubt—I speak partly in my previous capacity as chairman of a LEC, Skye and Lochalsh Enterprise—that that flexibility and that potential for additional funding is part of the process that keeps LECs very much on their toes. As Iain said, money is not moved around every year, but there is the potential for that to happen. At Skye and Lochalsh Enterprise, that opened up opportunities to do things that might not otherwise have been possible. Most of our LECs have become very good at working within that flexible system.

**The Convener:** I am interested in the concept of voluntary swinging around of resources. I would be fascinated to be a fly on the wall at some of the discussions or telephone calls that go on about it.

**Mr Robertson:** One of the things that we need to do in the network every year is to ensure that we maximise the spend. If money is coming to the Highlands, we certainly do not want to hand any of it back. As you know, the public sector works on a curious cash-accounting basis—at the end of every year, we try to make the spend as close as we can to the designated spend for the year, so that no money is left on the table. We have been able to do that successfully over the past nine years by ensuring that no good project, wherever it is in the network, goes unfunded.

09:45

**Allan Wilson (Cunninghame North) (Lab):** Those answers have covered some of the points that I wanted to ask about. On objective 1 transition funding, I was at yesterday's European Committee, where the second draft of the consultative draft plan on the use of those funds to promote economic development in the Highlands was discussed with the Minister for Finance. The convener of that committee spoke about tensions between Highlands and Islands Enterprise and those involved in drawing up the draft plan. What comments do the witnesses have about those alleged tensions?

The draft plan identifies two strategic objectives. The first is to raise the gross domestic product of the Highlands in the context of the European average, given that the Highlands is the only part of Europe that will benefit from successful UK negotiations on objective 1 transitional funding. The second aim, which is crucial, is to address the disparity within the region in terms of GDP. What has been said about arguments within Highlands and Islands Enterprise about need and opportunity is interesting, but I would like to hear more about how Highlands and Islands Enterprise would

address disparity in GDP within the region.

**Mr Robertson:** The Highlands and Islands European partnership, comprising ourselves, local authorities and other bodies, has been hugely successful and is regarded in Europe as a model for how other areas should work. Over the first few years of objective 1, we have learned how to work together and we have learned some lessons about how to spend in the future. You mentioned tensions in the plan group—

**Allan Wilson:** The convener of the European Committee mentioned tensions.

**Mr Robertson:** There have been minor tensions. For example, some people want more for fishing and some want more for agriculture or for something else. However, there have been no major tensions. In fact, the only real tension in the plan group concerned a portion of the plan—on agriculture—that was due to come from another department. The plan as it is now drafted is very good. The biggest hurdle that we will face will be getting it through Europe.

Europe likes to have a plan with lots of fine detail, which will then be adhered to over a five-year period, but life is not like that. A plan with fine detail for five years will not be appropriate for dealing with some of the problems that arise during that period.

The general plea from the Highlands and Islands partnership to Europe is for flexibility—we want to be able to create schemes under the plan that will devolve spending and authority to the bodies in the area that are good at running development and infrastructure projects. Councils are superb at organising projects such as the Eriskay causeway, which has just started, and the Uist-Harris ferry. Excellent projects such as those can be safely delegated to local areas, as can schemes such as the HIE tourism attraction scheme. We also operate HIE waste schemes—a programme for bringing business waste problems to the fore and addressing them in an environmentally friendly manner—and HIE standards, for upgrading tourist businesses. What we are all looking for from Europe is flexibility.

**Allan Wilson:** Is that flexibility in infrastructure projects in particular or across the board?

**Mr Robertson:** Across the board. A tight measure will not allow change over time. Under objective 1, the amount of money is prescribed: if schemes run out of cash, they cannot be continued. Also, there was not a lot of competition for the funds in the early years but the competition for the funds in the later years was huge. The projects got better as people got better at operating the system. We would like things to be more even this time.

**George Lyon (Argyll and Bute) (LD):** One of the key challenges for the Highlands and Islands—especially the west coast—is business sustainability. The business start-up rate is usually good, but it has proved hard to sustain the businesses. I have been involved with the enterprise network and I know that it is easy to obtain the initial capital but hard to prevent the businesses from closing down after two or three years. Have you any figures on the number of businesses that are supported by the enterprise network and the length of time that they have been sustained? How does their sustainability compare with that of businesses that are not supported by the enterprise network?

Allan Wilson mentioned objective 1, but if Inverness were taken out of the equation, the Highlands and Islands would still qualify for objective 1 funding. During the next plan period, how will the key areas of the region be dealt with? The GDP rates of the western part of the Highlands and Islands—the poorest part of Scotland—are sitting away down at 70 per cent of the average.

The digital telecommunications network has been one of the big projects undertaken in the Highlands and Islands. Does that network need to be upgraded or are you confident that it is up to the job? There are problems with the Kinlochleven call centre scheme because the digital network cannot meet the needs of the company involved.

**Mr Robertson:** I will answer the first and last parts of your question and ask Tracey to answer the middle part.

We have conducted surveys and found out that 66 per cent of the businesses whose start-ups we assist survive more than 18 months. The majority of the indigenous businesses that we invest in survive in the long term. On average, at least 75 per cent of the jobs that we estimate will be created are created. In some local enterprise company areas, more than 100 per cent of the estimated figure has been achieved. We have a good success rate in on-going business activity. We operate aftercare with Highland businesses. Many of the LECs have adopted what we call an account manager system—the committee may want to question Lochaber Ltd about that as it piloted the scheme. One of the useful things about LECs is that, if one of them comes up with a good idea, the others pick it up.

**The Convener:** If a local enterprise company has a good idea, does Highlands and Islands Enterprise punt that to other LECs, assume it to be standard practice and negotiate contracts on the basis of that practice?

**Mr Robertson:** Yes. We have a meeting of the chief executives of the LECs every two months.

The HIE board moves around all the LECs and three out of four of our HIE board meetings are in the LEC areas. There is constant dialogue and I do not have to tell the chief executives what are good ideas and what things they should do. I do not have the authority to do that, anyway, and they pick up on one another's good ideas naturally. The account manager system that Lochaber Ltd championed has been useful.

Our front-line directors in HIE—the director of growing business, the director of developing skills and the director of strengthening communities—all used to be chief executives of LECs. There is a natural willingness to pinch other people's good ideas.

**George Lyon:** What is the percentage figure of businesses that you assist in terms of those that have been assisted when measured against the actual start-up rate? For the Scottish Enterprise network, it was 20 per cent.

**Mr Robertson:** I am not sure what figure you are talking about.

**George Lyon:** Of the businesses that start up, how many do you assist?

**Mr Robertson:** We do not know the number of new businesses that have started in the Highlands. We have a new business birth rate figure that is based on information from the clearing banks. I have not worked out what percentage of those we assist. Are there about 2,000 new business start-ups a year in the area, Tracey?

**Ms Slaven:** There are about 2,400 a year on average in the Highlands. We assist about 260 a year—just more than 10 per cent—through our business start-up scheme. About 100 new business start-ups go through our finance for business programme.

**George Lyon:** You reckon that you assist about 10 per cent?

**Ms Slaven:** It is more like 15 per cent or 20 per cent, if all the programmes are combined.

**George Lyon:** What is the sustainability performance of the businesses that have been assisted in comparison with the ones that have not?

**Mr Robertson:** We cannot tell. We are not allowed to assist some of those businesses. For instance, we would be unable to assist a newsagent that is two doors along from another one. This is a difficult area to measure.

**The Convener:** I would like brief answers to the other two parts of George Lyon's question, then we must move on.

**Mr Robertson:** The potential for the digital

telecommunications network is huge. Of course, networks have to be upgraded. We are constantly in dialogue with the mobile phone companies and the major telecommunications companies such as British Telecom and Scottish Telecom and we work with them to upgrade the networks wherever we can. Occasionally, we get caught out by a problem such as long lines into a village. In the case of Kinlochleven, Database Direct was not getting the assurances on future maintenance that it wanted. That assurance has since been given to the company and British Telecom has moved to ensure that engineers will be available 24 hours a day. That will ensure that Database Direct can get the support that it needs to operate a 16-person call centre that is situated about as far up a Highland glen as it could be.

We are constantly trying to move the technology forward. Another major telecommunications initiative would involve our putting in £6 million and British Telecom putting in £20 million. We do not think that that will happen, but we need to keep pace with technological change. We have made three major telecommunications thrusts in the Highlands: the ISDN initiative and subsequent upgrading and the mobile telephony initiative, which will bring mobile telephony to 95 per cent of main Highland roads during the next year. Those are the major areas of investment now, but more investment will be needed as technology advances.

10:00

**Ms Slaven:** On sustainability, you raised the question of increased focus on maintaining start-up companies. That is being emphasised at present. As you will be aware, Argyll and the Islands Enterprise has a new business programme, which is partly funded by Europe. In the first years of its operation, that concentrated on starting large numbers of small businesses. The focus of the programme is changing; it will now be on sustaining those businesses in the longer term, now that the untapped demand has been released.

**Mr Robertson:** I think that George had a question about the effect of Inverness GDP on Highland GDP.

**George Lyon:** My question was about the thrust of the next plan and how you will address the problems that are faced by the western areas, where the level of GDP per head stands at 70 per cent of the average.

**Ms Slaven:** That is correct. Our strategy in the priority areas is to focus on diversification. The way in which to increase GDP in those areas is to increase employment opportunities for individuals. That is why we are trying to encourage inward investment in areas such as the western isles to

provide jobs that are significantly better paid than some of the multi-occupational jobs that people had previously. The strategy also provides better opportunities for people who remain in the primary sectors, because wealth is then not spread so thinly across the area.

**Mr Hunter:** We are well aware that this is a major issue for us—the Scottish Executive is also aware of it and has drawn our attention to it. The fragile areas, particularly on the west coast—although not exclusively, because areas such as south-east Sutherland and the outlying islands of Orkney and Shetland are also affected—are high priorities for us.

I emphasise that we do not regard these problems as insoluble or eternal; we are convinced that they can be cracked. We are equally convinced, of course, that the job is not easy. However, I draw the committee's attention to the fact that some areas on the west coast that were, not too long ago, as or more depressed than the rest—I am thinking particularly of Lochaber and Skye—are now extremely successful. Their economies have diversified to a great extent and they have rapidly expanding populations. We believe that that success story can be replicated elsewhere, and we are committed to endeavouring to achieve that. We are aware that there are particular challenges in George Lyon's area. In these discussions there is always a focus on the western isles—quite understandably—but some parts of Argyll, Kintyre and the islands have equally serious problems. Those are a high priority with us.

**Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP):** I want to return to the remarks that Iain made at the start about high transport costs being a weakness of the Highland economy. I am concerned about, on the one hand, the lack of sufficient public transport and, on the other, the higher cost in the Highlands of virtually all forms of traffic—road, rail, ferry and air.

I would like to know your views on two issues, which I know HIE has considered. The first is the impact of the fuel duty escalator on the Highlands in general. Do you have any ideas on how to mitigate the effects of that on extreme rural areas in particular? The second issue is the prospect of road tolls on trunk routes. I was interested to read today in our local paper, *The Press & Journal*, that the Government may rethink some of those policies. I would welcome that. I would also like to hear your view on the impact that the two policies that I have mentioned are having or will have on the Highland economy.

**Mr Robertson:** The Highland region as a whole suffers high transport costs. That is true not just of roads, but of ferries. Some people live on islands that lie off the coast of other islands, so they have

to take two ferries to get home. The planes are expensive, ferry fares are expensive and petrol is expensive. That is a significant burden for an area that is trying to grapple its way back up. The loss of the Heathrow link, for example, was significant. Traffic on the route has been down as a result.

The fuel duty escalator disadvantages the region, because the percentage of car users is higher in rural areas. It is particularly high in the Highlands, as people have to travel long distances for basic amenities such as the bank, the doctor or the shop. This is an extremely important issue, and we would hugely welcome anything that the Government did to mitigate fuel costs in rural areas.

If there are road tolls, even in the south, that will put up the cost of goods coming north, which is a problem for us. On the other hand, if road tolls create funds that are ring-fenced and can be used for the benefit of the road system throughout the country—particularly in the north—we in the Highlands might benefit from a pool of cash that was raised in the south. However, I am sure that the south would have something to say about that.

We do not have a problem with road congestion. We may get a little antsy in the summer, when there are caravans on the A9, but by and large we do not get traffic jams of any significance in the Highlands. We do not have much of a pollution problem from the road system. The upside of road tolling for us is that we might get access to funding. The downside would be a considerable extra cost.

More generally, we are 100 per cent behind the idea of a Highlands area transport authority. We have been working with the local authorities on that, and we would like it to be discussed further at the next meeting of the Highlands and Islands Convention. A transport authority would be a good move.

**Fergus Ewing:** Thank you for that answer, Iain. In the paper that HIE recently submitted to the development department, you suggested that the value of the fuel duty escalator could be refunded to extreme rural parts of the Highlands. You estimated that that could be as much as £12 million a year. Might that be a possible solution?

**Mr Robertson:** In our responses, we are trying to be creative and to offer a variety of solutions. I hope that we will find a way. I think that there is general sympathy with rural areas over the cost of fuel—I sense that from Government and from newspapers. We are all searching for creative solutions to this problem. Anything that the committee can do to help would be greatly valued.

**The Convener:** The agenda for our meeting on 27 October includes an item that has been requested by a number of members—Annabel

Goldie, Allan Wilson and Fergus Ewing—and relates to this issue. We will come on to that. Will members keep questions brief, as I am anxious to make progress?

**Dr Elaine Murray (Dumfries) (Lab):** You mention the opportunities for inward investment and report that you have had some success in that area. Obviously, you have achieved that against the background of remoteness from the central belt and centres of population, of high transport costs, and of a sparse population. Will you say a little more about how you have managed that and about any lessons that you think Scotland as a whole could learn, as Scotland is remote from the main centres of population and the main markets in Europe? Is there something that we could learn from your experiences in attracting inward investment?

**Mr Robertson:** Frankly, it is our people rather than our packages that have attracted inward investment to the area. High-tech industries need a high quality of work force, and we have that in the Highlands. We have adjusted our training programmes to ensure that we are providing the kind of training and upskilling that our workforce will need to be adaptable and to attract inward investors in future.

We are also able to offer a good package. We have worked closely with Locate in Scotland. The Inverness Medical Ltd inward investment was worked on jointly by HIE and Locate in Scotland. The AGM Batteries Ltd joint venture in Thurso was negotiated by the chief executive of Caithness and Sutherland Enterprise, who did an excellent job.

We have a good team that works closely with Locate in Scotland. We try to move fast, because we are in competition with many other countries, including Ireland and Israel. Inward investment takes a huge amount of effort. We do not travel abroad or duplicate the work of Locate in Scotland to any great extent. If we go abroad to visit a potential client, we ensure that Locate in Scotland is informed and, if it wants to be, involved.

Our other selling point has been the telecommunications infrastructure. A lesson for other rural areas in the country would have been to ensure that the basic infrastructure—soft and hard—is such that the footloose industry available in this changing world can be attracted. That is where we have scored, perhaps, over the Borders.

Inward investment is a tough game. Its value to us is as the quickest way of broadening the economy. A broad economy is hedged against the downturns in any particular commodity. It has been our aim to achieve that, and I think that the Scottish economy as a whole has to be as broad as possible. Downturns in individual commodities will not stop. In fact, with the changes going on in

the world, they will accelerate. Ten years ago, windows were things that we looked out of.

**The Convener:** Thank you for that thought.

**Mr David Davidson (North-East Scotland) (Con):** I found what Iain Robertson was saying interesting—

**The Convener:** Just before you start, I must ask for brief questions and brief answers. We have not got much time left.

**Mr Davidson:** I will not give a political speech, convener: I acknowledge your comment.

Your organisation, Iain, is really a strategic one: obviously, you have to look forward. We have heard a little bit about how you have succeeded in the past, but what are your infrastructure priorities for the future?

**Mr Robertson:** The one that we are trying to finish off is that of mobile telephony. It was all very well having good fixed telephony, but we need mobile telephony, which will open many other doors—by that I mean changes in the signals and data which can be sent using mobile telephony.

Roads and road access are never terribly popular subjects; the roads budget is always the easiest to attack. The Mallaig road, for example, needs attention. Mallaig is an extremely important fishing port. The large trucks still have to use what is, in places, a single-track road. We could have done with a better road between Inverness and Aberdeen. Anyone who travels that road knows that it is dangerous and busy. We might have had more oil-related activity if that were a better road. The A9 has made an enormous difference.

I mentioned infrastructure, ferries and the Eriskay causeway. That has been going ahead now. We have been working with Western Isles Council on that: it will be a welcome improvement that will save the island of Eriskay from continuing decline. The University of the Highlands and Islands is a piece of softer infrastructure, but it is infrastructure none the less.

Those are all priorities for the future, and we are examining satellite technology, ASDL—asymmetric digital subscriber lines—and a wide range of other technologies.

Many of those infrastructure matters are not entirely in our gift, so we must create partnerships with Government and with private industry to make them happen. For example, the mobile telephony partnership is between CellNet and Vodafone which, historically, have not talked a lot together. They joined together, however, to bring mobile telephony to the Highlands. That partnership involved funding from us, the European Union and a huge chunk from those two companies. This is what we are trying to do: create networks of

interested parties to further the opportunities throughout the area.

10:15

**Elaine Thomson (Aberdeen North) (Lab):** In your opening statement, Mr Robertson, you talked about oil-related and gas-related employment. You indicated, I think, that that had involved 8,000 people, that that figure has now dropped to about 6,000, and that you think that it will drop by about a further 3,000—50 per cent—over the next six months. How important are those jobs to the Highlands and Islands economy overall? How important do you see oil and gas employment in the longer term, particularly if there is continued exploration west of Shetland?

**Mr Robertson:** Oil and gas employment is immensely important to the Highlands. We have always recognised that a large part of that employment was in building or fabrication yards. Fabrication has always been cyclical. We have just come through a low oil price scenario—I hope we are over it now, as the price is now above \$20 a barrel—but the situation is still delicate. Having hit the low, the oil industry has cut back on its development. That means a lag time for the fabrication sector. There is overcapacity in the fabrication sector throughout the world, and Britain is no exception. We have tried to ensure that our fabrication yards—Lewis Offshore and BARMAC—have the infrastructure and potential to remain on the bidding lists, in worldwide terms, whatever changes are happening in the oil industry.

For example, we used our own and European funding to re-equip the dock at the Nigg oil yard, because the industry was moving towards the potential for floating technology—floating rigs instead of the fixed structures of the past—for the west-of-Shetland oilfields. The Nigg yard is poised ready. In the world today, anyone considering building a floater must consider doing it in Nigg or Ardersier, because those two yards have world-class capacity.

We hope that that world-class capacity and the expertise in the joint venture between Brown and Root and McDermott—the BARMAC company—will ensure that the Moray firth area stays on the agenda for the oil companies in the future. In the meantime, we have a pit to get out of. We hope that the Nigg yard will get some orders, but the number of UK orders will be low. Therefore, the work force requirement of the Nigg and Ardersier yards will be low: they will be lucky—very lucky—to have 1,000 jobs there from April.

The last time that there was a downturn in fabrication, we were able to keep the families predominantly in the area. We created job shops. People were attracted to them, and to jobs

offshore. This time jobs offshore will be harder to get in the rest of the world.

Construction, however, is on the up, and many of the workers came from construction. We hope that, by setting up a database, which we call HIE Opps, this register of available workers will help us place as many people as possible in such a way that the families do not have to move out of the area. In this way, they will ride the downturn.

There are many other oil-related activities in the area, including Sullom Voe, the Rockwater plant and other small companies.

**Mr Nick Johnston (Mid Scotland and Fife)**

**(Con):** My questions will be brief. I rather think that the answers may be long.

On page 67 of the Highlands and Islands Enterprise glossy, the 8<sup>th</sup> Report, one of the key objectives is "Developing Skills". It appears from the figures that you have spent £2.5 million less than was projected under the headings "Skillseekers", "Training for Work" and "Projects & Marketing".

Secondly, in your presentation you briefly mentioned population shift from the western isles and the west of the area that you cover. You mentioned leading edge and working at the edge, and you were going to return to that.

Thirdly, could you comment on the value of sporting estates and land to the Highland economy? How might that be affected by the rating of sporting estates and land reform proposals? How do you think that the university for industry might impact on the Highland economy?

**Mr Ralph Palmer (Director of Developing Skills, Highlands and Islands Enterprise):** On the downturn in our expenditure in skills development, we have to take into account last year's situation. There has been a reduction in the training-for-work budget as a direct result of the new deal, which now covers the 18 to 24 age group. We have put a lot of effort into supporting the new deal at a local level and in partnership. That accounts for quite a chunk of the reduction. Our training-for-work budget is about half what it was six years ago.

The skillseekers programme has had a 10 per cent reduction over the same period of time, but it has been most important to raise the quality of the skillseekers product, and to ensure that it is acceptable not only for the young people who want to participate in the programme, but for the employer.

On the Scottish university for industry, we are looking forward, we hope, to an expansion in the take-up of adults going into further education and lifelong learning. The university should be a big stimulus for that, and can build on the University of

the Highlands and Islands. The colleges are all ready for it, and the trick will be to get as many people in their later life who are currently not involved in education or training to take part.

**Mr Robertson:** The initiative at the edge was a very good idea. It came from Brian Wilson, when he was a minister. We realised, when talking to him, that we were being quite successful in what we were trying to achieve. He felt, however, that there were communities with few inhabitants right out on the edge that we were not touching. He came up with the initiative at the edge. It was to give us and the local authorities an extra boost to try to work more closely at a local level in villages, bringing in the communities themselves to make them feel that they were valued and that they had the ability to help themselves. There are currently seven initiative-at-the-edge areas.

We have appointed a co-ordinator and an assistant for it, who are working in the western isles. They report to Lorne MacLeod, who is our director of strengthening communities. So far, those seven groups have done studies and surveys in their local areas, and they are all looking for small projects that can give a village heart. A community that has completed one project together will go on to undertake many more projects together: its members are able to benchmark good ideas among themselves, to meet and proceed on that basis. There is great enthusiasm for such projects among local authorities and LECs.

**The Convener:** Land reform?

**Mr Hunter:** We welcome the Scottish Executive's proposals for land reform. As a network, we have been involved in such matters for a considerable time. Through our community land unit, we have a track record of dealing with several of those proposals. I want to emphasise the positive side. We do not view the land reform effort as separate from our other activities. In the media, and in other discussion of the issue, the focus, from time to time, tends to be on what is loosely described as the removal of bad landlords. We view that in a rather different context. We are trying to create a new range of opportunities for communities—not always in our more fragile areas, although most of the more widely publicised cases have been in those areas.

I also emphasise that this initiative—the work of the community land unit—has not been concerned solely with the headline cases of Knoydart, Eigg and Assynt, which have involved extensive areas of land, sometimes whole islands. Of the many cases that the community land unit is handling, which are coming in all the time from communities, often the area of land in question is relatively small. The community land unit is a new, or different, mechanism for allowing communities and

businesses within communities to access land that otherwise might not have been available.

It is worth emphasising that a part of this effort must be to continue the good work that was done by the previous Administration in transferring publicly owned land into something approximating to directly community-controlled land. One such initiative was successful not far from here, at Abriachan on Loch Ness. That involved the transfer of land from public ownership, in the shape of the state agency, the Forestry Commission, to a local community. That is all part of the package.

You mentioned sporting estates, which clearly have some value to the Highlands and Islands' economy. Inevitably, in the politics that surround this issue, claims are made, on both sides of the argument, which are exaggerated. We recognise that sporting estates are of value. As long as blood sports continue to be a part of what is available to us, that fact will remain. However, I emphasise that there is no necessary correlation between being able to use sport as a source of revenue and the current ownership arrangements. There could be income from sport under different ownership arrangements.

**The Convener:** I think that we should leave that controversial issue for now.

**Marilyn Livingstone (Kirkcaldy) (Lab):** I shall be brief, convener. Of HIE's budget, £14.8 million is spent on the development of skills. How successful have you been in achieving one of your priorities, which was to widen access, especially for the most fragile communities? How much of that has been done in partnership? That is the first part of my question; the second part is very specific. Do all the training programmes that you fund have access to the same wide range of portfolio qualifications, or does some of your funding push people down the Scottish vocational qualification route? If so, why?

**Mr Palmer:** Your first question concerns partnership. We rely on intermediaries, training providers, colleges and others for help, particularly when social inclusion and access is involved. Access is probably the single biggest issue in the Highlands and Islands, given the sparsity of population, low population densities and the need to travel. For example, a youngster living in Berneray might work away from home in Balivanich and might have to attend Lews Castle College in Lewis for 10 weeks a year. Quite simply, someone has to pay for that and we do our bit in picking up the tab.

On SVQs, the skillseekers model was designed to improve quality and to provide jobs with training—not training with a job placement, which is another important distinction. We chose

vocational qualifications as our quality mark. Eighty per cent of our youngsters will be in jobs, working towards vocational qualifications where appropriate. We also train in areas where vocational qualifications are not available.

Inward investment was mentioned earlier. We listen to our customers, who are inward investors, and find that they are looking for computing skills. The European computer driving licence is a short-term course, lasting four to six weeks, which readily skills people and equips them for job interviews in a call centre. We use whatever method is appropriate.

**Marilyn Livingstone:** If we are seeking a lifelong learning culture, bringing in training and education, particularly for our young people, in order to be able to skill a workforce, I am quite worried about the drive towards SVQs for 16 to 18-year-olds. The new deal programme allows people to choose from a range of Scottish Qualifications Authority portfolios, and Scottish Enterprise takes the same line. Why do young people not have the same choice as those aged over 18? Is Highlands and Islands Enterprise going to review its policy?

10:30

**Mr Palmer:** Young people going on to skillseekers programmes have a wide choice of vocational qualifications, as I have said. There are issues about those people aged over 18 and about people in the workforce. Through our discretionary training programme, we support a range of qualifications that are not SVQs, including short courses that are totally work-dependent and in line with both business community and individual wishes.

**Marilyn Livingstone:** But my question is, why are not those courses offered to the 16 to 18-year-olds?

**Mr Palmer:** We had a drive on quality because, initially, when we took over this area, quality was an issue. We must be more flexible, which we will be, particularly on access for individuals who may be disadvantaged or who may have problems. We will have tailored training programmes for them.

**Mary Scanlon (Highlands and Islands) (Con):** I will be brief.

Tourism is a major industry in the Highlands. Why do you think that we are losing market share against global growth?

You mentioned the University of the Highlands and Islands several times; however, I am aware that several colleges are facing severe financial hardship with deficits of more than £1 million.

Are you concerned about the grant system? I read an article in *The Scotsman* on Saturday

about people on Eigg getting a small grant in order to get a bigger grant in order to employ someone to get a really big grant. Are you concerned that the renaissance of the Highlands is very much dependent on grants, which is becoming an industry in itself?

**Mr Robertson:** On tourism and the question on why we are losing market share, worldwide opportunities are available to an increasingly discerning tourist. The choices are legion and, as a result of those choices, we have lost a lot of home market, or domestic, tourism. People who used to holiday in Scotland with their families now go abroad. The foreign tourism spend has gone up, more or less, every year and so we are gaining a little from that. However, the numbers are not significant and account for less than 25 per cent of the Scottish tourism industry—the high pound has cost us dearly these last few years.

We have focused our efforts on raising the quality of the tourism product in the Highlands. We have made grants to tourism businesses, which we have made dependent on those businesses raising their quality under quality categorising and on undertaking Investors in People. Tourism businesses were, at one time, notorious for not being particularly interested in the predominantly itinerant workforce that they employed. We are trying to increase the attractiveness of the tourism industry to local people, to raise quality standards and to increase job opportunities in the industry through training, working closely with the Scottish Tourist Board and Scottish Enterprise.

The Scottish tourism industry must take the lead more. Government funding is available and is a significant prop for the industry, but the industry must make the running. Few industries in the country receive a similar level of support. We must help to professionalise the industry and make it take more control of its own destiny, so that it will become increasingly less reliant on Government funding, although that funding is necessary for international and other major marketing campaigns. We also need more niche marketing of products such as golf, walking, sailing and the other facilities that Scotland has to offer.

**Mr Hunter:** I wish to add that the commitment to quality, which was developed under my predecessor, Fraser Morrison, is absolute and we are committed to continuing that process. I emphasise that we do not see that simply in terms of increasing the competitiveness of the industry, allowing us to access more share of this rapidly growing global industry, although that is a priority. It is only by upping the quality and by getting the emphasis on training and a proper career structure within the industry, as Iain said, that we will begin to address the issue that tourism has been associated traditionally with a relatively low wage

structure in areas such as the Highlands. For most people, it has not been an attractive industry to work in and we must change that perception.

These issues all hang together: if the industry has a well-motivated, well-paid and highly trained workforce with a reasonable career structure, it will offer a higher quality of service to its customers. We do not see the situation simply in terms of marketing; rather we must address the fundamental issues of low wages and low per capita gross domestic product, which was mentioned earlier.

**Mr Robertson:** Frankly, the University of the Highlands and Islands can solve the colleges' problems. By working together, they can create economies of scale, becoming more efficient in the longer term and better able to secure resources from a wider variety of millennium, European and other opportunities that will be available to them.

Mary Scanlon raised the issue of grants and the old question of the subsidy culture. The Highlands does not have a subsidy culture and it has not had such a culture for many years. One may as well say that London has a subsidy culture because the underground is subsidised. In the Highlands, we have been trying to maximise the opportunities that the public purse offers to allow people to help themselves, which involves encouraging people to be more aggressive, business-like and open to suggestions. While that approach is working, it will not happen overnight. The Highlands is pulling itself up by its bootstraps and will make a major contribution to this country in the longer term.

**Mr Hunter:** We would like members to take that fundamental message away from this discussion. We are in the process of turning this area around. We believe that we are achieving success and that we have turned a historic corner in terms of population and so on. For all the reasons that we have touched on this morning, there is still a big job to do and we welcome members' interest in that. We look to members of the Scottish Parliament for support for our endeavours. It goes without saying that we welcome suggestions as to how we can do that job better. However, it is fundamental that we tackle head-on the issue of subsidy.

Our people are not subsidy junkies. The Highlands has a 200-year history of decline, economic contraction, outward migration and so on and it is not easy to reverse those trends. However, it is imperative that we recognise the enormous effort that people—not just those in the network but in communities across the Highlands and Islands—are making to turn the area around. People are doing a lot and they deserve encouragement. What the media chooses to say about Eigg—or about elsewhere—is a matter for the media. When people are struggling, as they

often are, to enhance the opportunities available to localities such as Eigg, it is not helpful, to put it mildly, that they receive such gratuitous criticism. Eigg has a sad history, as many of us know, but it is in the process of being turned around. That is not an easy task and will take a lot of time and effort. However, Eigg and other localities like it can have a good future. We are committed to moving forward with them on that basis.

**The Convener:** The last question in this section will be from Rhoda Grant.

**Rhoda Grant (Highlands and Islands) (Lab):** I want to clarify a point that George Lyon made earlier, and to ask a quick question. George said that, had Inverness been taken out of the Highlands and Islands equation, the region could have qualified for objective 1 funding. I want to confirm whether that is the case.

**Mr Robertson:** We did qualify for objective 1 funding. We received the same amount of money as we would have, had we been designated an objective 1 area. We did not get the label of being one of the poorest areas of Europe. We got the cash without that questionable accolade.

Inverness is a two-edged sword for the Highlands. It is of huge benefit to the Highlands as a hub: it has the major airport and it is a major shopping centre. That has upsides and downsides. However, Inverness brings a massive population—a critical mass. The amount of money that would have been available to the Highlands and Islands without Inverness's population would have been much smaller.

One does not have to travel very far from Inverness to find areas that are struggling. Nairn, for example, 12 miles from here along a busy road and once a seaside town, has declined over the past 20 years. Only now is a resurgence taking place, with Cap Gemini locating there. We seriously hope that that company will expand substantially, producing a renaissance in Nairn. A number of hoteliers in the town have refurbished their premises. Nairn did a magnificent job of hosting the international Walker cup, and we were very proud of the effort that the golf club and the people in the town put in. It was one of the most successful Walker cups that there has ever been.

The Highlands is capable of hosting that sort of event. The ability of Inverness to act as a magnet and as a hub for the rest of the Highlands should not be underestimated. It is very important to the rest of the region.

**The Convener:** We have overrun our time and have not covered nearly half the ground that I would like us to have, so I suspect that we will meet again. Before closing this part of the meeting, I would like to ask you to make any other remarks that you would like to give in evidence. I

will say a few words at the end.

**Mr Robertson:** First, we are very keen for the rural areas of Scotland to get a good crack at any new jobs or activities arising out of the Parliament. There should be a presumption in favour of the rural areas, rather than the cities. Secondly, your support for the development effort that is under way in this area will be very welcome. Thirdly, the reason that we have taken so much time to get through this part of the meeting is that the number of topics is enormous. We cannot hope to do justice to this matter in one visit. I invite any members of the committee who, collectively or individually, would like to see some of our projects or to visit some of the LECs, to do so. In that way, they will be able to see what is happening on the ground. We have 120 unpaid board members and an expert staff throughout the network, who would be very happy to show you around.

**The Convener:** Thank you very much, Iain. I thank all the representatives of HIE who have appeared before us this morning. I found this an interesting and stimulating evidence-taking session.

I said at the outset that we were conducting an inquiry into local economic development services, vocational training and business support services. We have not touched on those issues quite as much as I would have liked, and we will have to revisit them. Highlands and Islands Enterprise may want to take up our invitation to make written submissions to the committee. That would be very beneficial, because if we are able in advance to see your thoughts in writing, we will have a clear idea of what lines of argument and what approach to take with you.

Our objective in the inquiry is to uncover best practice and to recommend it to the Scottish Executive. I sincerely hope that we find a good deal of best practice within the Highlands and Islands network and in the partnerships with other organisations that we will hear about later today.

We have been joined by John Farquhar Munro, a local member, whom I welcome to the committee. We will take a short break before moving on to the next item. Thank you once again for your attendance.

10:43

*Meeting suspended.*

10:51

*On resuming—*

**The Convener:** I welcome our next three witnesses. As I outlined earlier, we are conducting an inquiry into local economic development service delivery in Scotland, with a particular focus on business support services, vocational

education and general economic development services. In this part of the inquiry, we will hear from three chief executives of local enterprise companies in the Highlands and Islands. We are particularly interested to hear a different perspective from that with which most of us are familiar from lowland Scotland and the Scottish Enterprise network.

I ask each of you to introduce yourselves to the committee and to provide us with a little background on the organisations that you represent. I will then open up the floor to questions. A number of members of the public are having difficulty hearing properly, so I ask members of the committee to speak up so that what they are saying is clear. I apologise if members of the public are finding it difficult to hear.

**Mrs Jackie Wright (Chief Executive, Lochaber Ltd):** Good morning. I am Jackie Wright, the chief executive of Lochaber Ltd, the local enterprise company for the area of Lochaber in the west Highlands, which covers some 2,000 square miles and stretches from Laggan in the east to Ardnamurchan and the small isles in the west. It includes Mallaig and Knoydart, and stretches down to Kinlochleven and Jura. Lochaber boasts Britain's highest mountain, Ben Nevis; its deepest loch, Loch Morar; and the most westerly point on the British mainland, at Ardnamurchan. Our population is just over 19,500, 11,500 of whom live in the Fort William area. That indicates that the rest of the area has a very low population density.

The main economic generator is tourism, which accounts for more than 30 per cent of our gross domestic product. Lochaber also has a large food sector, dominated by fish and shellfish processing. Although the majority of our businesses employ fewer than 20 people, we have four major employers in the area: Alcan, Arjo Wiggins Ltd, Marine Harvest McConnell and Foster Yeoman. Unemployment in Lochaber has been lower than the high average over the past three years, although we experience seasonal fluctuations because of the dominance of tourism. Lochaber Ltd's budget, negotiated with HIE through the business planning process, is around £2 million a year.

**Mr Gordon Cox (Chief Executive, Ross and Cromarty Enterprise):** Good morning. My name is Gordon Cox and I am the chief executive of Ross and Cromarty Enterprise. We, too, cover an area of 2,000 square miles, stretching in the east from the Black Isle to the Dornoch firth, and in the west from Lochcarron to north of Ullapool. The area has a population of 50,000 people. It is a tale of two halves—the west and the east. The west—west Ross—has about 15 per cent of our

population, and the east accounts for the rest.

In the west there is crofting, upland farming, inshore fishing, fish farming and tourism. In the east, there is manufacturing—already this morning we have heard about BARMAC. There is oil fabrication, engineering, a service sector, food and drink, food processing, farming and tourism. In east Ross, in particular, there is increasing diversification of our economic base—we have, for example, a major manufacturer of carbon fibres and several information technology service and communication centres.

Unemployment is running at 6.6 per cent in the east and 4.6 per cent in the west. However, it tends to be quite seasonal, because of tourism. During the winter months, we would expect the unemployment figure to rise. Unemployment in the east is higher than the Highland average.

At the moment, our major concern is the cyclical nature of work at the BARMAC oil fabrication yard. We have a couple of areas of social exclusion, in Alness and in seaboard villages and fragile areas in south-west Ross. Our budget is between £6 and £7 million, depending on the projects that are running in a particular year. Last year, it was more than £8 million.

**Mr Archie MacDonald (Senior Investment Manager, Western Isles Enterprise):** My name is Archie MacDonald, and I am not the chief executive of Western Isles Enterprise. Unfortunately, Donnie Macaulay was called to a court hearing in Edinburgh, so I am here in his stead. I offer his apologies.

As has been said already, the western isles is probably the most fragile area in the Highlands and Islands. We have 12 inhabited islands and a population of about 28,000. The main economic activities in the area are fishing, fish farming, crofting, tourism, oil fabrication, Harris tweed and the public sector, which employs about 45 per cent of people in work and is a very important sector for us. We have three population centres in the area—Stornoway, Tarbert and Balivanich in the Uists.

Among the issues facing the western isles is the current dip in oil fabrication, which was alluded to earlier. We have Lewis Offshore Ltd just outside Stornoway, which employed 400 people at its peak. There are no people working there presently, although some of the workers are contracted out to Northern Ireland.

The tourism sector is steady, but could be doing better. The fish farming industry is on a plateau, although there is still a strong investment commitment from some of the major producers in the area. Fortunately, the western isles have not suffered from problems with infectious salmon anaemia—we are clear of that. The scallop

catching industry is effectively closed in the western isles, because of amnesic shellfish poisoning. That is having a direct impact on fish catchers, fish processors and fish sellers, and on the employment and the families that depend on the industry.

Harris tweed is also experiencing difficulties because of the global textiles situation, the strong pound and changing fashions. As an enterprise company, we have invested many millions of pounds in helping to resurrect or preserve that industry for the hoped-for upturn.

We are pushing information technology very hard at the moment, because of the fact that we are disadvantaged by distance from markets and geographical and transport difficulties. IT is one sector that is not penalised by being based in an island area. We have already set up one major inward investment company in Stornoway. Another company that deals with home workers and teleworkers is looking for work. That is one of the lights on the horizon for us.

**The Convener:** Thank you very much. I would like to open up the discussion to questioning about the work of local enterprise companies. One of the starting points of our inquiry is a concern—widely shared by members of the committee—about the complexity and congestion of service delivery in economic development, vocational training and company and business support services at a local level.

Do you believe that that concern is justified in the Highlands and Islands area, from a client's perspective? By a client, I mean a 16-year-old looking for guidance on employment prospects, or a business looking for support. Is that map congested in the Highlands and Islands or could this inquiry clarify the way in which such services are delivered?

11:00

**Mr Cox:** I have not experienced any great areas of overlap or confusion. We have conducted surveys of businesses and individuals in Ross and Cromarty—I understand that similar surveys have taken place across the Highlands—asking people whether they know about what their local enterprise company does. We have had some encouraging results from such exercises, which are done regularly. People in Ross and Cromarty know about Ross and Cromarty Enterprise.

There is no enterprise trust in Ross and Cromarty, so we are responsible for local delivery of the sort of services that have been described. We have 55 skillseekers contracts at the moment, of which 40 are directly with employers. That is a key feature of the way in which our economy operates. We try to make ourselves as available

as possible and are open one day a week in Wester Ross and advertise widely in the local press.

**The Convener:** You mentioned that, for training contracts, your organisation contracts with 55 other organisations to deliver training, but has contractual responsibility for 40 individual enterprises.

**Mr Cox:** That is correct.

**The Convener:** Would it therefore be correct to say that Ross and Cromarty Enterprise is effectively a one-stop shop for anyone who is looking for economic development, training or business support services?

**Mr Cox:** That is right. A young person might go for a job with an employer that has a skillseekers contract with Ross and Cromarty Enterprise. That would be one route into our services. Or, in the IT service sector, for example, people may want to access employment opportunities at Cap Gemini in Dingwall. Our skills development team has worked directly with that company to identify training needs for potential employees, has devised a training programme specifically for that purpose and has offered it in various parts of Ross and Cromarty. The quid pro quo is that any person who goes on the training course has the opportunity to have an interview with the company; that provides a direct route to employment and training services.

**The Convener:** Do you find yourselves providing the same type of services as the local authority, or are local enterprise companies to the fore in the provision of economic development services with no competitors at local level?

**Mr Cox:** That is certainly the case in Ross and Cromarty. Highland Council has a local area committee and we work closely with its local office in Dingwall. A local economic forum meets members of our board to discuss matters of mutual interest, but we work in partnership with the local authority on delivering economic development activity. Highland Council, with its very limited local budgets, is responsible for some activities and we are responsible for others. Our collaboration is concerned with making the two remits work together.

**The Convener:** So you operate discretely but you collaborate in areas of mutual interest, of which there are many. Is that the case in the other local enterprise companies?

**Mrs Wright:** There is a complementarity of services. Like Gordon's organisation in Ross and Cromarty, Lochaber Ltd is considered the first port of call for economic development in Lochaber. We work closely with the Lochaber area committee and the Lochaber economic development officer

for Highland Council.

**Mr MacDonald:** In the western isles, the local enterprise company is seen as the first port of call for economic development. The local council in our area has a stronger presence in terms of economic development than is the case in other LEC areas, but that is not necessarily a bad thing. The council has its own priorities and imperatives and its own budgets, which can only benefit the overall economic development effort in the area.

The key to making it work is partnership and that happens throughout a huge range of activities in the western isles area. The western isles oil group—comprising private businessmen, local landlords, the local council and the local enterprise company—tries to promote oil-related economic development. There are also innumerable examples of collaboration between the careers service, educational organisations and businesses. The situation may change or it may stay the same, but we accept it as it stands and try to capitalise on its strengths rather than create problems.

**Dr Murray:** I am interested in partnership working, particularly in the sort of areas that have already been mentioned. The chief executive of Highlands and Islands Enterprise said that the chief executives of LECs meet frequently—I think he said every two months. I would like to hear more about how LECs learn from one another and how models of good practice are disseminated throughout the region irrespective of where they originated. How will the partnership with local government change as local councils take on a greater role in community planning?

**Mrs Wright:** As Iain Robertson said, the chief executives of the network meet every two months, not just in Inverness but throughout the Highlands and Islands. Iain mentioned the account manager system, which was piloted in my area in 1993-94 and runs to this day. We developed an account manager system to ensure that we had a customer focus on the way in which we were dealing with businesses so that we could integrate the business grants, skills development and community development services.

I gave a presentation to the chief executives meeting and to the HIE board about our account manager system. I was subsequently invited to several LECs in the HIE network to speak to their staff and give examples of how the account manager system has helped us in Lochaber. Some LECs have now picked that up. That is an example of how we operate as a network by sharing good practice.

As Iain mentioned, LECs are also able to access services from HIE, such as legal and personnel services. We also use HIE's audit service, a

standard part of which involves examining methods of good practice and benchmarking in audit provision within the network.

**Miss Goldie:** The format of this committee is slightly redolent of "Blind Date" in that my question is for witness No 3. [*Laughter.*] I have three questions, the first of which is a general one to which any of the witnesses may respond.

The significance of training provision has been mentioned. I understand that, when dealing with the LECs, private training companies have to be audited independently by each LEC. Is that a duplication of resource and facility?

**Mrs Wright:** Over the years, we have developed a system under which local enterprise companies do not contract individually with an array of training providers. In the early days, each LEC could have a contract with a certain training provider, but we have now focused those arrangements and Highlands and Islands Enterprise undertakes central contracting for us. Wherever possible, the LECs share auditing resources for training providers. As a result, there is only one small training provider in my local area for which I am responsible on a daily basis and, because it is a local business, we have a more positive relationship than would usually be the case between a supplier and a client. The LECs have achieved some economies of scale to ensure that services are not duplicated, leaving skilled staff with more time to concentrate on training for young people.

**Miss Goldie:** Thank you, Mrs Wright. Does that apply to the other two LECs that are represented here?

**Mr MacDonald:** Because of the geographical difficulties in the area, there is a wider group of training providers in the western isles than in other LEC areas. We have established a network of training providers in all the main island population centres of the western isles. They are small businesses in their own right and they bid competitively each year to win the contracts. They are obliged to achieve quality standards before they can be put on the tender list.

**Miss Goldie:** So each training agency in your area would require to be validated by Western Isles Enterprise?

**Mr MacDonald:** Correct.

**Miss Goldie:** That might be a fairly expensive duplication of facility. Do you consider that there is scope for HIE to undertake a central validating process to try to minimise costs for the training provider and to save your resources?

**Mr MacDonald:** That is an option, certainly. I would not rule that out.

**Miss Goldie:** That is interesting.

**The Convener:** What functions are undertaken by local enterprise companies? Are there financial control operations, accountants and other administration staff within local enterprise companies?

**Mrs Wright:** Yes. I shall deal with the first question first. There is no doubt that the responsibility for the contract and the budget that I have rests with me and my directors. I have tried to emphasise the fact that, as a network, we take a two-way approach. We are able to access some economies for certain services, which leaves us free to deliver grants and loans to businesses, and skills development to strengthen communities.

We work within the same strategic framework that Iain Robertson mentioned—that of developing skills to strengthen communities and growing businesses. I am responsible for ensuring that due scrutiny is applied to all moneys that are awarded, that full audit procedures are adhered to and that payments are released. We have a finance department; we are audited by HIE and must provide our own accounting services.

**Miss Goldie:** Can I continue my questioning, convener?

**The Convener:** Yes, do.

**Miss Goldie:** We have heard a great deal, particularly in this area, about the flexibility of the system in relation to the LECs. All of us, who have begun to understand at first hand the geography of the Highlands area, appreciate the value of that.

Bearing in mind that you are here to represent the LEC situation, for the purposes of this committee—and notwithstanding that your bosses are arranged along that wall over there—do you feel that, given the different and contrasting natures of the areas that LECs represent, they should have a degree of autonomy that would enable them to be sensitive to their particular areas? Or do you feel that, in a sense, LECs are steered by a global policy that is devised by Highlands and Islands Enterprise?

**Mr MacDonald:** I shall give you an idea of what is happening as we speak, at the start of our business planning process for the coming year. I shall use the example of the western isles, as that is the one that I know best.

The process begins with each member of staff of the LEC being consulted about performance in the previous year, how they feel they have done in their job and in their department, the lessons they have learnt and the suggestions they have heard. Those feed into a system with their managers. The managers meet the chief executive and begin to formulate the business plan in draft form. The draft is presented to the local enterprise company board

for final consideration. As part of the planning process, we consult other local agencies. We have started the community planning process and we are establishing a local economic development forum with key agencies in the area.

All those procedures are followed each year when we create a business plan. It is a fairly wide-ranging exercise that gives many individuals and organisations a chance to contribute to the business planning process.

**Miss Goldie:** To clarify, Mr MacDonald: in that exercise, where does the business community come in? You say that you consult the LEC board. What opportunity do the businesses in your area have to contribute to the process?

**Mr MacDonald:** The western isles chamber of commerce is one of the consultees.

11:15

**Miss Goldie:** I am aware of the slight local difficulty that you have experienced with the advertisement in the *Stornoway Gazette*. Is that a matter of concern to you? How did that difficulty arise?

**Mr MacDonald:** It is always a matter of concern when people are unhappy. Occasionally, for whatever reason, we are unable to approve an application. Not all applications are successful and people can sometimes be dissatisfied with that service.

**Miss Goldie:** Is that a reaction to personal angst, rather than to a fault in the system?

**Mr MacDonald:** Yes, I feel that that is what it is.

**George Lyon:** I want to follow Annabel Goldie's line of questioning on local autonomy and control. From my involvement with the local enterprise company, I recall that the total spending limit on any project was about £15,000. That was all that was under the control of the local enterprise company, which limited its ability to make decisions. Do you feel that that type of system inhibits you in taking on projects and developing them, because spending controls must be relayed to Inverness for decision making?

I ask that question of all three contestants. [Laughter.]

**Mr Cox:** Convener, I shall kick off on that one.

Personally I have no difficulty at all with having a limit of, say, £50,000 on authority that is delegated to a local enterprise company. It is inevitable that there will be some sort of limit; we could spend all day debating what level would be appropriate. The important question, from a local perspective, is whether the project should be supported for the benefit of the community of Ross and Cromarty. If the answer is yes, and if our board feels that the

answer is yes, the spending limit is just another part of the assessment procedure.

Many of our colleagues in HIE in Inverness have a great deal of experience in assessing projects and considering particular cases. Their experience is drawn from throughout the Highlands; it is not limited to a particular geographical area. We can ask them for help at any stage in the assessment procedure. The delegated authority limit is simply another part of the assessment mechanism, as there has to be a given number—an amount of money—anyway. It is not a constraint that I have recognised.

**The Convener:** What is the delegated authority figure?

**Mr Cox:** It varies, depending on which programme we are talking about. In principle, we are talking about a limit of about £50,000.

**The Convener:** Five zero thousand pounds?

**Mr Cox:** Yes, £50,000.

**Mrs Wright:** I agree entirely with what Gordon has just said. An important fact for the customer is that although the delegated limits exist, the process is as quick as it can be. HIE meets weekly to make decisions on cases that go beyond LEC delegated limits. Once a case has passed before our board, it is not unduly held up by going through another loop in the process.

**George Lyon:** The point that I was trying to clarify is this: are there instances in which your board approves a project that is subsequently rejected further up the line? Although your board might think that a project is right for its area and recommend that the project should go ahead, you are not in a position to give it the okay. Might it then go before the board in Inverness and be rejected?

**Mrs Wright:** I cannot think of an instance in which that has happened to a Lochaber Ltd case. As Gordon said, if my board feels that a project is good for Lochaber—that it satisfies the three criteria of additionality, displacement and viability—there is every likelihood that it will be approved by HIE. From the eight years during which I have been in the LEC, I cannot think of a case in which that has not happened.

**George Lyon:** Is that the case for everyone?

**Mr MacDonald:** We normally liaise with HIE colleagues when cases are going to be decided by HIE, to ensure that all the issues are addressed early and the process is fairly seamless. That is generally how we try to operate.

**Mr Cox:** We concur with everything that has been said.

**Fergus Ewing:** My question is for Jackie. It

concerns a problem that faces all LECs that are operating in the Highlands, where there may be a low population for a very large area and fewer businesses than in other LEC areas in Scotland.

I refer to the problem of displacement: a grant to one garage disadvantages a competitor unfairly. Do you have a policy of ensuring that there is no displacement in any applications for assistance? If so, would that policy apply to the National Trust for Scotland if it applied for grant assistance to create a restaurant facility in a new visitor centre in Glencoe? Many local constituents have expressed grave concern that their existing businesses may be placed in jeopardy if the local enterprise company extends grant finance to the National Trust for Scotland.

**Mrs Wright:** Displacement is one of the three key criteria that we investigate as part of any case. The three criteria are additionality, viability and displacement. For example, in the honeypot of Fort William—which is a major tourist area—our board took the decision, some years ago, not to assist the funding of additional bed spaces on grounds of displacement.

For Eigg, Knoydart, the initiative at the edge area and Kinlochleven, we have now made the policy more flexible, recognising that there is a need for accommodation if we are to encourage more tourists into those areas. Before making the policy more flexible, we usually carried out an audit of accommodation in areas that we were considering.

As far as specific cases are concerned, any applicant who seeks assistance will have to demonstrate displacement. In Lochaber, the issue of displacement is considered not just on a local basis. Obviously, we would ask colleagues in HIE to give us an indication of the Highland and Scotland-wide displacement of certain industries.

**Allan Wilson:** I have two variations on the theme that George Lyon and Annabel Goldie have explored, about your relationship with the centre. Mr Iain Robertson paid a compliment to the enterprise network within the enterprise area and gave us an exposition on the funding formula used to distribute funds to local enterprise companies. Do you believe that the funding formula addresses the LECs' competing claims between economic opportunity and economic need?

My second question is about innovation. Are you satisfied that the existing mechanism keeps chief executives abreast of developments in innovation and best practice in other local enterprise areas?

**Mr MacDonald:** In answer to your first question, the funding formula simply sets the core budget for the area. As Iain Robertson said, there is network flexibility within the overall budget, depending on differences in timing or on how speedily some

projects are set up. If there is a substantial and beneficial project on the books that requires funding in a particular financial year, and if there is cash available within the network, each LEC can make a case to have its budget enhanced to win that project. That means that there is both the core budget and the discretionary bidding process for surplus network funds.

**Allan Wilson:** Is that contained in the operating plan?

**Mr MacDonald:** The operating plan is the core budget.

**Mr Cox:** I will tackle Mr Wilson's question about innovation. There are formal and informal mechanisms for investigating opportunities for best practice across the network. The chief executives and the staff of the LECs are regularly in touch with each other—in face-to-face meetings and through IT—for a variety of reasons. As Jackie Wright said, chief executives have formal meetings to discuss matters of mutual interest.

Furthermore, HIE has a formal mechanism that acts as a benchmarking exercise between LECs about programmes that have been delivered. That means that, for example, the Investors in People programme will be benchmarked across the network from time to time to find out who is doing what. Documents on that exercise are published internally so that LECs have a ready written reference on who is doing what, if they have not already heard.

**Allan Wilson:** Does that mean that, for example, you would be made aware as a matter of routine of developments in the Argyll and Islands enterprise area, which George and I cover, and would benchmark that against your own performance? Are such developments monitored routinely, or is it merely a matter of as and when?

**Mr Cox:** I am not quite sure that I understand the question.

**Allan Wilson:** You use information from other LECs as a benchmark against which to measure your own performance in the same field. Is that done as a matter of routine and do you report it to the centre?

**Mr Cox:** There is a formal mechanism for doing that. Each LEC issues detailed monthly reports to the core and those reports are readily available to other LECs. Every month, HIE reviews those reports, which include full financial details, how we are doing against our targets and issues of importance to each LEC.

**Mrs Wright:** Furthermore, at this time of year, an HIE director visits each LEC and gives a presentation to the board on the LEC's six-month performance against other LECs across a number of performance measures.

As for the budgetary process, part of my role is to have an array of projects on the shelf that are ready for funding when money becomes available. For example, we were able to invest a further £300,000 in Arisaig causeway because we had done the preliminary work and had all the necessary permissions to spend the money when it became available. We were able to service 7 acres of site and to remove peat from land to make it ready for property development.

**The Convener:** HIE's annual report gives details of some of the performance indicators for LECs. For example, the 1998-99 target number of business start-ups for Lochaber Ltd was eight and the outturn was nine. Is the range of targets listed in the report the sum total of business targets for LECs? Furthermore, are those targets sufficiently taxing for LECs? I know that business start-ups are tough, but a target of eight does not strike me as that ambitious.

**Mrs Wright:** Each year, we have to address 12 core targets including job creation, leverage and cost per job. The target for Lochaber Ltd that you chose was the business start-up scheme for unemployed people. In fact, Lochaber has had the highest business start-up rate per head of population for the past two years. Unfortunately, the target that you chose relates to our financial assistance to unemployed people through the Government scheme. Our unemployment rate over the past two years has been significantly low. However, hidden behind that is a vast array of products and services that we offer to the large number of new businesses that start up in the year.

The targets are taxing. We are asked to examine not only the input that we give to projects, in terms of staff, resources and money, but the hard output—the activities and performance measurements over time—against those targets.

**The Convener:** Will you make available to the clerks a breakdown of the targets that you are set on an annual basis by HIE? That would be of great help to members.

**Mr Johnston:** I will follow the same line of questioning on targets; I shall address my question to Gordon Cox because I have figures for Ross and Cromarty Enterprise. The HIE report says that you had a target of 82.5 per cent for property occupancy rates and that you achieved 75 per cent. In the next year, you adjusted your target down to 75 per cent in an attempt to meet them.

I would like to ask about speculative property development. Jackie Wright touched on that, saying that such development happens when money is available. How do you decide how to build properties speculatively, and what criteria

does HIE apply?

11:30

**Mr Cox:** Those are two specific questions; I will deal with the first, on the arithmetic of targets. That target has apparently come in line with achievement because Ross and Cromarty Enterprise sold some property last year. Property that is sold, is, by definition, already let, and property that is not sold is unlet. It is a stretching target, even though the arithmetic appears slightly bizarre.

That leads us to the question of property development. It is widely recognised that little speculative industrial property has been built by the private sector in the Highlands for some time. There are a variety of reasons for that. The HIE network has undertaken some of that and has helped to generate more money to continue it by selling properties. There is a history that indicates that, if we locate a factory or office in an appropriate place, it will be let. There is an element of risk, and we need to take the best information, and consider the market trends and previous inward investment, to take a punt. That is the situation in Ross and Cromarty.

The Alness point development is a good example. One building was sitting there for quite some time. People may have felt that the project was over-ambitious. However, the building is now let to a locally grown company, backed by Graham Technology, a large software company. It is reaching its targets. If that office had not been built, we would not have had the same opportunity at Alness point.

**Mr Johnston:** What commercial rate of return are you required to achieve on property?

**Mr Cox:** I do not have the exact figure with me, but I can get it. The Treasury rate of return is placed upon us.

**Mr Johnston:** I believe that that is 6 per cent. The point that I want to get at is similar to that raised by George Lyon. Do you find yourself in competition with local businesses? You can build a property and achieve a 6 per cent return, but, as a businessman, I would like to build a property and achieve a 10 or 11 per cent return.

**Mr Cox:** It has not been my experience that we have been in competition with local companies. On the contrary, local companies have been talking to us about assistance with property expansion and developments, because the cost of doing it by themselves is quite prohibitive.

**George Lyon:** We need some clarification about that. In Argyll and the Islands, it is our experience that to attract inward investment, the property must already be there before a company can be

persuaded to come and seriously consider relocating in a remote community. It is part of the sales pitch that the property is there and ready to go. That might be quite different from the agenda in central Scotland, where the property issue is not so important. Will you give us your view on that?

**Mrs Wright:** That is correct. To give an example, we received market information from HIE over the past three years indicating a move away from large call centres of 200 to 300 seats—some of our colleagues in larger LECs have been successful in encouraging them—to smaller call centres. We speculatively built a call centre at Glen Nevis business park 18 months ago. It is a 50-seat call centre, with a full telecommunications infrastructure. Although it is not let, 15 potential inward investors have looked at the site. My next move will be to ensure that expansion is possible when that is let.

We are involved in property development because the private sector cannot and will not build for the rate of return that we expect. In Lochaber, we are considering smaller property developments in the more remote and fragile areas. We built two very small units—750 sq ft each—in Kilchoan, two years ago. One of them is already let and we have three potential tenants for the other. That gives me the confidence to have another project ready, using money from HIE to build another two small speculative units.

**Mr John Munro (Ross, Skye and Inverness West) (LD):** I agree with my colleague, George Lyon, that we need to have already built the property, to attract a client or a customer.

I want to share an experience that I had in my days as a member of Highland Council. Highlands and Islands Enterprise came to the council to say that it had a client that wanted to establish in or around Inverness and needed a decision on that day. A planning meeting was called, although we had no information about the identity of the client—it was top secret. We knew that they were offering 300 jobs for starters and that they needed planning permission today or they would disappear. No building was available. A site was chosen, planning approval was given and, with the support of HIE, the scheme was launched on the same day. That is one of the success stories of the Highlands and Islands and has supplied about 500 jobs, just up the road.

That demonstrates that we must be innovative and receptive to what is happening. In many cases, if one were to try and attract a customer by saying that a site would be established in the next six to 12 months, it would not work.

**Marilyn Livingstone:** I want to ask about widening access and social inclusion. I want to return to a point made by the convener about the

different providers of advice for the unemployed and those who want to access education and training. How do the LECs link with other providers such as the council's community education programme, the careers and employment services? If I were unemployed, how would I know where to go for advice? What part do you play in that partnership?

**Mr Cox:** We have a social inclusion partnership in Alness that is specifically targeted on Westford and Milnafua. It is led by the local area Highland Council. The plan is being drawn together and co-ordinated by a group that meets on a regular basis. That group includes representatives of the community, representatives of different departments of Highland Council, Ross and Cromarty Enterprise, the careers and employment services and any others who may be brought in. A wide range of people are working together.

At the end of each meeting, we make a list of action points so that everyone knows exactly what to do and to whom to speak. The community groups attend the meeting and have the opportunity to talk to people. At the end of the day, it is about identifying the specific needs of the individual and the job opportunities open to them. It is not so much about having a programme that does everything for everybody—it is about tailoring the part of the programme that works for an individual.

**Marilyn Livingstone:** Are you confident that the ability to work in a partnership is available to people in your area?

**Mr Cox:** Yes—and if there was not such a partnership, relationships would be more fragmented.

**The Convener:** Where would an individual's first port of call be? Is there a standard port of call, or could the individual get safely into the network, without any future complications, by going to any of the partnership players?

**Mr Cox:** In our experience, individuals access the network safely irrespective of which door they go through. However, I echo what Jackie Wright said—by and large, people regard Ross and Cromarty Enterprise as the first port of call. But it really does not matter if the person goes to the employment service, the careers service or the local council—the networks are such that the support is there.

**The Convener:** The last question of this section is from David Davidson.

**Mr Davidson:** We came here today to look into best practice and the models that you operate. In the rest of Scotland, there are three layers, including the enterprise trusts. There is incredible competition and overlap between enterprise trusts

and local authorities. That causes some tensions, and is perhaps not an example of best practice.

That does not happen here. HIE acts as a sort of super-LEC, and you act as a LEC that delivers in the same way as a trust. Is there tension with the local authority, or is there no tension because HIE mirrors the authority? There seems to be trouble in other parts of Scotland, and we are trying to learn about your practice, and whether you see any weaknesses in the lack of a relationship at your level.

**Mrs Wright:** You describe HIE as a super-LEC. I do not know why you describe it in that way, because anyone in our area who approached HIE for assistance would be naturally guided back to Lochaber Ltd. HIE has services and expertise that we are able to use.

I used the word complementarity earlier, and I reiterate that. As John Rennilson said, there is a strong and close working relationship between Lochaber Ltd and our local authority and local area committee. Working in partnership enables us to undertake many projects. We do not have enterprise trusts, so we are the first and last port of call for assistance. Because we are relatively small in numbers, few people fall through any gap.

**Mr Davidson:** Is that relationship the reason why you are not suffering any tensions of competition with the local authority?

**Mrs Wright:** We do not feel that we are in competition.

**Mr Cox:** One of the differences that I perceive concerns the social remit, which is specifically within the remit of the Highlands and Islands network. That helps to take away any potential for tension, because it means that we have, in many ways, a common agenda and vision. Although we have different things to deliver, we have a common aim. Sustainability, which was mentioned earlier, fits more comfortably when the social remit sits alongside the environmental, cultural and economic remits. The potential for tension evaporates under those circumstances, provided that there is sufficient flexibility in the funding mechanisms, as we have in Ross and Cromarty.

**The Convener:** Do you wish to make any further remarks on the ground that we have covered—or, more specifically, on the ground that we have not covered—in relation to LEC relationships? As I said to HIE, I encourage local enterprise companies to make written submissions to the inquiry on the basis of the remit that we have published.

**Mr MacDonald:** It is worth while to stress the issue of community planning at the lowest level, and the way in which it fits into the wider structure, all the way up to the highest strategic objectives. If

we do not work closely with the community and do not include it in all respects, the final plan cannot be as competent as it might be. Through the initiative at the edge, local groups have been set up with local committees, with resources provided for their staff, to develop their plan for their area. It is worth applying that principle and spreading it more widely.

**Mr Cox:** In rural areas, risk is an issue. That has been inherent in much of the discussion that we have had this morning. We must recognise that it is not only about spending money, but about talking to communities and individuals. You have asked about the business birth rate: it is almost as important to give good advice about not starting a business as it is to give good advice about starting one. Although it is difficult to measure, we must recognise that failure is sometimes part of the price of success.

11:45

**Mrs Wright:** I reiterate what my colleagues have said. Our remit is wide and contains a large number of issues. I would like to invite the committee to come and meet us again to see, on the ground, any or all of the projects that we are dealing with at any time.

**The Convener:** I thank Jackie Wright, Gordon Cox and Archie MacDonald for coming today and giving a full explanation of their work. One of the distinctive features that strikes me about the Highlands and Islands is that there seem to be fewer players on the same ground. The issue of complementarity is often eased by the fact that there is no competition in the relationship. That is an important point on which the committee will reflect carefully.

I have one piece of advice: it might be useful to call Highlands and Islands super every so often, especially during contract negotiations.

Thank you for your contributions.

**Mrs Wright:** Do we know who won the date and who it is with? [*Laughter.*]

**The Convener:** We do not know yet, but I am sure that Annabel Goldie fixes such things for us.

11:47

*Meeting suspended.*

11:51

*On resuming—*

**The Convener:** I bring the committee to order so that we can start the third part of our inquiry. I welcome the representatives of Highland Council, a number of whom we met last night. I opened the meeting by thanking the Highland Council for the facilities that have been made available, both last

night and in the Town House today. I dearly hope that the historic meeting of this committee will be given similar status to that given in the council chamber next door to the historic meeting of the British Cabinet. We look forward to seeing the framed photographs and signature list in due course. Thank you for your co-operation.

I invite Councillor David Green, the convener of the council, to introduce his team and to address the committee.

**Councillor David Green (Convener, Highland Council):** I am David Green, the convener of the Highland Council, and, as the lowest-paid person at this top table, have been asked to lead this presentation. With me are Mr Arthur McCourt, who is chief executive, Mr John Rennilson, who is director of planning and development, and Mr Bruce Robertson, who is director of education.

First, I want to reiterate in public my thanks to the convener and the committee, and to Scottish Parliament officials, for their enterprising decision to be the first committee to do business outside Holyrood, and for choosing to come to the Highlands. Judging by the public interest and, indeed, the oversubscription, I think that the people of the Highlands support that decision. Maybe you will have to consider Eden Court theatre as the venue next time round.

Secondly, I will take account of your request to keep the presentation brief. I am no stranger to that instruction. Since I was elected convener a few months ago, people keep asking me to be brief when I speak.

I will begin by setting out an historical perspective for the Highlands, which is an area that is now keen to learn from its history rather than continually to be depressed by it. The Government was debating the Highland problem more than 30 years ago. With the population decreasing, culture declining, little opportunity and confidence, the only future was to get the bus out—on the A9, if it had been there.

Then successive Governments, and—I would contend—the Highlands and Islands Development Board, regional and district councils and their successors, played their part in creating a different situation. We now have population growth; cultural renaissance; respect for a quality environment; high educational standards; low crime rates; growing communities and confidence; a new university on the doorstep; and space to grow for the people of the Highlands and of Scotland in general. Those are almost all preconditions for the cultivation of enterprise and lifelong learning. The Highland challenge is to develop, but to retain the exclusivity of the wonderful environment.

As Jim Hunter said a few minutes ago, the turnaround has been relatively recent. In

development terms, the Highlands are at an embryonic stage. I have just returned from Scotland House in Brussels, where there was a successful Highlands and Islands partnership bid involving all the conveners in the Highlands and Islands and the enterprise company network for extra European assistance. That is important because the infrastructure of our growing, but fragile, economy still needs help. Whether we are talking about the holes in the roads or the black holes in our information and communications technology, the needs are evident.

I will deal with the role of the Highland Council in that context. We have the largest local authority area in Europe. We have 80 elected members—some might say that means that there are 79 in opposition to me, as it is a non-aligned council—who are the eyes and ears of our far-flung communities. We are the largest employer in the Highlands—the council is the largest employer in my ward of Lochbroom, as there is a school in Ullapool. We invest more than £330 million in a multiplicity of front-line services: road, ferries, schools, communications, housing, village halls, housing, sports centres, and whatever.

I mention the impact of wages and contracts on the handout. In taking difficult budget decisions in recent years, it would have been easy to save £60,000 by closing a remote roads depot, but that might represent two jobs in an area in which there might only be 15 or 16 jobs—the Highland Council is a significant employer. Also, the private sector suffered as a result of the capital downturn—what we called a ski slope—that was imposed by a nameless Scottish Office minister a few years ago: further out from Inverness, the small subcontractors and businesses depend, almost disproportionately, on the money that the public sector spends. Public sector prosperity in the Highlands is inextricably linked with prosperity and enterprise.

We embrace the Government's agenda on social inclusion. There are seven social inclusion schemes. I think that youth has been missed out in our deliberations in the past—young people are major users of our services. I was privileged to chair two Highland youth parliaments, in which there was an enthusiasm and standard of debate that left me speechless.

On sustainable development, it is important that the council has a strategic planning overview and that it adds value through partnership. No matter how much European assistance we receive, there will still be problems of scale and distance in the Highlands. No matter how many European programmes there are, I will still be at the end of a 15-mile single-track road in remote Wester Ross. It is important that the council underpins the infrastructure of the area. Decision making is

decentralised: operational decisions for Caithness are taken in Caithness, although the strategic overview is taking place in Inverness. Highland Council is still one body and we occasionally have to remind some elected members of that fact.

To assist the maximisation of collective resources, we have the Highland well-being alliance, an organisation that comprises Scottish Natural Heritage, the police, HIE, Scottish Homes and others. We are trying to move towards one budget for things such as social inclusion. The underlying principle of crofting can be brought into local government: everyone must work together. Partnership is essential in remote areas.

Education is a good example of what is being done to sustain communities. In Kinlochbervie, the council, with partners, invested money in the school and the harbour. That has meant that jobs have been retained and people no longer have to move away because of a lack of educational facilities. Families are being kept in the community. Similar work has been done in Ullapool, where £5 million—partly European money—has been spent on a new community high school that opens next week. The new opportunities for learning will bring a buzz back into the west coast. The forthcoming private finance initiative scheme in Ardnamurchan is worth mentioning in this context. There is no better way to regenerate the Ardnamurchan peninsula than to build a school there.

12:00

It is important for us to get the quality services right. When we have done that, we can adopt a leadership role and look after the Highlands by promoting or protecting the area. There has been a huge debate in the Highlands in the last few years about looking ahead. We have tried to agree on a shared vision, which is not always easy. However, the further ahead one looks, the easier it is to find agreement. We are considering hosting a summit for the primary producers in the Highlands, not to let them whinge, but to find out where groups such as the forestry industry and the agriculture industry want to be in five years' time. We hope that the Rural Affairs Committee will come up to the Highlands for that.

**Mr Arthur McCourt (Chief Executive, Highland Council):** I will try to keep my presentation brief, but I hope that members will bear with me as I try to outline what we want for the Highlands in the next millennium. I might tempt the committee with a few points on which members might want to ask searching questions.

We want to create learning communities that are prosperous, safe, healthy, capable and sustainable. Although that trips fairly easily off the tongue, it is important to remember that that is not

the vision of some bright young things in a policy unit somewhere but the product of an extensive process of listening and discussion with communities and with the business and voluntary sectors. It is the framework that underlies the community plan of the Highland well-being alliance, which supports the statutory structure plan, for which Highland Council is responsible, and our still embryonic community learning strategy.

The well-being alliance is a core partnership and comprises Highlands and Islands Enterprise, the health board, Scottish Homes, the police, Scottish Natural Heritage, Highland Council and representatives of the business and voluntary sector. I do not claim that it is a perfect partnership—you would quickly shoot me down if I did—but it is robustly based on four simple principles: sharing information; working together instead of defending organisational boundaries; identifying specific, not general, goals; and recognising that different partners should take the lead on different issues.

We still have issues to resolve but while our approach is neither glamorous nor, as I am sure you will agree, an example of rocket science, it has allowed us to maximise our impact by targeting investment on areas as diverse as community safety, the participation of young people and community land ownership. We have made significant achievements on a range of other things that we have managed to work on together.

I will deal briefly with education and lifelong learning. We are conscious of the part that the Government wants councils to play in promoting social inclusion for our young people. That is the key theme of the social inclusion programme that is being developed by the well-being alliance. The programme is being piloted in seven areas in the Highlands, ranging from urban estates—areas in which similar programmes can be found elsewhere—to the remote rural areas of Ardnamurchan and north-west Sutherland, which have been designated by the Government as initiative at the edge areas. The programme focuses on issues such as alternatives to exclusion, new community schools and the needs of young adults and young parents.

Learning for children and adults will change fundamentally in the next century as communications technology becomes more widespread. We are working towards the Highland grid for learning and there are major issues about investment in technology. Together with the University of the Highlands and Islands, we are working towards the creation of local learning centres in each of our 28 secondary schools. That entails a combination of investment in technology and infrastructure and access to learning

opportunities.

I know that I will tempt at least one member of the committee to question me further by mentioning the role of community education in supporting community learning plans. It is fundamental. We have a significant amount of work to do in that area.

David Green made three important points about our enterprise activities. The Highlands are different from the rest of the country. John Farquhar Munro, Mr Ewing and Mr Lyon will be aware of the importance of our focus on primary rural industries such as fish farming, agriculture and forestry in remote areas. We also believe in the importance of investment in public sector jobs to maintain the fragile economies of remote communities. As David Green said, we provide an important part of the market for subcontractors and suppliers whose businesses would otherwise not survive. For example, one third of all employment in Sutherland is direct council employment. We subcontract about a third of our building maintenance expenditure to local contractors. It is important to create a market for the private sector in remote areas.

We work on the principle of complementarity with Highlands and Islands Enterprise and the local enterprise companies. We operate in niches where we can play to our strengths. I am sure that the director of planning will elaborate later on the role of Highland Prospect Ltd and of Highland Opportunity Ltd as the enterprise trust.

Our economic development effort is based on partnership. It could be argued that it would be better to vest responsibility for that in one agency. However, that does not reflect the way that people in businesses approach things or the extent to which the issues that are raised by enterprise and lifelong learning have many facets. We believe that access to complementary and co-ordinated services should be available through many doors.

**The Convener:** Thank you for your input. The word complementarity has cropped up quite a lot this morning and it gets to the nub of some of the issues with which our inquiry is wrestling.

I want to pursue the issue of what economic development services are available from the council. Correct me if I am wrong, but based on what I have heard, I assume that the council recognises Highlands and Islands Enterprise as the lead body for economic development services in the Highlands and Islands. What the council does is contribute to partnerships that deliver agreed services, where you have a say in what the services should be. There are also particular services that you offer as a client organisation or a contractor, rather than as a statutory provider. Is that a fair summary?

**Mr John Rennilson (Director of Planning and Development, Highland Council):** That is a fair summary, but we do go further. The council has two companies of its own. They are creatures of the council and they provide soft loan opportunities which go beyond the grants that are available from the LECs or from HIE, or loans available from commercial banks. Highland Opportunity Ltd lends up to £50,000, and Highland Prospect Ltd up to £500,000. The funds are recycled—each year the council puts additional money into the smaller of the two. Highland Prospect Ltd is now self-financing out of the repayments that it receives.

We have a creditable record of support for successful companies. The failure rate of companies over the 13 or 14 years that Highland Opportunity Ltd has been in existence is 7.3 per cent. Most of the commercial banks would say that that is very good. That does not mean that we do not take risks. We want to encourage business to grow. We do the topping up, but—as our LEC colleagues do—we do not let people go into an enterprise that has a 90 per cent chance of failure. We want to steer them away from that.

**The Convener:** Would you lend to a company that had failed a lending test by a commercial bank?

**Mr Rennilson:** No. We usually put in a top-up, where the commercial rate of repayment is such that it would stretch the company too far, particularly in the early years. We operate on the basis that the repayments are deferred for the first year, to help the company to get started.

**The Convener:** But you are not taking a different risk profile from a commercial bank; you are simply providing more finance than a commercial bank would be prepared to offer. I suppose that that is, to some extent, a greater risk?

**Mr Rennilson:** Yes.

**George Lyon:** Is it council money that is lent to the business? You do not underwrite another commercial loan?

**Mr Rennilson:** The money is lent directly, but the two companies are stand-alone. They are not covered by section 94 of the Local Government (Scotland) Act 1973. The money has been put aside—it is recycling. We will normally lend the money over a period of three to seven years. Our success in getting it back means that we can recycle it.

**George Lyon:** Is the source of that money the council's budget? You have not created the companies so that you can bring in private finance?

**Mr Rennilson:** We are going one step further.

Next Thursday there will be a report to the council recommending that it establishes a joint venture company with a private sector partner. That is a development of Highland Prospect Ltd, the larger of the two companies, which will give it a new arm and the opportunity, along with planning gain, PFI and section 94 of the Local Government (Scotland) Act 1973, to back up social opportunities as well as economic ones. Council assets that may be under-used will be able to be recycled from profitable areas, such as the inner Moray firth and possibly Caithness, to the more remote areas of Wester Ross and north-west Sutherland, etc.

**George Lyon:** That scheme will access private finance, then, separately from the council budget? That is the point that I am trying to get at. You do not do that at the moment?

**Mr Rennilson:** That is one step further than we go at the moment.

**George Lyon:** That is quite innovative. The council's statement on strategic goals and values says that you will

"argue for local democratic accountability of other public sector agencies".

I presume that it is your view that they are not democratically accountable at the moment and that there is insufficient public scrutiny of those bodies?

**Councillor Green:** We see the Scottish Parliament as having a scrutiny role in relation to the public enterprise companies. I have just witnessed something of that. If you are asking for our political stance, it is as you state.

**George Lyon:** I was there. I am asking what your view is. Do you believe that scrutinising is what we are actually doing?

**Councillor Green:** I signed up to writing some of those goals and values and that is exactly what my view is. More transparency and accountability is required of those bodies, just as we are transparent and accountable.

12:15

**The Convener:** Let us narrow this down to some of the areas that we are entitled to cover under this committee's remit. What needs to be done to strengthen the democratic accountability of HIE and the LECs?

**Councillor Green:** It is important to have board members who are based within the community and who represent a variety of sectors. The board in turn is accountable to the public, which it also represents. We have a number of councillors who are board members of LECs. That depth and breadth of experience on LEC boards is important.

**The Convener:** Are there enough councillors on LEC boards, or should there be more?

**Councillor Green:** I would not necessarily argue just for more councillors. You want a depth and breadth of experience that is based within the communities and that can contribute to the thinking capacity of the board while making it more accountable to the communities.

**George Lyon:** Are you arguing that the board should be elected?

**Councillor Green:** I would argue for some elected members and for some appointed on the basis of their expertise. That is a personal view.

**George Lyon:** That is not a council view.

**Councillor Green:** That is a personal view.

**Fergus Ewing:** Iain Robertson mentioned earlier this morning that people are our greatest asset. In the council's presentation you said that there are 35,500 pupils at school in the Highlands this year. My concern, which has been expressed by many people throughout the Highlands, is the appalling state of many schools, especially primary schools in places like Lochaline and Acharacle and, I dare say, in many others. What is the total cost of the capital works required, as identified by Highland Council, in relation to the necessary upgrading of those schools?

If we accept that we must raise more money to deal with that problem, would you, convener, support looking at Highland Council having powers to remove the 50 per cent council tax subsidy that holiday homes in the Highlands receive so that we could use that money, which I believe is £2 million a year, towards dealing with some of the problems in schools?

**The Convener:** Please can I have brief answers to those questions. They are stretching the remit of this committee, and I must guard our competence.

**Councillor Green:** Mr Robertson will deal with the capital spend required, and I will take the second question.

**Mr Bruce Robertson (Director of Education, Highland Council):** The total capital spend that we require on things like maintenance—the known capital projects that we have already costed and capital projects that are waiting to come on board—comes to £78 million. As we speak, a group of councillors and officers is looking at property across the Highlands. Our annual capital budget for education is £8.4 million and at the moment we are spending under £2 million on maintenance.

**Councillor Green:** That is significantly more than it was previously, when we were spending one year's allocation on, for instance, building

Gairloch high school. As a council we have directed resources towards educational spend because of the importance of the primary and secondary schools in the area.

The 50 per cent council tax discount available on second homes in the Highlands is against council policy and is inherited. My view is that it is an unfair taxation rule that allows my neighbour, who is a professor, to get 50 per cent discount on his council tax while I cannot. He has told me that he is prepared to pay the extra. It is a disincentive to making houses available on the local market because it is easier to hold them as holiday homes. Against that, there are people who live in the Highlands and who own holiday homes in the Highlands. That is a slightly different issue. It is depressing not to see many lights on in the winter time.

**Miss Goldie:** Mr Rennilson, I am interested in the two companies to which you have referred—Highland Opportunity Ltd and Highland Prospect Ltd. Who is on the boards of those companies? I assume that they are wholly owned subsidiaries of the council.

**Mr Rennilson:** Highland Opportunity Ltd comprises the chairman of the finance committee of the council and the area development chairmen of each of the eight area committees of the council. Highland Prospect has a smaller board of six, which comprises members who have responsibility, either at council headquarters or in the areas, for economic development.

**Miss Goldie:** I was also interested in your outline of a possible extension of activity for Highland Prospect, perhaps in partnership with the private sector. That seems an ambitious project for the council to embark on. It raises the question whether you are now taking the lead in the generation of enterprise interests for the area. Where does that leave Highlands and Islands Enterprise? Will it become redundant? Why is it that you can do this better than HIE can?

**Mr Rennilson:** It is not a question of doing it better; it is yet another opportunity. In the Highlands and Islands we must look at every opportunity to give business the chance to succeed. We are taking council assets to the table and bringing the finance and expertise of the private sector into what we expect to be a 50:50 partnership. The partnership will provide the opportunity for business to grow—which may be easier for the private sector to carry forward in Inverness—and recycle the profits from successful developments into marginal projects. We struggle with that at the moment, as, on occasion, does the enterprise network.

**Miss Goldie:** That is laudable, Mr Rennilson. The prospect of your success means that you will be setting up—as you will have to do if the venture

is to be monitored effectively—almost a tandem local enterprise network. You must monitor who is getting money and what they are doing with it.

**Mr McCourt:** I am not sure that Miss Goldie is entirely correct. Mr Rennilson made two significant points. We are trying to make the council's property and land assets work. We are trying to generate resources that we can redistribute to less profitable areas. The scale of the operation is likely to be relatively modest and targeted to where there are commercial opportunities to make our land and property assets work. Perhaps Miss Goldie misunderstands the need to set up a network. There will be a targeted set of joint-venture schemes, across the Highlands, with the private sector.

**Miss Goldie:** What level of loans do you estimate? What you have already described is very ambitious, but you are proposing to add to it.

**Mr McCourt:** What happens will depend on the market—it is as straightforward as that. If there is not thought to be a commercial opportunity in relation to, say, a set of buildings or a portfolio of land, there will not be a scheme or joint venture. The scale will depend on the market. As you know, in the Highlands the potential market exists almost entirely in the Moray firth and Fort William areas—it is fairly tightly circumscribed.

**Elaine Thomson:** I am struggling to understand. You are talking about using council assets, so can you give an example of the kind of company that you have lent money to via the two companies?

**Mr McCourt:** You are asking about the operation of Highland Opportunity Ltd and Highland Prospect Ltd. At present, they operate as conventional business support loan companies. HOL is also an enterprise trust, and runs the Prince's Youth Business Trust. The companies are into niches in which we can add value. With the joint-venture company, we are talking about something new and different, as the committee has recognised.

**The Convener:** It would be helpful if you could send us some more information on that.

May I push the matter a bit further? This morning we have heard that the lines of demarcation are clear, that organisations are not treading on toes and that they are coming together with other organisations. I do not understand why Highland Council, having taken some decisions to step back from the economic development process, seems to be going back into it. Could you tell us what economic development support you have within the planning and development department?

**Mr Rennilson:** I have area development officers who are responsible for each of the areas of the

council. They are the local points of contact. As you have heard from previous speakers this morning, it does not matter which door you come in—if we are not the best placed to deal with you we will ensure that you are put in contact with the right people.

To take a modest example, we produced with Inverness and Nairn Enterprise and the Employment Service a colourful package that told young unemployed people which office offered what. It also informed the staff who worked in the respective offices which door they should suggest young people go to.

Using European social fund money, we also operate an employment grant scheme, which provides 26 weeks of financial support to employers who take on action groups of unemployed or disabled persons. That, complements what other people are doing. We try to identify any gaps and where the council can help. We are not, in any shape or form, seeking to compete either with the Employment Service, with which we have good relations, or with HIE and the individual local enterprise companies, with which we also have good relations. As has been said, the local economic forum brings together members of the council and the boards of the individual LECs. The dialogue is continuing and regular and it is fruitful.

**Mary Scanlon:** I would like to put on record my thanks to Highland Council for the first-class support and advice that it has given me as a new member of Parliament with regard to this area.

I want to pursue the questions asked by Mr Swinney and Miss Goldie. Is there anything that you do in the area of economic development that Highlands and Islands Enterprise could not do by enhancing partnerships and so on? On the strategic goals and values, is it the council's role to seek more local, egalitarian patterns of ownership, given that a community buy-out section is already well advanced within HIE? Could that be another duplication of service?

**Councillor Green:** On the egalitarian pattern of land and sea-bed ownership, the stated political view of the council is that we are keen to pursue land ownership for a variety of reasons. As I understand it, there is no duplication with what is happening in the Highlands and Islands Enterprise network or the community land unit, which has the resources and can act as a catalyst for community land buy-outs. We are keen that land and sea-bed ownership should revert to local communities, not necessarily in every case, but where possible—that is a purely political statement from the council. We are generally supportive of the Government's moves in land and sea-bed reform, although we would like it to go further. There is no duplication with what is happening in the enterprise company

set-up.

**Mr Rennilson:** In an absolute sense, the answer to Mary Scanlon's question is that things can be done by others. With our hands-on local experience we can deliver certain things. We are a European information centre, one of only two in Scotland and one of 250 throughout the European Union. As we have a local dimension, we add value, although I am not taking anything away from the work that the LECs and HIE do.

**Marilyn Livingstone:** Your statement of strategic goals and values says that you will take a leading role in the creation of the University of the Highlands and Islands to complement existing further education provision in the Highlands and Islands. You have talked a lot about your learning communities and you have mentioned opening 20 local learning centres and removing the barriers to learning. The LECs would see themselves as the first port of call for anybody interested in education and training. Is that how you see it? What do you see as the major barriers to education in the Highlands and Islands? Is the complexity of providers and of providers of advice one of them?

12:30

**Mr Robertson:** We are developing a healthy partnership with the UHI network. That will be fundamental to the development of skills, training and education across this huge land mass. We have the opportunity to reverse some of the problems that there have been in education, training and development over the past couple of centuries. We aim to develop 28 local learning networks. We have started to develop those networks around our secondary schools, each of which has a distance learning unit. There are more pupils in the Highland Council area who obtain qualifications through that method than there are anywhere else in Scotland. That is because of the large number of small secondary schools. We are building on our existing infrastructure.

Someone who is looking for advice or who wants to start a new course or obtain qualifications could go to a number of different individuals or organisations. Our community education service, which the chief executive mentioned, will be fundamental to expanding opportunity for all and to developing lifelong learning. That does not mean that the community education service will deliver that—we could not possibly deliver it, which is why partnerships are vital. We have developed partnerships with HIE, LECs and colleges, which will provide a much-enhanced service to the people of the Highlands.

On barriers, we mentioned rural factors in our introductory presentation. Although there are FE colleges in Thurso, Inverness and Lochaber—as well as Sabhal Mòr Ostaig on Skye—access to FE

provision is not easy for the vast majority of people in the Highlands. Through the 28 local learning networks we must provide a one-stop opportunity to access school provision, FE provision and HE provision. That is our aim and it is beginning to happen. Information and communications technology is fundamental to that aim. We already have a sophisticated network on the ground, largely developed through European funding in partnership with the UHI network.

We would like to pass on two of our concerns to members. One is to do with the Highland grid. Connectivity is fundamental to our ability to access all courses equitably, but British Telecom is considering introducing ISDN lines only in areas that are within 4 km of exchanges, although many parts of the Highland area lie beyond that limit.

Our other concern is the digital upgrading of information technology. I understand that BT will consider digital upgrading only where there are centres of population of more than 25,000 in exchange areas. That could be a huge barrier to development.

**Allan Wilson:** Another of your statements of strategic goals and values is to

“contribute and deploy to advantage the distinct, cultural, economic and social perspectives of the Highlands in a European context.”

Councillor Green, you mentioned your presence at the opening of Scotland House. Do you see that development as an opportunity to employ to better advantage the distinct cultural, economic and social perspectives of the Highlands? In his presentation, Mr McCourt briefly mentioned the European economic partnership. Given the importance of European funding to the economic regeneration of the Highlands, are you satisfied that the partnership is serving the regional interest well in terms of targeting those funds to address the social inclusion agenda?

**Councillor Green:** Scotland House has enormous potential for us in the Highlands and Islands. We have had a presence in Brussels for as long as I can remember but, in terms of promoting our culture there, we are just scratching the surface. I am pleased that Scotland has got its act together in Brussels and is co-ordinating its activities—I will leave aside tourism for a moment.

There is tremendous potential. The European Bureau for Lesser Used Languages, for example, has a host of resources that we can tap into. We will use Scotland House to get advice and intelligence about the sort of things that we can plug into, so that we secure better resources from Europe. I represent an area that would not have had a bridge built, passing places improved or a school built without European money, which gave us additionality.

**Mr McCourt:** The track record of the European partnership, in the first term of objective 1, is one of the best in Europe. We are now concluding the drafting of the plan for the transitional phase of objective 1 funding and it is at this stage that we have robust arguments about priorities. It would be passing strange if the interests of the western isles were not highlighted against those of Moray or if the interests of Shetland were not highlighted against those of Argyll and Bute. The European partnership is good and it works.

One of the matters that we would like to bring to the attention of the Scottish Executive is the need for local partnerships—in the western isles, in Shetland and in parts of the Highlands—to have a key role in targeting spending. All the local partners have a clear desire to ensure that there is political representation in the management of the programme, at both Scottish level and local authority level. That has not been achievable in the past.

**Fergus Ewing:** Let me pursue Allan's point on European aid. We will get €300 million until 2005. Will you clear up one procedural point? Would the use of that money on the upgrading of the Mallaig road, for example, be considered competent?

**Mr McCourt:** Potentially. The European Union's priorities for the programme downgraded the importance of infrastructure provision. The partnership has argued strongly—as I understand the Scottish Executive has—that infrastructure, particularly for communications, is critical in the Highlands and Islands. I believe that there are moves to secure a higher priority for such infrastructure from Europe. If we do not, we will not make the best use over the next six years of that hard-won tranche of money.

**The Convener:** We are running past our time, but I want to take another 10 minutes or so before we close for members to ask brief questions.

**Dr Murray:** The Convention of Scottish Local Authorities believes that we are being a little premature in examining the way in which economic development support is delivered, because it feels that we have not given community planning sufficient time to see how it will affect joined-up working. Helpfully, you have given us a copy of the consultation document on your community plan. If the plan is implemented, what sort of changes do you envisage? How do you think the way in which economic development support is delivered will change?

**Mr McCourt:** The strategic vision of the community plan is out for consultation. The next stage will be to work through specific policy areas such as community safety, working with young people and geographic targeting. There are also initiatives on the edge—social inclusion, for

example—and in areas where community land activity provides priorities. The simple answer to your question is that implementation of the community plan will not fundamentally change the pattern of economic development provision. I see it strengthening such provision and making it work better.

**Councillor Green:** I have a political point to add to that. Within the context of the Scottish Executive and the Scottish Parliament, we are keen to be given the proper powers and the duty for community planning. That has been talked about, but there has been no ministerial steer on local authorities having the right to develop community planning. Although we are a pilot community planning area, we would appreciate better rhetoric from the Scottish Parliament. At the end of the day, it is fine to talk about a shared vision, but the difficulties arise when one has to reach into one's budget and spend money on something within the community plan.

**Mr Johnston:** Mr McCourt, a lot of thought has obviously been given to the expansion of Highland Prospect Ltd into more commercial areas. What free assets does the Highland Council have in land and buildings? What targets will be set for return on capital for Highland Prospects?

**Mr Rennilson:** In the first tranche, we are bringing together nine separate sets of buildings or under-used land and the joint venture company will seek interest and private capital. We will be seeking a commercial return and are in discussions as to how that can be secured while keeping taxation liability to a minimum. We are interested in creating jobs—we want to use the assets to create new enterprise in the Highlands—but we also want to be able to recycle the money.

**Mr Johnston:** What is the value of the nine units?

**Mr Rennilson:** That will be subject to negotiation. We will seek expressions of interest from the private sector during the winter. I cannot put a figure on it at this stage.

**Mr Johnston:** What do you call a commercial rate of return?

**Mr Rennilson:** The rate is commercial in the sense that we will make money, but our purpose is not solely economic, but social too.

**Mr Johnston:** We have already heard from Highlands and Islands Enterprise that there is no market for commercial property in the Highlands and Islands and that it has to offer properties at what might be called subsidised rents.

**Mr Rennilson:** That is true of the rural areas, but not of all areas. The grouping of properties that we are considering includes land in Nairn and Inverness. In other circumstances, that would

perhaps have been a one-off—we would just have advertised the land on the market, it would have been sold to the private sector and it would have gone ahead. Now, we are packaging the property with land in Fort William and an opportunity in Caithness. We are entering this joint venture with the private sector, taking the nine properties together.

**Councillor Green:** The decision to make better use of our assets is political. We need to do that in areas where our assets are relatively rich. The council has not yet agreed whether we should go in hard to reinvest soft or do a mix and match of the two. That is purely and simply a political decision.

We have asked the officers to consider the situation. They have done a lot of research, just as happened in Edinburgh with EDI. We want to make the best use that we can of our assets to reinvest, possibly on the soft side, and to put resources into the remoter areas of the Highlands where there is need.

**Mr Munro:** The debate has moved on now, but I wanted to support the council in its strategic aim of democratic accountability, which is apt if one considers what happened recently with the appointments to the North of Scotland Water Authority and the Scottish Environment Protection Agency. Although Highland is one of the biggest geographic areas within SEPA's responsibility, there are very few, if any, elected members from the Highlands. We must be conscious of that.

**Mr McCourt:** I want to make one point in answer to Mr Johnston's question. We will know whether we have a commercial rate of return if we get private sector partners to work with us. We do not know that yet.

**The Convener:** I feel a chicken and an egg running around here somewhere.

12:45

**Rhoda Grant:** Everyone talked in their opening statements about unemployment, about how the council provides employment in rural areas and about how dependent rural areas are on jobs provided by the council. Has Highland Council considered using new technology to enable more sustainable jobs to be moved out to rural areas?

**Mr McCourt:** Ninety-five per cent of council employment is in the area that the council serves. Five per cent of council staff are employed in headquarters. That is nevertheless several hundred staff—600, I believe. When we create new jobs or there are changes in employment, the council is keen that that we consider whether those jobs can be decentralised. There is not a large volume of opportunity to do that, but we look constantly at whether further jobs can be

dispersed.

We are considering the use of new technology primarily to enable more working in local areas so that we do not demand that people always come into the office, but can use technology to work elsewhere. If, for example, our social workers must visit clients every day, we do not want them to waste time coming back to the office base, which may be 30 miles from their first client. The answer to your question therefore is yes, but the scale of opportunity is relatively small. We are not talking about hundreds of jobs, but it is likely to be tens.

**Mr Robertson:** Training is an associated issue. There is a huge demand for training in the new technologies, not just within the council but across all sectors. At the moment we are working with the enterprise companies and other public sector bodies, such as the police, to explore the development of information technology training centres across our area of responsibility. We must, for example, train every teacher in the Highlands in the next three years. If we establish IT training centres across our area, why should not other public bodies and the private sector use the facilities? We are therefore involved in discussions on that at the moment. We hope that Ross and Cromarty Enterprise will be able to deliver some training in the new technologies at the new school in Ullapool.

**The Convener:** This will have to be the last question in this section of the inquiry.

**Elaine Thomson:** I have two questions, but I will make them short.

First, following on from what Mr McCourt said, there has been a huge increase in demand for information and communications training for workers in all sectors. Who do you expect will provide most of that training? The public sector or private sector training providers?

**Mr Robertson:** My view is that we need a mixed economy. In percentage terms, the public sector is a large employer across the Highlands. Large services such as mine tend to provide their own training, either through the council's training unit or through our own people. The Highland Council is one of only four local authorities in Scotland that has managed to obtain the kitemark, so to speak, to deliver teacher training—that was a big accolade for the council. However, working in partnership with the enterprise companies and with the further education sector, I expect private companies to deliver training in some of our schools and in the 28 local learning centres that were mentioned earlier.

**Elaine Thomson:** The importance of infrastructure and of information technology in the Highlands and Islands is evident. On the problem

of access to digital upgrading and ISDN lines, I assume that it will never be commercially viable for telecommunications companies to provide those facilities to certain communities. Does that mean that public subsidy is needed if such facilities are to be provided? Where might such money come from? Given that it is money for infrastructure, might it come from Europe?

**Mr Robertson:** I can partially answer that question, although I am sure that the council's convener will also have one or two comments.

As far as I am concerned, this issue raises a huge question of equity for the Highlands. It would not be a major concern if we were to meet in one of the cities, as we would be able to access cable and so on. We are already tapping in to large sums of European funding. For example, my service invests £1.3 million each year in information technology and will do so for the next three years. However, we cannot do that alone—it is a political issue.

**Councillor Green:** The private sector will not be interested in coming to the Ardnamurchan peninsula, for example. There must be a European dimension and public sector subsidy. There are a few information and communications technology black holes—I happen to live in one in Ullapool, where we are trying to develop the school as an outreach facility for the University of the Highlands and Islands. However, that will be held back because there is no black pipe—as it is called—connecting us to the system. Everyone is well aware of the problem, which will require targeted investment. If that does not happen, the development of lifelong learning will be held back.

**The Convener:** George Lyon has a brief point of clarification.

**George Lyon:** I want to come back to the concerns that Bruce Robertson raised about the development of the Highland grid. He stated that British Telecom had decided that digital upgrading would be done only in areas with a population of 25,000.

**Mr Robertson:** That is the advice that I have been given by our director of information services. Digital upgrading is a big issue for us.

**The Convener:** If the council writes to the committee clerks about digital upgrading, the information will be made available to all members. We could take some action as a committee, as there are legitimate concerns about that issue. In the absence of infrastructure, the strategy of expanding access to lifelong learning cannot be delivered.

Are there any additional remarks that the witnesses wish to make before I wind up the proceedings?

**Councillor Green:** I want to stretch that a wee bit, to make four comments.

First, there is a big campaign in the Highlands and Islands over fuel pricing. It is the No 1 issue, of which elements remain outstanding, including the system of uniform pricing. If one can buy a bottle of Bell's whisky—or any other brand—for the same price in Wick and Inverness, why does one have to pay more for petrol? The Office of Fair Trading is examining this issue and, as a result, the price in Inverness is the same as it is in Edinburgh or Glasgow, but the price gets higher as one moves around the area. We are all aware of that issue, but I wished to make the point.

Secondly, I heard David Begg on the radio making a point about the fuel price escalator. In car-dependent areas such as the Highlands, the escalator indiscriminately taxes residents more, as they have to use their cars more. We are looking at postcode delegation and so on, but I hope that something can be done about these two issues as they are fundamental to the Highlands—they impact on every business and on everything that we try to do.

Thirdly, I thank Rhoda Grant for her question on dispersal of jobs. Ninety-five per cent of jobs in the Highland Council area are decentralised. We challenge all the council's new jobs with the question whether they need to be located in the urban centre or whether they could be located elsewhere. Five jobs in Lairg or Ardnamurchan make a huge difference—they are almost comparable with 100 jobs in Inverness.

My last comment deals with the uncertainty of our transport links to the outside world and the campaign on Heathrow air slots. There is a lack of certainty and no guarantee that we can reach our markets. The message sent to the rest of the world is that the Highlands is not connected—and has no guarantee of being connected—to outside areas. We are at the mercy of extreme market forces, with slots trading for between £5 million and £10 million. That is an unfair system. We think that we have won the arguments both politically and in Europe, but we require the passing of legislation.

**The Convener:** I close this session by thanking David and his colleagues from the Highland Council for attending the meeting.

David's concluding four points were well made. The committee will discuss next week fuel pricing and, particularly, the uniform pricing point that has been raised. The committee has already discussed the fuel duty escalator and some concern has been expressed.

On dispersal of jobs, I am interested to hear of the council's testing of new employment. The issue of dispersing Scottish Executive jobs has

been raised in the Scottish Parliament and the committee's presence in Inverness is a recognition of the need to reach out to the community.

Members of all parties are concerned about David's important point on transport links and the link to Heathrow in particular. He talked about uncertainty in relation to flights to London. I hope that it is predictable and certain tonight, as I must use the service at 5.30pm in order to go to the House of Commons.

I suspend the morning session of the meeting and advise members that we will resume at 1.30 pm. I apologise for the brief lunch break, but it should be only a little inconvenience as, courtesy of the Highland Council, catering has been provided for members.

12:56

*Meeting suspended.*

13:35

*On resuming—*

**The Convener:** I welcome members of the committee, other members of the Parliament and members of the public to the afternoon session of our discussions.

## Gaelic

**The Convener:** The first part of the session will be a discussion with the organisations responsible for the promotion and development of the Gaelic language. For the purposes of this part of the meeting, the presentations will be made in Gaelic.

Simultaneous interpreting equipment is available for members. I will give an outline of the instructions that I have been given. It is embarrassing for me to give technical advice to anyone, bearing it in mind that I have just done a radio interview during which I was asked for the e-mail address so that people could send information to this inquiry, but I was unable to provide said information. On that note of technical incompetence, let us proceed.

Members should plug the headphones into the bottom of the receiver unit, press start and check that channel 1 is selected. There is a volume control on the left side of the unit. The simultaneous interpretation will not be broadcast over the public address system, as that would disturb the speakers. A limited number of headsets is available for members of the public, which the security staff will make available on request.

I welcome Allan Campbell, chief executive of Comunn na Gàidhlig, and Lachlan Dick and Calum Robertson from Sabhal Mòr Ostaig. We will hear

from Allan Campbell first, and then from the gentlemen from Sabhal Mòr Ostaig. I will open the meeting to questions once we have heard both presentations.

**Allan Campbell (Chief Executive, Comunn na Gàidhlig):** Thank you. Before I start, I should say that my colleague, Donald Martin, is also with me, sitting next to the overhead projector. Donald and I are members of the trust of Sabhal Mòr Ostaig. I am proud to say that I have been involved for about 20 years, and Donald for about 10 years. That is an important point.

Tapadh leibh, fhir-cathraich. Dh'iarrainn an toiseach fàilte a chur air a' Chomataidh seo chun na Gàidhealtachd agus tha mi airson taing a thoirt dhuibh airson an fhianais seo a chluinntinn ann an Gàidhlig, a' daingneachadh an àite a tha sibh deònach a thoirt dhi ann an obair Pàrlamaid na h-Albann agus ann an riaghladh na dùthcha cuideachd.

An dèidh Aithisg bho Bhòrd Leasachaidh na Gàidhealtachd, chaidh Comunn na Gàidhlig—CNAG—a stèidheachadh ann an 1984 gus an t-slighe air adhart airson ath-bheothachadh agus leasachadh na Gàidhlig agus a' chultair a cho-òrdanachadh. Tha CNAG air am maoinachadh leis an Riaghaltas 's tha e an urra riutha a' Ghàidhlig 's a chultar a leasachadh gu nàiseanta. Tha CNAG cuideachd air a bhith na buidheann comhairleachaidh air cùisean Gàidhlig do Rùnaire na h-Alba agus Oifis na h-Alba.

'S e buidheann Earrannta a th' ann an Comunn na Gàidhlig le barrantas agus inbhe carthannais. Tha ùghdarrasan ionadail, buidhnean poblach, na prìomh bhuidhnean Gàidhlig uile agus a' choimhearsnachd Ghàidhlig san fharsaingeachd air an riochdachadh air a' Bhòrd Stiùiridh aig CNAG. Tha polasaidhean na buidhne air an deasbad aig a' Chòmhhdail Nàiseanta Bhliadhnail agus air an cur an gnìomh leis an Stiùiriche agus an luchd-obrach. Tha structar na buidhne, aig an ìre seo, air a stèidheachadh air ceithir prìomh chinn: Foillseachadh agus Inbhe Thèarainte; Foghlam; Oigridh agus Leasachadh Coimhearsnachd.

Am measg nam prìomh raointean obrach, thar na còig bliadhna deug bho chaidh Comunn na Gàidhlig a stèidheachadh, tha:

An Iomairt airson Inbhe Thèarainte

Planaichean Leasachaidh airson Gàidhlig

Iomairt airson Craoladh Gàidhlig

Comann nam Pàrant (Nàiseanta)

Pròiseact nan Ealan

Iomairtean Oigridh

Cùrsaichean Bogaidh Gàidhlig

Buaidh Gàidhlig air an Eaconamaidh (Aithisg Sproull/Ashcroft)

Iomairt Turasachd Cultarach *Fàilte*

Iomairtean Foghlaim Gàidhlig

Sgeamaichean Gàidhlig sa Choimhearsnachd.

Chithear amasan Chomunn na Gàidhlig anns na prìomh phàipearan poileasaidh, a tha ag innse gu mionaideach mu mholaidhean agus targaidean airson leasachadh a' chànain agus a' chultair air feadh Alba.

Chaidh an *Dreach Iùl airson Achd Gàidhlig* a thoirt do Riaghaltas na h-Alba san Lùnasdal 1999 agus thàthar air Foghlaim; Buidhnean Poblach, a' gabhail a-steach na Pàrlamaid fhèin; na Cùirtean; agus Craoladh a chomharrachadh mar na ceithir prìomh raointean a bu chòir a chòmhdach ann an lagh gus dìon brìghmhor no inbhe thèarainte a thoirt don Ghàidhlig, air a stèidheachadh air prionnsabal co-ionannachd a bhith ann do Ghàidhlig 's do Bheurla, an Alba, coltach ris an aithne a chaidh a thoirt dhan Chuimris ann an Achd na Cuimris bho chionn sia bliadhna air ais.

A thaobh prìomh ùidh na Comataidh seo, tha an *Dreach Iùl*, a thaobh Foghlaim, a' moladh gur e am prionnsabal a bu chòir Achd Ghàidhlig a stiùireadh, gum faigh Foghlaim tro Mheadhan na Ghàidhlig an aon inbhe ri Foghlaim tro Mheadhan na Beurla a thaobh a bhith fosgailte do na h-uile, le còirichean, airgead agus stòras eile.

Bu chòir cuideachd leasachadh a dhèanamh air teagasg eachdraidh na Gàidhlig as na sgoiltean—maoineachadh ceart a dhèanamh air trusadh agus trèanadh luchd-teagaisg, agus stòras ceart cuideachd a chur ma choinneamh Sabhal Mòr Ostaig agus a leithid.

Tha Stòrlann Nàiseanta na Gàidhlig na chiad cheum chudromach air aithneachadh a ghainnid a tha ann de stuthan ionnsachaidh agus teagaisg na Gàidhlig, ach feumar structaran leasachaidh aig ìrean nàiseanta agus ionadail a mhaoineachadh gu cothromach.

Tha craoladh a sìor fhàs cudromach ann an saoghal foghlaim leantail cuideachd agus tha an *Dreach Iùl* againn a' daingneachadh gu bheil inbhe laghail bunaitich ma tha seirbheis choilionta Craolaidh Gàidhlig gu bhith air a thoirt gu buil.

Tha na molaidhean air Poileasaidh Nàiseanta airson Foghlaim Gàidhlig (*Innleachd Airson Adhartais*—a chuireadh chun Riaghaltais anns a' Chèitean bho chionn dà bhliadhna air ais) ag iarraidh gun tèid innleachd a stèidheachadh cho luath is a ghabhas airson leasachadh na Gàidhlig agus Foghlaim tro Mheadhan na Gàidhlig a cho-òrdanachadh aig ìre nàiseanta.

Chaidh *Gàidhlig plc* fhoillseachadh na bu tràithe

air a' bhliadhna, an dèidh beachdan a shireadh bho na prìomh bhuidhnean Gàidhlig.

'S e na trì prìomh amasan a tha an lùib a' phlana sin:

Aireamh luchd-labhairt na Gàidhlig a mheudachadh

Coimhearsnachdan Gàidhlig a neartachadh

Eaconomaidh na Gàidhlig a leasachadh

Dèiligidh mi ri na trì amasan fa leth.

An toiseach, a' chiad amas—Meudachadh air luchd-labhairt na Gàidhlig:

Tha àireamhan luchd-labhairt fhathast a' dol sìos, a dh'aindheoin an leudachaidh a th' air tachairt, leis gu bheil a leithid de sheann daoine againn tha sinn gan call nas luaithe na tha òigridh agus luchd-ionnsachaidh a' tighinn nan aite.

'S e a' phrìomh chnap-starra a th' againn leis a' cheann-uidhe seo—Cion Poileasaidh Nàiseanta Foghlaim Gàidhlig.

Ged a tha sinn air adhartas mor a dhèanamh thairis air na ceithir bliadhna deug a dh'fhalbh, tha suidheachadh a' chànain as a' choimhearsnachd air fàs cho lag agus nach eil i air chomas tilleadh gun taic shònraichte o shaoghal foghlaim.

'S e fuasgladh na ceist sin Achd Ghàidhlig le Còirichean Foghlaim.

Nuair a thig Poileasaidh Nàiseanta Foghlaim Gàidhlig—an dàrna cuid mar phàirt de dh'Achd Foghlaim, neo mar phàirt de dh'Achd Ghàidhlig—feumaidh innleachdan trèanaidh airson luchd-teagaisg, aig gach ìre, tighinn na cois agus maoinachadh a leigeas leis na leasachaidhean sin a dhol air adhart. As aonais sin, chan eil dòchas againn air soirbheachadh le àireamhan luchd-labhairt Gàidhlig a thilleadh.

'S e an dàrna ceann-uidhe—Neartachadh Coimhearsnachdan Gàidhlig:

Ma tha a' Ghàidhlig gu bhith buan, feumar na coimhearsnachdan dùthchail aice ath-bheothachadh a-rithist ach am bi daoine misneachail agus le fèin-spèis agus moit nan dualchas.

'S e an cnap-starra a th' againn an seo—Cion Misneachd agus Ghoireasan.

Ri linn 's nach deach a teagasg dhaibh agus, mar sin, nach robh luach cosnadh riamh sa Ghàidhlig dhan mhòr chuid de na Gàidheil fhèin, chan eil misneachd aca innte no annta fhèin leatha—agus chan eil dòighean ceart ann fhathast gus seo a leasachadh.

'S e fuasgladh sin—Innleachd Nàiseanta dhan Ghàidhlig.

Mar phàirt de na dh'fheumas leantainn air Achd Ghàidhlig feumaidh innleachdan a bhith againn airson coinneachadh ris gach èiginn leasachaidh a th' ann agus feumaidh ionmhas a bhith ma choinneamh na h-obrach sin ma tha i dol a shoirbheachadh.

'S e an treas ceann-uidhe—Leasachadh Eaconomaigeach dhan Ghàidhlig.

Ma tha Gàidhlig gu bhith glèidheadh buan an dèidh ath-leasachaidh, feumaidh barrachd is barrachd chothroman a bhith ann a cur an sàs ann an saoghal gnìomhachais is malairt gus am bi buannachd fhollaiseach eaconomaigeach na cois.

'S e an cnap-starra a th' ann an-dràsda—Cion Ionmhais Leasachaidh.

Chan eil mothachadh gu leòr ann fhathast air na cothroman a dh'fhaodadh tighinn an cois leasachadh eaconomaigeach Gàidhlig agus ri linn sin chan eil ionmhas gu leòr neo taic gu leòr ga chur ris an iomairt seo.

'S e fuasgladh air an sin—Taic Chothromach dhan Ghàidhlig.

Tha feum air roinn nas cothromaiche de dh'ionmhas a thoirt dhan Ghàidhlig san fharsaingeachd ma tha na h-iomairtean leasachaidh èiginneach a thàthar a-niste a' comharrachadh ri bhith air an coinneachadh, agus cuideachd gus togail air na rinneadh dhan chànan gu ruige seo agus gus an tuilleadh adhartas a choilionadh.

13:45

Tha a' Ghàidhlig sònraichte ann an dualchas bheairteach nàiseanta na h-Alba.

Tha co-obrachadh deatamach a thaobh innleachd leasachaidh.

Tha maoineachadh foghlaim bunaiteach do dh'iomairt agus do dh'Oideachadh Beatha Gàidhlig.

Tha co-obrachadh le buidhnean mar lomairt na Gàidhealtachd, na buidhnean lomairt, Sabhal Mòr Ostaig fhèin, Oilthigh na Gàidhealtachd, agus Comhairlean, cuide ris an taic a fhuair sinn bhon Riaghaltas fhèin air a dhearbhadh dhuinne gum bheil co-roinn agus co-obrachadh bunaiteach ann an innleachdan leasachaidh na Gàidhlig, agus ma tha i gu bhith buan fad linn eile.

Mar a chithear agus mar a chluinnear as na bhios aig riochdairean an as t-Sabhail Mhòir ri aithris ribh a-niste, tha maoineachadh foghlaim aig cridhe innleachdan agus cothroman leasachaidh cànan is eaconomaigh, agus cuideachd aig cridhe innleachd leasachaidh cànan agus cultar na Gàidhlig.

Mòran taing airson eisdeachd.

*Following is the simultaneous interpretation:*

I welcome the committee to the Highlands. Thank you for allowing us to make our presentations in Gaelic. It demonstrates the position that you desire to give Gaelic in the Scottish Parliament and in the country.

Comunn na Gàidhlig was set up in 1984, following a report commissioned by the Highlands and Islands Development Board on the way ahead for co-ordinating the promotion and development of the Gaelic language and culture. CNAG is a Government-funded agency with a national remit for the development and promotion of the Gaelic language and culture. CNAG has also acted as adviser on Gaelic matters to the Secretary of State for Scotland and the Scottish Office.

Comunn na Gàidhlig is a company limited by guarantee with charitable status. Its board of directors represent local authorities, public bodies, all the main Gaelic organisations and the wider Gaelic community.

The policies of the organisation are formulated at the annual congress and implemented by the chief executive and staff. The current structure of the organisation, which has evolved over the past 15 years, is based on four main areas: promotion, status, education, youth and community development.

Over the past 15 years, some of our main initiatives have been a campaign for secure status, development plans for Gaelic, a campaign for Gaelic broadcasting, a national parent organisation, a Gaelic arts agency, youth initiatives, Gaelic immersion courses, the economic impact of Gaelic—the Brian Ashcroft and Allan Sproull report—the Fàilte culture and tourism initiative, Gaelic education initiatives and Gaelic in the community schemes. Members can see some of our main policies in the policy documents.

The draft brief for a Gaelic language bill was submitted to the Executive in August this year. It identifies education, public bodies—including the Scottish Parliament—the courts and broadcasting as the four main areas that should be covered in legislation to provide meaningful protection or secure status. That is based on the principle of equal validity for Gaelic with English in Scotland, along the lines of the recognition given to Welsh in the Welsh Language Act 1993.

As far as the interests of the committee are concerned, the draft brief recommends that the principle underlying a Gaelic language act should be that Gaelic-medium education has parity with English-medium education in terms of access, availability, rights, funding and other resources.

The importance of Gaelic and its associated

culture in the development of Scotland's identity should be recognised by the teaching in primary and secondary education of its history and of its present role in language and culture. More money should also be given to Sabhal Mòr Ostaig.

The scarcity of learning and teaching materials for Gaelic has been recognised, and the recent establishment of Stòrlann Nàiseanta na Gàidhlig is a welcome first step, but development structures at national and local levels must be properly funded.

Broadcasting is becoming increasingly important in the context of lifelong learning; our draft brief argues that legislative provision is essential if a cohesive Gaelic broadcasting service with a capacity for growth that meets its needs is to be achieved.

The proposals for a national policy for Gaelic education in the document "Framework for Growth" submitted to the Government in May 1997 seek, as a matter of urgency, to establish a mechanism to co-ordinate the development of Gaelic and Gaelic-medium education at national level.

Gaelic plc was set up earlier this year; its three main objectives are to increase the number of Gaelic speakers, to strengthen Gaelic communities and to develop the Gaelic economy. I will address those objectives individually.

Regarding the first objective, Gaelic speakers are still deprived, despite recent developments, because older members of the Gaelic community are dying faster than new members are coming to replace them. The main obstacle is the lack of a national Gaelic education policy. Although we have made significant progress in the past 40 years, intergenerational transfer of Gaelic has weakened so much in the Gaelic community that positive and focused policies, such as a Gaelic act that includes education provisions, are crucial to the language's survival.

Although a national policy for Gaelic education might be delivered as part of an education act or as part of a Gaelic language act, it must provide for the recruitment and training of Gaelic-medium teachers at all levels. The necessary funding must be made available to deliver those objectives. Such funding would be a step towards halting the decline in the number of Gaelic speakers.

The second objective is to strengthen Gaelic communities. The long-term revival of Gaelic requires a social, economic and cultural revitalisation of Gaelic communities to create the confidence and self-esteem that are essential for sustainable growth. The obstacle to that is lack of confidence and of resources.

The vast majority of Gaels achieve no economic

benefit from Gaelic because of the lack of any education in their own language. They have no confidence in the language nor in their own ability to use it beyond social conversation. We do not yet have effective resources to tackle that. The solution would be a clear national strategy for Gaelic. A Gaelic language act must provide a framework for addressing all the critical development needs of the language, and adequate resources must be provided to allow such initiatives to succeed.

The third objective is to strengthen the Gaelic economy. For any linguistic or cultural community to survive, its language must be fully and actively integrated in business and commerce. Gaelic is no different—we must seek to expand its function and place in economic activity. The obstacle is lack of funding support.

There is still a general lack of awareness in the business and economic sectors of the opportunities associated with Gaelic. Consequently, there is a lack of resources and promotion allocated to that sector. The solution is the allocation of a fairer share of resources for Gaelic in general, which would enable the wide range of urgent developmental initiatives that have been identified to be addressed. That would allow us to build on existing investment and to ensure continued growth.

Gaelic is a unique part of Scotland's rich national heritage. A partnership approach to planning is essential. Education investment is critical to Gaelic enterprise and lifelong learning. Highlands and Islands Enterprise, the local enterprise companies, Sabhal Mòr Ostaig, the University of the Highlands and Islands and the local authorities, with continued support from central Government, have demonstrated that a partnership approach to Gaelic planning and initiatives is paramount if the language and culture are to survive the challenges of the coming millennium.

The presentation by Sabhal Mòr Ostaig representatives will demonstrate the continuing importance of education investment as a springboard for future language and prime economic development opportunities. It is an essential prerequisite in securing the future of Gaelic language and culture.

**The Convener:** Thank you.

**Mr Lachlan Dick (University of the Highlands and Islands Development Co-ordinator, Sabhal Mòr Ostaig):** Gu fòirmeal, neach-cathraich, am faodainn taing a thoirt dhuibh fhèin agus don Chomataidh agaibh airson na cothrom seo a thoirt dhuinn.

An toiseach, beagan mu eachdraidh na Colaisde.

Tha Sabhal Mòr Ostaig, co-phàirtear ann an Oilthigh na Gàidhealtachd, suidhichte ann an Slèibhte an Eilein Sgitheanaich. Chaidh a' Cholaisde a stèidheachadh ann an 1973, air sgàth leasachadh an dìth a bha ann thaobh Teagasg tro Mheadhan na Gàidhlig agus bho 1983 thàthas air a bhith teagasg tro mheadhan na Gàidhlig cùrsaichean, a tha dearbhte gu nàiseanta, aig ìre Foghlam Adhartach. Agus bhon uiridh, ann an co-bhonn ri dà cholaisde eile ann an Oilthigh na Gàidhealtachd, tha Sabhal Mòr Ostaig air a bhith tabhann dà chùrsa ceum tro mheadhan na Gàidhlig—Gàidhlig is Cultar agus Gàidhlig is Iomall a' Chuain Siar.

Bho chaidh a cur air bhonn, tha a' Cholaisde air dà leasachadh a dhèanamh air a cuid goireasan, an toiseach ann an 1993 le goireasan teagaisg is àiteachan-fuirich. Agus a-rithist an-uiridh, dh'fhosglar goireasan sònraichte Arainn Chaluim Chille làimh ris an t-seann togalach. Leig na leasaichidhean seo leis a' Cholaisde bhith leudachadh na h-obrach.

A-nis, beagan mun teagasg.

Tha teagasg na Colaisde, air a libhrigeadh tro mheadhan na Gàidhlig, stèidhichte air a' bheachd gu bheil eaconamachd fhallainte an crochadh air cultar tha an dà chuid beòthail is adhartach. A bharrachd air an dà chùrsa ceum, le barrantas aig caochladh ìrean agus a' chiad bhliadhna na modh bogaidh, tha a' Cholaisde a' tabhann caochladh chùrsaichean eile agus a bharrachd for-cheum Telebhisean air a liubhairt an co-bhonn ris a' ghnìomhachas. Tha a' Cholaisde cuideachd a' tabhann iomadach cùrsa goirid aig àm nan saor-làithean airson feum a dhèanamh dhe na goireasan.

*Following is the simultaneous interpretation:*

I thank the committee for this opportunity to speak.

First, I will tell a little about the history of the college. Sabhal Mòr Ostaig, a partner institution with the University of the Highlands and Islands, is situated in Sleat on the Isle of Skye. The college was set up in 1973 to help remedy the lack of education through the medium of Gaelic. Since 1983, it has offered the first nationally validated further education courses through the medium of Gaelic. Since 1998, Sabhal Mòr Ostaig, in conjunction with two partner colleges, has offered Gaelic-medium degree courses in Gaelic language and culture and Gaelic with north Atlantic studies.

Since its inception, SMO has undertaken two major extensions to its facilities. The first, in 1993, provided additional teaching accommodation and—for the first time—residential accommodation. In session 1998-99, the college opened the outstanding facilities at Arainn Chaluim Chille, adjacent to the earlier complex.

The new facilities allowed the college to extend its range of activities.

The college curriculum, delivered through the medium of Gaelic, is founded on the belief that a sound economy must be based on a vibrant and confident culture. At certain stages, students can leave the two degrees mentioned—which entail an immersion approach to language learning in the first year—with various qualifications. In addition to the degrees, the college provides a number of other courses, including a post-qualification TV course, which is delivered in collaboration with the industry. The college operates a wide range of short courses during vacations.

**Mr Calum Robertson (Head of Corporate Planning, Sabhal Mòr Ostaig):** Gníomhan taice.

A bharrachd air na cùrsaichean foghlaim, tha a' Cholaisde an sàs ann an iomadh nì eile chum feumalachdan coimhearsnachd na Gàidhlig a choilionadh:

Lèirsinn—Ionad Rannsachaidh na Colaisde.

Cànan—Buidheann foillseachaidh agus maragaideachd na Colaisde.

Iomairt Chaluim Chille—Iomairt le Oifis na h-Alba airson ceanglaichean eadar Eirinn is Alba a dhàinneachadh.

Teicneòlas Fiosrachaidh—D3 agus Titan—dà phròiseact Eòrpach.

A bharrachd air an sin tha na Duilleagan Eadar-lìon aig a' Cholaisde a' faighinn còrr air 100,000 buille gach seachdainn. Tha sin uile a' toirt buaidh eaconomach air an sgìre anns a bheil a' Cholaisde.

Tha a' Cholaisde a' cur gu mòr ri teachd-a-steach na sgìre: Mar eisimpleir tha 55 luchd-obrach làn-thìde againn agus nuair a tha thu a' cunntas luchd-obrach seall-thìde is geàrr-ama tha 180 air a' chlàr-pàighidh. Tha sin a' ciallachadh tuarasdail faisg air £1.49m sa bhliadhna a' dol mun cuairt sa choimhearsnachd.

Tha faisg air 25,000 oidhcheannan-cadail sa bhliadhna gan gabhail air màl sa choimhearsnachd leis a' Cholaisde agus tha luchd-teagaisg is oileanaich a' cleachdadh seirbheisean ionadail.

*Following is the simultaneous interpretation:*

In addition to its academic activities, the college undertakes a range of other activities designed to meet the needs of the Gaelic community: Leirsinn, the college's research arm; Cànan, the college's publishing and marketing company; the Columba initiative, a Scottish Executive initiative to link Scotland, Northern Ireland and Eire; and information technology activity, Developing Digital Democracy, through Europe-funded projects such

as Titan. In addition, the college's website has 100,000 hits a week.

The college plays a major role in the economy of the community. Fifty-five full-time jobs are sustained all year. Including part-timers and short course tutors, 180 people are on the payroll. Annual wages of £1.49 million circulate in the locality. Every year, the college rents 24,720 bed nights in the local community, while staff and students use local services.

**Mr Dick:** Agus ma dh'fhaodas mise, neach-cathraich, facal a ràdh mu dheidhinn nan nithean a tha ann an amhairc na Colaisde an dà chuid sa gheàrr agus an eadar-ama.

Bu mhiann leis a' Cholaisde, an co-bhonn ri buidhnean eile, pròiseactan a bharrachd a chur air adhart a thogadh air na tha Sabhal Mòr a' cur ri teachd-an-tìr na sgìre:

Mar a' chiad eisimpleir air an sin, bu mhiann leinn a' bhith a' leasachadh is a' libhrigeadh cùrsa ceum anns na h-Ealain Ghàidhlig is cùrsa ceum ann an Eòlas Cultural.

Bu mhiann leinn cuideachd a dhol an sàs ann an Cùrsa Inntrigidh air theagasg air astar air sgàth agus cothrom a thoirt do dhaoine a tha an sàs ann an Gàidhlig far nach eil cothrom aca a bhith a' frithealadh cholaisdean.

Bu mhiann leinn aonadan gnìomhachais ùra a thogail aig a' Cholaisde airson cur ri na h-obraichean anns a' choimhearsnachd.

Bu mhiann leinn Ionad Ile a stèidheachadh.

Agus Pròiseact Tobar an Dualchais a chur air bhonn chum 18,000 uair de bheul-aithris Albais agus Gàidhlig a chur air an eadar-lìon.

Bu mhiann leinn cuideachd a bhith a' gabhail pàirt ann an oideachadh thidsearan Gàidhlig far a bheil fìor ghainnead aig an dearbh àm.

*Following is the simultaneous interpretation:*

In the short to medium term, the college—in partnership with other organisations—has ambitions to progress a number of further projects that would enhance its contribution to the economy. For example, the college wants to develop and deliver a Gaelic and performing arts degree and a cultural studies degree. We also want to provide a structured Gaelic access course that would be available through remote delivery; build incubation units to develop further business activities locally; and develop a Gaelic language and culture centre on Islay.

In addition, the college wants to establish the Tobar an Dualchais project to digitise, catalogue and make available on-line 18,000 hours of Gaelic and Scots sound recordings. Finally, the college wants to contribute to initial Gaelic teacher

training—there is a lack of Gaelic teachers at present.

**Mr Calum Robertson:** Tha mi 'n dòchas gun tug siud dealbh air na tha Sabhal Mòr Ostaig ris is tha a' buntainn ri dleasdanas na Comataidh agaibh. O chionn greis a nis, tha an Riaghaltas is na Comhairlean Ionadail air a bhith cur taic ri Gàidhlig. Ach tha Urrasairean is luchd-rianachd na Colaisde gu làidir den bheachd, le meud na h-ùidhe ann an Gàidhlig is le leudachadh air teagasg tro mheadhan na Gàidhlig, gu bheil cothroman mòra ann fhathast. Agus gus sin a thoirt gu buil tha feum air aithne is leasachadh air na cnapan-starra tha mar coinneimh mar bhuidhnean Gàidhlig, agus a bharrachd, air an droch bhuaidh a tha aig cuid de structaran.

Tha Sabhal Mòr Ostaig is buidhnean Gàidhlig eile ag obair ann an suidheachadh:

—le cion-taic ann a bhith a' cur air adhart leasaichidhean ùra

—le cosgais a bharrachd thaobh bhith air an iomall

—le àireamhan beaga is barrachd cosgais gach ceann

—le coimhearsnachd a tha gu math sgapte

Tha iad sin is nithean eile a' cur ri cosgaisean.

A bharrachd, a rèir coltais, thàthar a' gluasad gu nàiseanta gu buidhnean aona-ghnìomhach is le sùil nas cumhainge. Ach an aghaidh sin feumaidh na mion-chultaran, le meud na h-obrach, a bhith adhartach is co-thaiceal. Tha feum air na buidhnean aona-ghnìomhach bhith cheart cho adhartach.

Is mu dheireadh, tha aig Sabhal Mòr, mar gach buidheann eileanach bhith beò ann an siostam tha gu beagnaich air a dhealbha a rèir feumalachdan a' bhaile mhòir. Ma tha na h-eileanan is dùthchannan iomallach eile gu bhith slàn fallain, tha feum air sin atharrachadh. Tha e na adhbhar-misneachd gum bi a' Pharlamaid ùr a' toirt sùil air a' bhuaidh a bhios aig gach achd air na h-eileanan is bidh ar dùil ri adhartas as leth sin.

Mòran taing.

*Following is the simultaneous interpretation:*

I hope that the foregoing has given an indication of Sabhal Mòr Ostaig's contribution to the committee's spheres of interest. Central and local government has done much recently to support Gaelic. However, the college's trustees and management believe that with the increasing interest in Gaelic language and culture, and the growing role of Gaelic-medium education, significant further progress can be made. That progress will require recognition of and remedies for the difficulties faced by organisations operating

in and through Gaelic and the unintended adverse influences of some current structures.

I will give some examples of those difficulties. Sabhal Mòr Ostaig and other Gaelic organisations operate in a field where new developments cannot draw on any significant existing support, for example, Gaelic higher education texts or Gaelic databases. That imposes additional costs. The organisations face the higher cost of rural and island locations and serve a dispersed Gaelic community; small numbers, with consequent higher per capita costs, are the norm. In addition, there has been a tendency towards single-purpose agencies and a narrowing of focus. Given the scale of operation, minority cultures are required to adopt innovative, multi-faceted and co-operative solutions. Single-purpose agencies need to adopt equally innovative approaches to such situations.

Finally, Sabhal Mòr Ostaig—like all rural or island-based organisations—is required to operate in a system that is designed primarily to cope with urban requirements. For remote and island communities to prosper, such handicaps have to be removed. We note with interest that the processes of the Scottish Parliament include the assessment of any likely effects on island communities, and we hope for positive outcomes as a result.

**The Convener:** In a moment I will open up the discussion for questions, but I want to start with some of the economic links that have been mentioned.

The Sabhal Mòr Ostaig presentation gave a clear assessment of the college's direct economic impact on the local economy—a wider economy, I suspect, than simply that of Skye. Mr Dick, you talked about the concept of incubation units and the ability to develop local business activity. Are there distinctive features about the types of business activity that you believe can be created as a spin-off of the Gaelic language? Or, as Calum Robertson said, do we simply need to ensure that the agencies' general economic development policies create no more inherent barriers to Gaelic developments than would be the case in any urban or mainstream community in Scotland?

**Mr Dick:** Tha mi smaoinichadh gur e a' chiad rud a bhiomaid a' coimhead air a shon gu suidheadh leasachadh sam bith gu comhfhurtail ri prìomh amasan na Colaisde. 'S e Colaisde acadeimigeach a th' innte agus bhiomaid airson a bhith ri obraichean a bhiodh a' cur ris an sin agus 's dòcha gum faodainn eisimpleir a tharraing bho na rudan eile a tha air fhighe a-staigh far a bheil a' Cholaisde an sàs, obair can mar Cànan—buidheann foillseachaidh agus buidheann maragaideachd agus air sgàth 's gu bheil tòrr dhen cuid-obrach ann an Gàidhlig tha sin a' cur gu mòr ri obair na Colaisde 's tha e cuideachd a'

ciallachadh gu bheil e a' leudachadh a' choimhearsnachd Ghàidhlig a tha timcheall na Colaisde.

Mar sin bhiomaid a' sùileachadh rudan can mar teicneòlas fiosrachaidh agus obraichean dhen t-seòrsa sin a chuireadh ri obair na Colaisde. Thug mi tarraing air Tobar an Dualchais—nam b' e agus gum faigheamaid a' phròiseact sin leinn bhiodh an uair sin obraichean ag èirigh as dèidh làimh le bhith a' dèanamh feum dhen an stuth a bhiodh an sin.

*Following is the simultaneous interpretation:*

Our first objective would be that whether any development would sit comfortably with the college's main aims. It is an academic college, and we hope to create jobs that will contribute to its work. Cànan, the publishing and marketing company, is an example of an initiative associated with the college. Because much of its work is in Gaelic, it contributes a great deal to the college's work. That also means that the community around the college is growing.

We therefore look for jobs to be created in areas such as information technology that would contribute to the work of the college. I also mentioned Tobar an Dualchais, the world heritage project. Many jobs might come from that project, through people making use of the resources contained therein.

**The Convener:** Thank you.

Allan, I know that in the debate about the development of language, there has been an aspiration in the wider Gaelic community for an economic development dimension. Has that come to the fore, and has it been realised? What are the constraints?

**Allan Campbell:** Cha tàinig e gu ìre fhathast—tha sinn ga fhaicinn mar amas a tha uamhasach cudromach. 'S e an rud a tha mi smaoinichadh a dh'fheumta a thuigsinn a tha fìor a thaobh na Gàidhlig—leth-cheud bliadhna air ais bha mòran a bharrachd a' bruidhinn na Gàidhlig na tha ga bruidhinn an-diugh agus 's e rud a thachair nach robh cothroman cosnadh dhaibh an lùib a' chàin, rud air an tug mi tarraing na bu tràithe, agus mar sin tha sinne niste den bheachd ann a bhith ag ath-leasachadh a' chàin gu feum sinn na cothroman cosnadh a tha seo a chruthachadh dhan a' chàin, an lùib a' chàin, agus mar sin gum bi dòigh ann air am bi i buan agus 's e fear dhe na h-eisimpleirean air a bheil sinne ag amas an-dràsda 's e obair turasachd agus faodaidh Dòmhnall Màrtainn facal a ràdh air an sin.

*Following is the simultaneous interpretation:*

It has not come to fruition yet, but we see it as a very important aim. We must understand that 50 years ago there were far more Gaelic speakers

than there are today. However, they had no job opportunities related to the language. We are of the opinion that in developing the Gaelic language, we must create opportunities that are related to it and therefore assure its survival. One example is the tourism project. Donald Martin will say a few words about that.

**Mr Donald Martin (Director of Community Development, Comunn na Gàidhlig):** Tapa leibh. Tha sinne a' toirt sùil air turasachd cultarail agus 's e seo raon far nach eil mòran leasaichidhean air a bhith suas chun an seo. Tha sinn a' smaoinichadh gur e gnìomhachas gu math cudromach a tha ann an seo agus tha eisimpleirean againn air mar a tha leasaichidhean air an dèanamh anns an raon seo ann an Eirinn agus anns a' Chuimrigh.

Tha sinn air tòiseach tòiseachaidh a dhèanamh le pròiseact anns na h-Eileanan an Iar far a bheil sinn a' dèanamh measadh air na seirbheisean 's na goireasan a th' againn an-dràsda agus an uair sin dol a thaghadh ceithir àitichean agus bhiodh sinn an dòchas a-mach as na cèithir àitichean sin gum biodh a dhà dhiubh ann an lomaire aig an Oir, an lomaire mu na chuala sibh an-diugh sa mhadainn. Tha seo a' ciallachadh às na h-àitichean sin gum bi cothroman cosnadh ann, chan ann a-mhàin do dhaoine a tha a' toirt seachad seirbheisean mar àitichean-fuirich, àitichean-bidhe; tha ionadan turasachd ann far a bheil eachdraidh ionadail an àite, ginealach agus spòrs—a h-uile càil co-cheangailte ri air gnìomhachas turasachd.

*Following is the simultaneous interpretation:*

We are looking at culture tourism, an area where there have been few developments until now. However, it is a very important industry—we have the example of developments that have taken place in Ireland and in Wales. We have started a project in the western isles and are examining the different facilities and services that are available. We will then choose four places, two of which, we hope, will be initiative of the edge areas. In those places, not only will there be job opportunities for people providing services such as accommodation and catering, but information centres and genealogy and sports services will be made available.

14:00

**Allan Campbell:** Aon rud eile neach-cathraich a dh'iarrainn chur ris an seo, gu bheil e doirbh dha daoine fhathast a thuigsinn dè tha ann an eaconamaidh na Gàidhlig. Cha robh daoine a' smaoinichadh air a' Ghàidhlig mar rudeigin dham buinneadh eaconamaidh ann. Bha iad a' smaoinichadh nach robh ann ach dòigh air conaltradh ann an coimhearsnachdan—rudeigin dualach ach rudeigin as nach robh, mar gum

biodh, dòigh air beairteas agus cosnadh a chruthachadh.

O chionn sia bliadhna chaidh a' chiad rannsachadh, a chaidh a dhèanamh riamh, air luach agus measadh eaconamaidh na Gàidhlig agus buaidh an airgid a chaidh dhan Ghàidhlig a thaobh eaconamaidh na h-Alba, fhoillseachadh. Chaidh sin a dhèanamh le taic airgid bho lomaire na Gàidhealtachd agus thug Iain MacDhonnchaidh iomradh air an sin an-diugh sa mhadainn. 'S e Oilthigh Caledonian ann an Glaschu a rinn seo agus 's e Allan Sproull agus Brian Ashcroft a bha os cionn sin. Aig an àm, dhearbhadh iadsan gun robh mìle cosnadh a' tighinn an lùib na bha dol a dh'airgead an sàs dhan Ghàidhlig ann an ceithir fichead 's a dhà dheug. Agus ma choinneamh na bu lugha na fichead millean bhon Riaghaltas a' dol a dh'ionnsaidh na Gàidhlig gu h-iomlan, bha còrr air a dhà uimhir sin a' dol a dh'ionnsaigh beairteas na dùthcha—chan e mhàin gun robh dùblachadh ann air luach an airgid ach bha mìle cosnadh air tighinn an lùib cuideachd. Niste, bhon uairsin, anns na seachd bliadhna bhon uairsin, tha fhios againn gu bheil na cosnaidhean a tha sin air fàs gu math nas motha cuideachd.

*Following is the simultaneous interpretation:*

It is difficult for people to understand what a Gaelic economy is. People never thought that Gaelic had any relation to the economy; they thought that it was just a way of conversing in communities. It was something that belonged to our heritage, but it was not a way of providing money.

Six years ago, the first research on the impact of the Gaelic economy was published. Highlands and Islands Enterprise provided money for that report, as Iain Robertson mentioned this morning. Dr Allan Sproull and Brian Ashcroft of Glasgow Caledonian University carried out the research. They showed that, in 1992, 1,000 job opportunities were created by the money that was invested in Gaelic. Whereas only £20 million came from the Government, a contribution of more than twice that was made to the country's wealth.

We know that, in the past six years, those opportunities have increased—there are more jobs.

**George Lyon:** I would like to explore in more depth how we might increase the number of Gaelic speakers. I want to make a comparison with Europe, where I have spent much time over the past three years. It was there that I last used simultaneous interpretation services—I must say that the interpretation here is far better than it ever was around the table in Brussels.

Around that table were representatives of 14 other countries. Most of them, with the exception of the Irish and ourselves, had a minimum of two

languages, and possibly three—their native language and either French, German or English. Is there a cultural problem in trying to raise the number of Gaelic speakers? Is the demand there? Are young people interested in taking up the language? Do we in Scotland value highly enough being able to speak our own language, or has that gone by the wayside because the world speaks English and we expect that that is how it should always be?

**Allan Campbell:** Bheir mise a' chiad tarraing air ann seo agus tha mi 'n dòchas gun tig Lachie Dick staigh an uair sin. A' chiad rud, aig a' chunntas sluaigh mu dheireadh, bha na bu lugha na trì fichead agus deich mìle de luchd-labhairt na Gàidhlig ann agus bha sinn gu follaiseach a' call luchd-labhairt na bu luaithe na bha sinn a' cur feadhainn eile nan àite agus 's e as coireach ri sin gu bheil barrachd de sheann daoine am measg luchd-labhairt na Gàidhlig.

A' freagairt na ceist agad, tha iarrtas dearbhte ann bho luchd-ionnsachaidh agus ged nach eil tomhas mionaideach againn an-dràsda, thàthas dhen bheachd gu bheil rudeigin eadar còig agus ochd mìle duine ann an Alba ag ionnsachadh na Gàidhlig gu dùrachdach. Tha e follaiseach gu bheil pàrantan ag iarraidh gum faigh an cuid chloinne Foghlam tro Mheadhan na Gàidhlig ach tha duilgheadasan an cois sin oir chan eil e ann mar chòir fhathast. 'S e rud a th' ann a tha sinn a' faotainn le deagh rùn agus tha sinn air leth taingeil airson an deagh rùn a tha sin ach tha sinn air a bhith beò leis an deagh rùn a tha sin a-niste airson grunn bhliadhnaichean agus 's e sin as coireach gu bheil sinne ag iarraidh gun tèid Inbhe Thèarainte thoirt dhan chànan agus gum bi còirichean aig pàrantan air Foghlam tro Mheadhan na Gàidhlig, chan e rudeigin a dh'fheumas iad a shireadh le làmh nan logaidh agus an dòchas gum bi Comhairlean bàigheil dhaibh.

*Following is the simultaneous interpretation:*

I will respond first, and then Lachlan Dick will offer his thoughts. The last census showed that there were fewer than 70,000 Gaelic speakers. It was obvious that we were losing Gaelic speakers more quickly than we were replacing them. That was because of demographic trends—the old people are dying.

There is a demand from Gaelic learners. Although we do not have the exact figures, we believe that between 5,000 and 8,000 people in Scotland are learning Gaelic. It is obvious that parents want their children to be educated through the medium of Gaelic. However, there are difficulties with that because, as yet, such education is not available as a right; it is available only as a goodwill measure. We are thankful for that goodwill measure, but we have been living with it for a number of years. That is why we want

secure status for our language—so that parents will have the right to Gaelic-medium education for their children. That should not be something that they have to keep scrounging for and chasing after; it should be theirs as a right.

**Mr Dick:** Chan eil dà dhoigh nach eil an dùthaich seo gu math deireileach a thaobh a bhith a' togail an dàrna no an treas cànan tacsas ri dùthchannan eile. Tha mi duilich nach eil freagairt agam air carson a tha a' chùis mar sin—dh'fhaodadh duine tarraing air puing no dhà: gur e eilean a th' againn, gu bheil a' Bheurla fhèin cho neartmhor . . . ach chan eil freagairt agam air.

A thaobh a bhith togail suas àireamh, tha mi smaoineachadh gur e an rud as cudromaiche a thachair gu bheil a niste a' tabhann teagasg tro mheadhan na Gàidhlig anns a' bhun-sgoil agus bhithinn an dòchas mean air mhean gum biodh sin a' leudachadh a-mach gu ruige na h-àird-sgoile.

Tha mi smaoineachadh gur e adhbhar, 's dòcha, nach eil inbhich a' tighinn gu ìre an an Gàidhlig gur 's math dh'fhaoidhe nach eil cùrsaichean leantainneach againn. Tha sinn ro thrìc a' cluinntinn ghearrainnean bho dhaoine gu bheil iad a' dol gu clasaichean Gàidhlig agus gur e an aon rud a tha iad a' faighinn o bhliadhna gu bliadhna air sgàth agus nach eil àireamh gu leòr ann an aon àite, ann an aon bhaile, a leigeas leat cùrsaichean adhartach a chur air bhonn agus mar a dh'ainmich mi a thaobh cùrsa inntrigidh. 'S e sin aon dhen na rudan a bu mhiann an t-Sabhal a dhol an sàs ann agus feuchainn ri cùrsaichean leantainneach a dhealbhadh.

*Following is the simultaneous interpretation:*

In comparison with other European countries, we in this country are very backward when it comes to having a second or third language. I regret that I do not have an answer to that problem—perhaps it is because English is so strong.

The most important thing that has happened to increase the number of Gaelic speakers is that we now offer Gaelic-medium education in primary schools. I hope that that will gradually be extended to secondary schools as well.

Many adult learners do not reach a high standard of spoken Gaelic. We often hear of them going to classes, but they do not seem to improve very fast, and are at the same level year after year. There are not enough Gaelic classes to cater for the different levels of learning. That is one of the things that Sabhal Mòr Ostaig would like to get involved in, to have progressive courses that would bring learners on from year to year.

**George Lyon:** We should consider the situation in the north of Scotland and compare it with the situation in Wales, where the Welsh language is

spoken extensively throughout the north of Wales. It is the first language used in most news broadcasting on television and it is the natural first language of the inhabitants. Why has Wales managed to preserve the culture of speaking its native language while Gaelic has fallen by the wayside in Scotland?

**Mr Dick:** Chan eil fhios 'am a bheil buaidh aige gur e coimhearsnachd gu math sgapte a tha niste ann a thaobh na Gàidhlig air sgàth 's gur e coimhearsnachdan eileanach a bh' ann agus nach robh na ceanglaichean ann a neartaicheadh Gàidhlig càch a chèile anns an dòigh 's dòcha a gheibh duine sa Chumrigh, agus gu ìre, chì duine an aon seòrsa suidheachadh ann an Eirinn cuideachd. 'S dòcha cuideachd air mar do thòishear air brosnachadh na cànan gu h-oifigeil gu bheil àireamh sluagh na Gàidhlig air crìonadh fada a bharrachd 's a bha sluagh na Cuimrigh 's tha sin ga dhèanamh nas duilghe a bhith a' togail na cùise a-rithist. Mur eil dad aig Ailean a chuireadh e ris.

*Following is the simultaneous interpretation:*

I am not sure exactly why the difference exists. Communities of Gaelic speakers are scattered over a wide area and a number of island communities and Wales does not have that problem. Indeed, the situation in Ireland is similar: communities are scattered and that can create problems. Before we attempted to develop the language officially, the number of Gaelic speakers had diminished so far that our job of trying to resurrect the language was made more difficult.

**Allan Campbell:** Tha aon rud a chuirinn ris, 's e sin neach-cathraich gu bheil an suidheachadh a tha anns a' Chuimrigh an-diugh, airson a' chiad turais riamh aig a' chunntas-sluaigh mu dheireadh, bha àireamh òigridh fo chòig bliadhna fichead aig an robh Cuimris air tòiseachadh a' tionndadh suas. Agus sin an t-amas a th' againn agus feumaidh sin tachairt mus tòisich an àireamh iomlan air a dhol suas agus 's e an òigridh, a' Ghàidhlig fhaotainn air ais dhan òigridh.

Niste, thug na Cuimrich deich bliadhna fichead a' coilionadh sin, a dh'aindheoin 's gun robh dà Achd Pàrlamaid aca air an t-slighe agus Bòrd airson a' chànan, craoladh anns sa chànan 's a h-uile càil a tha sinne sireadh tro na h-Achdan a tha sinn ag iarraidh bhuaibhse, tha e acasan 's a dh'aindheoin sin thug a greis dhaibhsan cuideachd. Tuigidh sibh, tha mi an dòchas, ri linn sin, cho uamhasach fhèin cudromach 's a tha Achd Gàidhlig gu bhith dhuinn a-niste—Achd aig a bheil còirichean.

*Following is the simultaneous interpretation:*

According to the most recent census, the number of people under 25 who speak Welsh has increased for the first time. That is our aim too. We

want to increase the number of people under 25 who speak Gaelic. The Welsh took 30 years to fulfil that aim, despite having two acts along the way, a board to promote Welsh, and broadcasting in the language—everything that we are looking for in a Gaelic act. The Welsh had all those things but it still took a long time to get there, so I hope that members will understand how difficult it is to achieve our goals and how important a Gaelic act, an act that gives us rights, will be in doing so.

**Miss Goldie:** It is quite humbling that everybody on the Enterprise and Lifelong Learning Committee has earphones slapped to their heads. That indicates the extent of the problem. It can be difficult for people of our mature age to think of learning a new language but it is not difficult at all for youngsters. Children of three, four, five or six can chat conversationally with ease in other languages. Do you feel that the way forward may be to be more forceful about what should go into a primary school curriculum? I gather that teaching Gaelic in primary schools is optional rather than mandatory.

You referred to the Welsh Language Act 1993. How has that worked? You said that it had made a positive contribution to heightening the awareness of the Welsh language in Wales. Why do you think that it has worked and why do you think that a Gaelic act would be helpful?

**Allan Campbell:** Togaidh mi air a' chiad phàirt. A thaobh Achd na Cuimris, tha mi smaoinichadh, chan urrainn dhomh bruidhinn le eòlas sònraichte air a' bhuaidh a bh' aig an Achd a tha sin ach tha mi a' smaoinichadh, gu ìre, gun robh iad anns an t-suidheachadh 's a bheil sinn fhìn—bha aca an toiseach ri dearbhadh gu robh rùn aig an t-sluagh gum biodh an cànan 's an dualchas a' dèanamh adhartais. 'S e sin a' chiad rud agus chaidh a' cheist a bha sin agus an t-amas a bha sin a chur romhainne mar Ghàidheil o chionn còig bliadhna deug air ais. Chaidh a ràdh rinn cha bhi an cànan agaibh beo ri linn gu bheil an Riaghaltas ag ràdh gum bu chòir dhith a bhith beò. Bidh i beò ri linn 's gu bheil sibhse airson gum bi i beò agus thuit an Riaghaltas rinn aig an aon àm gum feumamaid dearbhadh gun robh sinne mar choimhearsnachd airson gun tachradh sin. Thairis air na còig bliadhna deug a chaidh seachad tha sinn a' smaoinichadh gu bheil sinn air sin a dhèarbhadh mar choimhearsnachd agus tha sinn a-niste a' tilleadh chun an Riaghaltais 's a ràdh riuthasan tha sinne a-niste air ar cuidne a dhèanamh dhen chiad cheum tha seo 's feumaidh sibhse a-niste taic agus tèarainteachd a thoirt dha na rinn sinne gu ruige seo ach an urrainn dhuinn an tilleadh leasachaidh a dhèanamh. Agus 's e sin tha sinn ag iarraidh leis a' chiad Achd Gàidhlig tha seo thoirleadh, chan eil mise smaoinichadh, 's gu dearbh bhithinn an dòchas nach b'e seo an aon Achd Gàidhlig a bheir sibh dhuinn anns an

bliadhnaichean ri tighinn. Seo a' chiad cheum ach tha rudan ann a dh'fheumas a bhith innte mar foghlam, còirichean foghlaim agus mar sin air adhart.

*Following is the simultaneous interpretation:*

I cannot speak with any specialist authority about the Welsh Language Act 1993, but I think that the situation of the Welsh language was to some extent similar to Gaelic's present situation. That act had to prove that the language was making great steps forward.

Fifteen years ago, we also had to show that we could regenerate the language. At that time, the Government told us that we had to show that, as a community, we wanted Gaelic to survive. We believe that, over the past 15 years, our community has proved that the Gaelic language will survive. Now we want to return to the Government and explain that we have done our part and that it must now support us and give our language secure status. We have done what we can, but the Government must help us out from now on. I hope not only that there will be a Gaelic act in the years to come, but that the Gaelic act will be an essential first step to secure educational rights for Gaelic speakers.

**Mr Dick:** Cha reid mi gum bu mhiann leam a bhith faicinn gum biodh e mar fhiachaibh air daoine anns na sgoiltean a bhith ag ionnsachadh na Gàidhlig. Mura tig iad thuige gu saor-thoileach 's math dh'fhaoidhte nach bi an obair eifeachdail ach tha e deatamach a dh'aindheoin sin a ràdh gum biodh barrachd foghlaim mu Albann san fharsaingeachd ann an sgoiltean na h-Alba 's nan robh sin a' tachairt bhithinn a' sùileachadh 's a' dùileachadh gum biodh Gàidhlig na lùib ach gur e rud a bhiodh daoine a' dèanamh gu nàdarra an àit' e a bhith air a sparradh orra.

*Following is the simultaneous interpretation:*

We do not want to coerce pupils in primary schools into learning Gaelic, we want them to come to the language voluntarily; otherwise, Gaelic teaching will not be effective. Having said that, we think that Gaelic and the history of Gaelic Scotland should be more widely taught in schools. Those subjects should form a larger part of the curriculum. We do not want to force those subjects on people, but we hope that they will volunteer to study them.

**Mr Martin:** Nam faodainns' leantainn air an sin 's a dhol air ais chun a' chiad phuig a thog a bhean-uasail Goldie. Chan eil teagamh sam bith nach eil e nas fhasa cànan ionnsachadh nuair a tha thu òg ach bhithinn an dòchas nach fhalbhadh sibh às an seo a' smaoinichadh nach eil e comasach do dhuin' agaibh a' Ghidhlig no cànan sam bith ionnsachadh aig an aois aig a bheil sibh. Tha tòrr, tòrr de luchd-ionnsachaidh na Gàidhlig a

tha cus nas sine na sibh fhèin 's mar sin tha mi 'n dòchas gur e misneachd a tha sin.

Tha sinn cuideachd ann an suidheachadh far a bheil mion-chànanan na Roinn Eòrpa a' faighinn barrachd ìomhaigh, agus tha sin uamhasach fhèin cudromach dha na rioghachadan far a bheil na mion-chànanan agus tha na Riaghaltasan as na rioghachdan sin uamhasach fhèin taiceil airson gum bi iad a' brosnachadh nam mion-chànanan tha sin. Tha iad ga fhaicinn mar bheairteas chultarach, nàiseanta air an aon dòigh agus a tha Riaghaltas Alba as an leabhran a dh'fhoillsich iad air Cultar Nàiseanta agus bhiodh sinn an dòchas gum biodh an taic sin a' leantann le suidheachadh na Gàidhlig.

*Following is the simultaneous interpretation:*

I want to add to that and to go back to Miss Goldie's first question. Of course it is a lot easier to learn a language when one is very young, but we hope that no member will leave this building thinking that one cannot learn Gaelic, or any language, at a mature age. I hope that you are encouraged by the fact that there are people learning Gaelic who are a lot older than you are.

The minority languages of Europe are getting a greater profile. Governments in countries that have minority languages are very supportive of them, and feel that they are part of the cultural richness, as does the Scottish Government. We hope that that support will continue to be given.

**The Convener:** We have a new test for Miss Goldie, to which we shall hold her.

**Mary Scanlon:** I have received correspondence on this from parents in Ardnamurchan who say that children have to learn all in Gaelic or all in English. Some of them want their children to learn Gaelic as a language in primary school, but have found it difficult to have that happen. Do you agree that, rather than all or nothing, there should be more flexibility in primary schools?

14:15

**Mr Dick:** Dh'fhaodainn a ràdh, dìreach an eòlas a bh' agam fhìn air Comhairle nan Eilean, gun robhar a' tabhann an roghainn a bha sin do phàrantan—gu faodadh iad teagasg tro mheadhan na Gàidhlig gu lèir air neo far an robh Gàidhlig mar phàirt de churriculum na sgoile gu nàdarra. Chan eil dà dhòigh air ge-tà a thaobh a bhith eifeachdach gur e teagasg tro mheadhan na Gàidhlig a nì feum.

Tha mi a' smaoinichadh gur e an rud a bhiomaid a' moladh mar cheann-uidhe gum bi roghainn, chan ann a-mhàin aig pàrantan a thaobh òigridh ach gum biodh roghainn aig inbhich cuideachd thoireadh tha sinn a' bruidhinn air foghlam fad beatha, sin pàirt dhen amas a th'

agaibh pèin mar Chomataidh, sealltainn air na cothroman a tha sin agus air a' cheartas a tha còir a bhith aig daoine 's bhiomaid airson, mar cheann-uidhe, gum bi roghainn farsaing ann.

Ach tha e uamhasach cudromach a ràdh cuideachd, dhan chloinn a tha faotainn Foghlam tro Mheadhan na Gàidhlig gu bheil a' chlann a tha sin a' tighinn a-mach às an fhoghlam a tha sin fileanta ann am Beurla cuideachd. Tha daoine dualtach a bhith smaoineachadh gum bi a' chlann a tha sin le aon chànan aig deireadh bun-sgoile 's chan eil sin fìor idir. Tha dà chànan aca agus 's e, dà-riibh, Foghlam tro Mheadhan na Gàidhlig foghlam dà-chànanach.

*Following is the simultaneous interpretation:*

As someone who was with Western Isles Council, I can say that that option was given to parents in the Western Isles. They could choose Gaelic-medium education or could have Gaelic as part of the school curriculum. It is obvious that Gaelic-medium education is the most effective way of teaching Gaelic.

We propose that people should have a choice not only as parents for children, but as adults. We are talking about lifelong learning. Part of your aim is to show what the opportunities are for lifelong learning. People should have the opportunity to learn Gaelic at any stage of their lives.

It is important to note that children who receive Gaelic-medium education come out of primary schools bilingual. Some people think that they only have one language, but that is not true at all. The children are fluent in two languages. Gaelic-medium education is also, essentially, bilingual education.

**Fergus Ewing:** Recently there was an unedifying episode about bilingual signs. It occurred to me that it might be helpful if there were a civil servant based in the Scottish Parliament, who could perhaps be known as a Gaelic development officer and who could ensure that the interests of Gaelic, which seem to me to cross the boundaries of a lot of policy areas, such as enterprise, transport, culture, education and tourism, are not overlooked in the scheme of things, as has happened in the past. That is for Allan.

Secondly, I understand that there is a shortage of Gaelic teachers, but, surprisingly, that the training of Gaelic teachers is currently dealt with at Jordanhill and not in the Highlands. Given that we are considering the University of the Highlands and Islands, do you recommend that that should be reviewed?

**Allan Campbell:** An toiseach a thaobh an oifigich ann am Pàrlamaid na h-Alba. Nuair a rinn Comunn an Gàidhlig tagradh chun an Riaghaltais

a thaobh Inbhe Thèarainte dh'iarr sinn gum biodh oifigeach dhen t-seòrsa a tha sibh ag ainmeachadh air an stèidheachadh taobh a-staigh na seirbhis agus gum biodh an t-oifigeach sin cuideachd aig ìre gus gum biodh e no i air chomas rùn na Pàrlamaid a thaobh na Gàidhlig a chur air adhart.

Tha mi samoineachadh ann a bhith a ràdh sin gum feumainn cuideachd a ràdh gu bheil sinn ann an saoghal leasachaidh na Gàidhlig air leth mothachail air an taic ionmholt a fhuair sinn thairis air na bliadhnaichean bho na daoine a tha ag obair ann an Dun Eideann ann an Lunainn 's ann an iomadach àit' eile aig nach eil Gàidhlig idir 's tha mi smaoinachadh gu bheil e cudromach a ràdh ris an fheadhainn agaibh a bha faireachdainn beagan nàireach gur feumadh clogaidean a bhith oirbh airson ar tuigsinn, gu bheil sinn uamhasach mothachail air cho caoibhneil 's a tha sibh air a bhith a dh'aindheoin sin 's tha sinn a' cur luach mòr air an sin.

*Following is the simultaneous interpretation:*

First, when CNAG made a submission to the Government on equal status, we asked that a Gaelic development officer be based in the Scottish Parliament and that such an officer should be able to speak on behalf of Gaelic bodies. We in the Gaelic development world are very grateful for the support that we have received from people working with us in London and Edinburgh who have no Gaelic. Members may be a little embarrassed about having to put on earphones today, but we are aware that, despite not speaking Gaelic, they are very supportive of the language.

**Mr Dick:** A thaobh luchd-teagaisg, chan eil dà dhòigh nach e seo aon dhe na cnapan-starra as motha a tha mu choinneimh teagasg na Gàidhlig anns na sgoiltean. Tha gainnead mhòr ann agus chithear sanasan naidheachd bho àm gu àm bho na Comhairlean 's iad nan èiginn a' sireadh luchd-obrach. Bhiodh Sabhal Mòr gu math deònach a bhith an sàs ann an teagasg tro mheadhan na Gàidhlig do luchd-teagaisg agus tha sinn mar tha a' tabhann chùrsaichean do luchd-teagaisg a tha an ceann an cosnaidh. 'S e dh'iarramaid a-nis gluasad gu prìomh thrèanadh luchd-teagaisg. Tha duilgheadasan an lùib sin oir 's e trèanadh caran cosgail a tha ann agus tha iomadach cuspair co-cheangailte ri bhith trèanadh thidsearan—chan eil e mhàin an crochadh ri Gàidhlig, tha sgilean eile a dhith. Agus, cuideachd, bhiomaid airson a bhith cinnteach nam b' e agus gun robh Sabhal Mòr agus Oilthigh na Gàidhealtachd an sàs ann an seo gum biodh na tidsearan a bha sin aithnichte air feadh Alba gu lèir agus chan ann a-mhain airson teagasg na Gàidhlig ma 's e 's gur e tidsearan bhun-sgoile a bh' annta. 'S e seo rud air am bi sinn a' toirt sùil o àm gu àm. Tha sinn an-dràsda

feitheamh co-dhùnaidhean sgrùdaidh a tha Comhairle Luchd-Teagaisg air neo an GTC a' gabhail os làimh. Aon uair 's gum faic sinn dè na co-dhùnaidhean a bhios an sin, bidh sinn ann an suidheacadh nas fheàrr air sùil a thoirt air dè ghabhas dèanamh chum leasachadh a thoirt air an t-suidheachadh.

*Following is the simultaneous interpretation:*

The lack of Gaelic teachers is one of the main hurdles that faces Gaelic teaching in schools. We have all seen advertisements in the paper. Sabhal Mòr Ostaig would be willing to train teachers in the Gaelic medium and, indeed, we are already training teachers to help Gaelic-medium teachers. However, there are difficulties. The training is very expensive as many subjects are involved, and other skills besides a knowledge of Gaelic are needed to undertake such training. Furthermore, we would want to be sure that, if Sabhal Mòr Ostaig and the University of the Highlands and Islands were to be involved in teacher training, such teachers would be recognised throughout Scotland and not just for Gaelic-medium teaching. We are waiting for research findings from the General Teaching Council and look forward to using those findings to improve the situation with the lack of teachers.

**Mr Munro:** Tapa leibh. Feasgar math chàirdean. 'S iomadh ceist a tha sinn air a thogail a thaobh saoghal na Gàidhlig an-diugh agus a rèir agus mar a tha mi a' tuigsinn tha mòran dhe na trioblaidean a th' againn ann an Gàidhlig air tachairt air sgàth nach eil sinn a' faighinn cnap mhath às an sporan ann an Dun Eideann ann an Lunainn no à ge bith cò às a tha e tighinn. Tha sinn a' cluinntinn mar a tha Cuimris, mar a thàinig i air adhart, mar chànan agus mar chultar, agus nam biodh sinne air thaighin, beagan dhen taic a fhuair iadsan. Ann an iomadach dòigh anns a' Chuimrigh, tha mi làn chinnteach gum biodh Gàidhlig mòran na bu làidire na tha i an-diugh.

Ach a dh'aindheoin sin, chan eil còir againn, tha mi dèanamh dheth, a bhith a' gearainn cus. Mar a tha mi fhìn, tha mi coimhead air ais can thairis air fichead bliadhna no beagan a bharrachd air an sin, tha mi faicinn na ceumannan a rinn sinn ann an saoghal na Gàidhlig. Cha robh leithid ri Sabhal Mòr Ostaig againn, cha robh mòran a' tighinn a-mach air telebhisean no air rèidio agus dh'atharraich sin. Cha mhòr nach eil sinn a' faighinn Gàidhlig air an rèidio fad an latha no pìos, cnap math dheth. Tha sinn a' faighinn nan naidheahdan ann an Gàidhlig air Tì-Bhì agus leis an sin tha mi fhìn car toilichte gu bheil a leithid sin a' tachairt ach, dh'aindheoin sin, tha mòran ri dhèanamh fhathast.

Bha sinn a' cluinntinn mu dheidhinn cnap-starra far nach eil sinn a' faighinn gu leòr luchd-teagaisg a' dol a-staigh airson teagasg tro mheadhan na

Gàidhlig. Carson a tha sin? Uill, chan eil mi ro chinnteach ach tha mi làn chinnteach gur e nach eil iad dhen bheachd gu bheil seo dol a' leantainn agus nach eil tuarasdal àrd gu leòr ann airson sin ach chan ann mar sin a tha sinn a' coimhead air a' ghnothach idir.

Chì thu gun robh adhartas mòr air a dhèanamh: tha sinn a' teagasg ann an clasaichean Shradagan, Chròileagan agus anns na bun-sgoiltean tro mheadhan na Gàidhlig. Tha mòran dhen sin a' tachairt anns a' Ghàidhealtachd agus ann an àitean eile ann an Alba. Agus tha Sabhal Mòr Ostaig a-nis toirt cùrsaichean seachad dìreach mar a bhiodh iad ann an Oilthigh ann an Sruighlea no ann an Obar Dheathain no àite sam bith eile. Ach tha cnap-starra eadar a' bhun-sgoil agus a' cholasaid mar Sabhal Mòr Ostaig—chan eil cothrom aig a' chloinn a dhol a-staigh chun an àird-sgoile agus leantainn le bhith ag ionnsachadh tro mheadhan na Gàidhlig anns na h-àrd-sgoiltean agus gus am bi luchd-teagaisg againn airson an obair a tha dol air adhart anns na bun-sgoiltean leantainn air adhart gu na h-àrd-sgoiltean, tha mi dèanamh dheth gum bi trioblaid againn. Chan eil fhios 'am ciamar a tha sibh a' coimhead air an sin?

*Following is the simultaneous interpretation:*

Good afternoon, friends. We have raised many questions about the Gaelic world today, and I believe that many of the problems associated with Gaelic stem from the fact that Edinburgh and London do not give us our fair share of money. We keep hearing how the Welsh language and culture have developed. We have received some of the assistance that the Welsh have received; but more assistance would make Gaelic language and culture healthier than it is.

I do not want to complain too much. Looking back over 20 years, I can see what steps the Gaelic world has taken. We had nothing like Sabhal Mòr Ostaig and there was very little Gaelic on radio or TV. That has changed. Now, we have Gaelic on the radio for a good part of the day and news in Gaelic on TV. We have come a long way with such developments. However, there is still a lot to do; for example, we have heard about the lack of Gaelic teachers. I am not too sure why there is such a lack; perhaps people think that the salary is not large enough or that Gaelic-medium teaching is only a phase.

There are other developments that we should mention, such as Gaelic youth and pre-school groups, and a lot is happening with Gaelic in primary schools in the Highlands and in other areas. Sabhal Mòr Ostaig now provides courses that can be found in Stirling, Aberdeen or any other college or university. However, we still need to do something about the link between primary school and college. There needs to be continuity in Gaelic-medium education in secondary school

and that will be a problem until we have such teachers in secondary school. How do you see that situation developing?

**Allan Campbell:** Chanainns' an toiseach a thaobh an adhartais, gu bheil sibh ceart dha-rìribh agus tha mi smaoinichadh a h-uile duin' againn a tha sàs ann an saoghal leasachaidh na Gàidhlig, nuair a bhios sinn a' call misneachd, gum bi sinn a' beachdachadh air ais air na rudan nach robh againn deich bliadhna air ais agus a' tarraing misneachd, tha mi smaoinichadh, às an sin.

Thog sibh a' cheist carson nach eil barrachd dhaoine ag iarraidh a dh'ionnsaigh teagasg tro mheadhan na Gàidhlig, 's tha mi fhin a' smaoinichadh gu bheil caochladh adhbharan ann mar a bha sibh ag ràdh ach 's e fear dhe na rudan a tha buntainn ris a h-uile pàirt de bheatha na Gàidhlig 's e dìth misneachd. Chan e idir gu bheil na daoine le dìth misneachd annta fhèin mar dhaoine ach tha dìth misneachd aca nan cànan fhèin thoirleadh cha d' fhuair iad a-riamh a' mhisneachadh a tha sin a chur annta. Thàinig iad à coimhearsnachdan agus à saoghal foghlaim far nach robhas a' cur dhachaidh orra gun robh luach eaconomaigeach sam bith as a' chànan a tha seo 's bheir e greis mas atharraich thu an suidheachadh a tha sin.

Agus a thaobh Foghlaim tro Mheadhan na Gàidhlig gu sònraichte tha e uamhasach cudromach a ràdh chun a bheil sin ann mar chòir, chun a bheil cothrom aig pàrantan an cuid chloinne a chur tro Fhoghlaim tro Mheadhan na Gàidhlig mar chòir, 's fhios aca gum bi sin stèidhichte mar rud a th' aca mar chòir 's nach gabh e a thoirt bhuapa, nach bi Comhairle a ràdh tha sinn gann de dh'airgead am bliadhna 's tha sinn dol a chur as dha. Aon uair 's gu bheil sin againn, cuiridh fada bharrachd phàrantan feum air. Chun an tachair sin, cha bhi iad cinnteach, cha bhi a' mhisneachd acasan as an siostam a tha sin agus aig an aon àm chan eil misneachd aig an luchd-teagaisg mar a bha sibh ag ràdh. Dè chinnt a tha aig neach-teagaisg a' dol gu Foghlaim tro Mheadhan na Gàidhlig an-dràsda gu bheil saoghal cosnadh romhpa far am faod iad adhartas a dhèanamh nan dreuchd. Chan eil, chan eil sin ann. Tha sinn an dòchas gun tig e, ach chan eil e ann fhathast agus tha an dìth misneachd a tha sin, tha mi smaoinichadh, bualadh air a h-uile càil.

Aon rud eile chanainn cuideachd, 's e nuair a bha sibh a' bruidhinn air ionmhas agus feum ionmhais, 's e pàirt dhen an rud a tha fìor a thaobh obair leasachaidh sam bith, co-dhiù 's e obair leasachaidh eaconomaigeach na obair leasachaidh as a bheil sinne sàs ann an seadh cultarach, ma tha thu soirbheachadh, tha an obair ag iarraidh an tuilleadh taice, an tuilleadh airgid. Agus tha fhios 'am gu feumta ràdh aig ìre a choreigin chan urrainn dhut a bhith dìreach a' cur

ris a' mhaoin fad na h-ùine. Ach ma tha thu a' tòiseachadh aig ìre tha uamhasach ìosal ged a bhiodh tu a' dùblachadh na tha thu a' cur ris airson ceud bliadhna, 's dòcha nach bi thu fhathast ach aig ìre gu math beag.

Tha sinne ann an suidheachadh a thaobh na Gàidhlig gu bheil sinn a' bruidhinn air rudeigin a bhuinneas do dhulachas Alba 's ma bhàsaicheas a' Ghàidhlig ann an Alba, bidh i marbh anns an t-saoghal. Caillidh sinn i. Chan eil dachaigh eile aig a' Ghàidhlig, tha e mar uallach air an riochachd a tha seo, air Alba, an dileab a tha seo a ghlèidheadh. Chan eil e mar uallach air duine sam bith eile sin a dhèanamh dhuinn, tha e mar uallach oimne agus ma tha luach againn nar cànan agus anns an dileab a tha seo feumaidh sinn dèanamh cinnteach gun glèidh. Agus mar a thuirt mi ribh na bu tràithe, far a bheil barrachd de sheann daoine againn na tha againn de dhaoine òga, 's na seann daoine sin gan call bliadhna thar bliadhna chan eil mòran ùine againn airson an glèidheil a tha seo a dhèanamh air an dualachas a tha seo. 'S e sin as coireach gu bheil sinn a' tighinn ann an seo gun mhaslachd sam bith a ràdh ribh tapa-leibh airson na tha sibh air a chur ris an seo ach feumaidh sibh tuilleadh a chur ris ma tha sinn dol a shàbhaladh na Gàidhlig. Fumaidh maoin a bhith againn cho math ri laghan.

*Following is the simultaneous interpretation:*

Everything that Mr Munro has said about the development of Gaelic is true. Although everyone involved with this issue is a wee bit discouraged, we draw some encouragement from the steps that have been taken in the past 10 years.

Mr Munro raised the point about why people do not want to go into Gaelic-medium teaching. One of the main reasons for that is a lack of confidence, which touches on every aspect of Gaelic. It is not that people lack self-confidence, but that they lack confidence in their own language because they were never encouraged from an early age to believe in it. They came from communities where there was no economic value in the language, so it will take a while to reverse that trend.

It is very important to have Gaelic-medium education as a right. The right of parents to have their children educated in Gaelic should be inalienable: councils should not be able to scrap Gaelic-medium education because they are short of funds. Once that right is assured, more people will avail themselves of the opportunity for Gaelic-medium education. Even teachers are unsure of the opportunities for promotional advancement in Gaelic-medium education. However, although we hope that Gaelic-medium education can be guaranteed, it does not look likely that it will.

John Farquhar Munro spoke about funds.

Something that is true of any development work, economic or cultural, is that, if it is successful, the work will demand more money. I know that resources cannot simply be added continually, but if the initial level is low, even a hundred years of doubling it will still result in a small sum.

Gaelic is a unique part of the heritage of Scotland and if it dies in Scotland, it dies in the world—it has no other home. It is the responsibility of this Government to save our heritage and to keep our language alive. More old folk than young folk speak Gaelic, so we are losing a lot of Gaelic speakers. We do not have much time to create a Gaelic renaissance. We come here today, without embarrassment, to thank you for what you have done so far and also to say that more must be done. If we are to save the language, we will need more money as well as legislation on language.

**Allan Wilson:** I was impressed by the fact that the Gaelic college's website got 1,000 hits a week. What do you think, Mr Dick, of the inevitable and inexorable spread of the internet and the influence that it will have on all cultures? Do you see that as an opportunity for Gaelic culture or as a threat? Beyond the obvious potential for access to Gaelic courses, do you have any ambitions to exploit the internet?

**Mr Dick:** Direach as a' chiad dhol a-mach gun comharraichinn teicneòlas fiosrachaidh mar dheagh chothrom dhan chànan thoirleadh 's e aon dhe na duilgheadasan a tha romhainn 's e cho sgapte 's a tha a' choimhearsnachd againn 's gur e seo dòigh air ceangal a dhèanamh ann an dòigh a bhios gu math nas fhasa. Tha sinn a' cur romhainn a bhith sàs ann an teagasg aig astar a' cleachdadh teicneòlas fiosrachaidh ach a bharrachd air an sin agus nas fharsainghe, thug mi tarraing mar tha air Tobar an Dualchais far a bheil sinn a' sùileachadh ochd mìle deug uair de bheul-aithris Albais agus Gàidhlig a chur air an eadar-lìon agus tha mi glè chinnteach ma thèid sin leinn gum bi obraichean an uair sin ag èirigh as an sin.

Chòrdadh e ris a' Cholaisde cuideachd a bhith sàs ann a bhith a' cruthachadh obraichean a' cleachdadh an eadar-lìon. Tha mi glè chinnteach gum b' urrainn dhuinn a bhith sàs ann an cùrsachan goirid a' cleachdadh nan goireasan a tha sin. Faodaidh sinn a bhith gu math cinnteach gum bi a' Cholaisde gu mòr an sàs ann an teicneòlas fiosrachaidh. Tha i cheana sas gu ìre mhath.

*Following is the simultaneous interpretation:*

I think that information technology is a good opportunity for the language. One of the main problems that we have is the fact that the Gaelic-speaking community is scattered. The internet is one way of bringing the community closer together. We hope to develop distance learning

using information technology and we hope to have 18,000 hours of Gaelic and Scots on the internet, as I said earlier. If all goes well with that, jobs will follow on from it. We also want to create jobs in connection with the internet. We can be sure that the college would be very involved and would take full advantage of information technology to meet those ends.

14:30

**Mr Robertson:** 'S ma dh'fhaodas mi ràdh neach-cathraich, mholamaid do bhuill a' Chomataidh coimhead air an site againn. Tha mòran rudan inntinneach air a thaobh na Gàidhlig agus na Colaisde agus rudan eile agus ma tha cothrom agaibh thigibh thuige.

*Following is the simultaneous interpretation:*

I would like to recommend to the members of the committee that they look at our website, which attracts 100,000 people. There are many interesting facts on our website, and I urge members to visit it when they have the opportunity.

**Mr Martin:** Tha coimhearsnachdan eile air feadh nan Eileanan agus air Ghàidhealtachd a tha sàs ann am pròiseactan a tha gu math inntinneach a tha a' sealltainn an dualchais agus an stòras a tha aca air an eadar-lìon. Mar eisimpleir tha Taigh Arrainn shìos ann an Eilean Arrainn far a bheil eadar-lìon mìorbhaileach aca an sin agus iad a' sealltainn na th' aca anns an Eilean agus Eachdraidh na Gàidhlig, Eachdraidh a' Chiuil agus ginealaich an àite. Tha cuideachd eadar-lìon aca ann an sgìre Nis a tha a' toirt a-staigh pàipear coimhearsnachd agus pàirt de phrògraman rèidio. Tha sinn a' dèanamh tòiseach tòiseachaidh air ach tha tòrr ri dhèanamh fhathast agus tha cothroman mòra a' tighinn an lùib sin.

*Following is the simultaneous interpretation:*

There are other communities throughout the Highlands and Islands which are involved in different projects. Taigh Arrainn on the isle of Arran has an excellent website, which records the history and culture of the island. In Ness in Lewis in the Western Isles, there is a website that carries the local newspaper. That is just a start, but there are many other related opportunities.

**Elaine Thomson:** I spent some time in Wales and I was very aware that it was a bilingual society. Everything from road signs to cash machines is bilingual. I came away with the strong impression that, while many things contribute towards the survival and renaissance of a language, one of the key things had been the provision of Welsh-language education. Do you agree with that?

To what extent do parents in the Highlands and

Islands have the opportunity to send their children to receive Gaelic-medium education? What percentage of children have access to that?

**Mr Dick:** Chan eil dà dhòigh air gur e bogadh as a' chànan an dòigh air a' chànan ionnsachadh—'s e sin an dòigh a bhios clann ag ionnsachadh cànan gu nàdarra. Chan eil e fìor a ràdh gu bheil cothrom an còmhnaidh aig pàrantan ma tha iad ag iarraidh Foghlam tro mheadhan na Gàidhlig thoir eadh as a bhitheantas bidh na Comhairlean Ionadail a' sireadh àireamh sònraichte mus tèid iad air adhart le clas Gàidhlig no clas tro mheadhan na Gàidhlig. Tha cuid dhe na Comhairlean a bheir còmhaidh do chloinn gu ruige an sgoil Ghàidhlig as fhaighe agus tha sin na chuideachadh cuideachd. Cha leig iad a leas a dhol dhan sgoil sa sgìre aca fhèin, faodaidh iad taghadh a dhol dhan sgoil sa bheil Gàidhlig. 'S e aon dhe na duilgheadasan cuideachd a tha aig na Comhairlean, agus feumaidh sinn aideachadh, gu bheil iad rud beag amharasach, uaireannan, a dhol air adhart le teagasg tro mheadhan na Gàidhlig air sgàth a' ghainnid luchd-teagaisg a dh'fhaodas a bhith ann agus 's e mealladh a th' ann nuair a bhios Comhairle ann an èiginn a' sireadh luchd-teagaisg airson nan clasaichean a tha aca mar tha.

*Following is the simultaneous interpretation:*

Immersion in a language is the best way to learn that language. That is the way in which children learn language naturally. It is not true to say that every parent has the opportunity to send his or her child to a Gaelic-medium school. Usually, the local council looks for a certain number of entrants before it is willing to go ahead with a Gaelic-medium class. Some councils provide transport for children to go to the Gaelic-medium school that is nearest to them and that is a great help. The councils have other difficulties. They are wary of going ahead with Gaelic-medium education because of the lack of teachers that are available.

**Allan Campbell:** Tha mi smaoinichadh gu bheil sin ceart agus rud eile a chuirinn ris an sin gun robh, gu bho chionn glè ghoirid, mòran phàrantan, 's dòcha, nach robh anna fhèin uamhasach cinnteach an robh a' chlann dol a dhèanamh fìor adhartais ann an Foghlam tro Mheadhan na Gàidhlig—an robh e dol gan cumail air ais? 'S dòcha gu bheil e fìor a ràdh gun robh feadhainn dhen luchd-teagaisg a bha dhen bheachd sin cuideachd. Ach air an t-seachdainn seo chaidh chaidh aithisg uamhasach cudromach fhoillseachadh bho Oilthigh Shruighlea bhon an t-Ollamh Richard Johnston far a bheil dearbhadh cinnteach, chan e mhàin gu bheil Foghlam tro Mheadhan na Gàidhlig buannachdail ach ann an cuid a shuidhichean, gu bheil a' chlann a tha ag obair tro Fhoghlam tro Mheadhan na Gàidhlig a' dèanamh nas fheàrr na chlann a tha faotainn

foghlam tro mheadhan na Beurla a-mhàin. Tha sin cuideachd a' cur ris an aon seòrsa co-dhùnaidhean a nochd as a' Chuimrigh—'s e fìor naidheachd chudromach a tha sin—'s e naidheachd chudromach a tha sin tha mi smaoinichadh dha pàrantan a tha beachdachadh air dà-chànanas san fharsaingeachd, 's dòcha ioma cànan dhan chloinn aca.

Tha e fìor a ràdh An Roinn Eòrpa a tha romhainn, 's e Roinn Eòrpa a tha ann anns am bi ioma cànan, chan e Roinn Eòrpa fiu 's le dà chànan. Agus an rud mu dheireadh a chuirinn ris an sin, 's e an rud a thuirt Dòmhnall Màrtainn na bu tràithe. Tha gu h-oifigeil a-nise, a rèir aithris bho Phàrlamaid na h-Eòrpa fhèin, còrr air dà fhichead millean neach as an Roinn Eòrpa a' bruidhinn mion-chànan 's chan eil an suidheachadh a th' againn an seo le Gàidhlig na annas—tha an aon seòrsa suidhichean gan coinneachadh 's gan cothachadh air feadh na Roinn Eòrpa gu ìre gu beag no gu mòr an siud 's an seo ach tha còrr air dà fhichead millean duine a' bruidhinn mion-chànanan as an Roinn Eòrpa.

*Following is the simultaneous interpretation:*

That is true. Until recently, many parents were not sure whether their children would make great strides in Gaelic-medium education or whether it would hinder them. Even some of the teachers had that misconception. Last week, however, an important report was published by Richard Johnstone of the University of Stirling which showed that Gaelic-medium education is not only important, but that children in it are doing as well, if not better, than those in English-medium education. That confirms what has already been said about Welsh-medium education. Parents who look favourably on bilingualism in general were happy with the results of the report.

Europe will have many languages, not just two—it will be multi-lingual. More than 40 million people in the European Union speak a minority language, so the Gaelic situation is not unusual. The same challenges, at least to some extent, exist in other minority language countries throughout Europe.

**The Convener:** Before I bring this part of the inquiry to a close, are there any final remarks?

**Mr Dick:** I want to thank you, convener, and recommend the excellent short courses provided by Sabhal Mòr, which may reduce the need for earphones on the next occasion.

**The Convener:** That is wise advice and I am sure that many of us will follow it. I visited Sabhal Mòr Ostaig in another guise many years ago and was impressed by the facilities. I am delighted to hear about the expansion plans there and extremely interested in the information that has

been given to us.

It is part of this committee's remit to scrutinise the Executive's actions in relation to the Gaelic language. I know that the Executive is anxious to pursue the development of the language in a bipartisan way, which is welcome. We will certainly return to discuss the matter further in due course.

I am also pleased that John Munro has been able to make his contribution to this meeting in Gaelic, which is an opportunity that has not always been available to him in the institution of the Scottish Parliament, if I can put it as delicately as that. I also want to record our thanks to the interpreters, whose translations have been very helpful.

I look forward to seeing everyone again. Thank you.

## University of the Highlands and Islands

**The Convener:** The final part of today's formal hearing is a discussion with those who are responsible for the development of the University of the Highlands and Islands Project. It is my pleasure to welcome Professor Brian Duffield, the director and chief executive of the University of the Highlands and Islands Project. Brian, I ask you first to introduce your colleagues, please. We will then move on to the presentation.

**Professor Brian Duffield (Director and Chief Executive, University of the Highlands and Islands Project):** Thank you, convener. We are pleased to be here and to have the opportunity to brief you and members of the committee on the progress of the University of the Highlands and Islands. I am joined by Dr John French, the head of academic development, and by Dr Ray Harris, the co-ordinator of strategic projects with specific responsibilities for our community learning networks. If you agree, convener, I shall give a general progress report and invite my colleagues to update the committee on the specific aspects for which they are responsible.

**The Convener:** Okay. That would be helpful. We must conclude by 3.30 pm, to guarantee that we can undertake a visit to the learning resource centre, which we are anxious to see. I ask witnesses to keep their presentations concise.

**Professor Duffield:** I would like to use the overhead projector. Is that okay?

**The Convener:** That is fine.

**Professor Duffield:** On the first overhead is the mission statement of the University of the Highlands and Islands project. We are not a university yet; we are seeking to create one for the people and communities of the Highlands and

Islands. Over and above presenting our mission statement, I hope that the fact that we present it in five linguistic forms—in Gaelic, usefully for our colleagues from the Gaelic-speaking community, and in Shetland, Orcadian and Scots as well as English—indicates the way in which we celebrate and embrace the cultural diversity of our region and its communities.

We are charged with the creation of a university, which is a historic mission. We also declare, in our mission statement, that we take on a pivotal role in the educational, economic, social and cultural development of our region. It is important to stress that we came from the community and that we embrace the task of servicing the needs of that community into the next millennium.

The case for the creation of a university for the Highlands and Islands is readily made and understood. The map on the overhead shows the distribution of the existing 22 institutions of higher education in Scotland, including all the universities. All of them lie south of a line from Aberdeen to Glasgow. Historically, the absence of an institution of higher education in the Highlands and Islands has meant that many of our most talented and brightest people have had to leave to find educational opportunities elsewhere. Sadly, once they left in pursuit of educational opportunities, many of them did not return. It is ironic that the level of participation in higher education in the Highlands and Islands is among the highest in the United Kingdom.

14:45

The case for a university for the Highlands and Islands, dates back to the end of the 17<sup>th</sup> century and was made against the background of a region in decline—steady economic decline and depopulation from the mid-19<sup>th</sup> century through to 1961. The creation of a university was considered a way of remedying some of those structural problems.

Since the mid-1960s, the situation has changed. The population of the region has increased, as has its economic vitality. In the recent past, the call for a university in the Highlands and Islands has not been made in the context of decline but in the context of the regeneration and renaissance of the region. The university is considered symbolic of that regeneration.

The creation of a university that will serve the lifelong learning and social inclusion needs of the Highlands and Islands communities in the 21<sup>st</sup> century has to address the distinctive nature of the region. The area that we serve is not only very large—it has approximately half the land mass of Scotland, 18 per cent of that of the United Kingdom, and is bigger than Belgium—it also has a distinctive geography and demography. There

are 93 inhabited islands in the area, which, somehow or other, we seek to reach out to and serve in terms of creating educational opportunities.

A paradox lies at the heart of the Highlands and Islands: how to overcome the tyranny of space that has bedevilled the region over the centuries and how to retain the intimacy of the place, ensuring that we conserve those myriad communities and take opportunities to them, rather than requiring them to come to us.

When we last sought to create a university of the Highlands and Islands back in the mid-1960s, the Government was creating greenfield universities. Inverness, along with Stirling and Falkirk, tried to become the site of a new university that was to be located in Scotland. There was great distress at the failure of Inverness to secure the university; as we know, it went to Stirling, further ramifying the opportunities available in the central belt.

Since that time, things have changed dramatically. I have already said that the region's population and economic vitality have increased. You will have heard from previous speakers that there is also a growing cultural confidence in the region. Over the same period, higher education has changed too. Universities are no longer ivory towers for young adults seeking initial qualifications for a job for life: we have moved into a period of mass higher education with a greater vocational emphasis. In terms of what we feel we can do, the Open University has broken the mould. We are looking for flexibility. We are looking for greater participation among adults of all ages. We are looking for opportunities for both full-time and part-time education.

When the case for creating a university came back on the agenda in the early 1990s, the scene had therefore changed dramatically. As a result of developments in information and communications technology, opportunities were very different.

I have described how the university initiative grew out of the community; it is important to share that idea with you. Many and various bodies have contributed to what I call the rainbow alliance of interests that have furthered the UHI initiative. They include not only the academic partners of the UHI—the colleges and research institutes throughout the Highlands and Islands—but the HIE network, local authorities, health boards and, importantly, community interests.

We are exceedingly grateful for the cross-party support that we have secured and the way in which successive Governments have supported the development of the UHI. We have also had support from the Millennium Commission and the European Union. We have formed alliances with other universities in Scotland and beyond. We

have growing relationships with universities in Iceland, Cape Breton, Norway and Finland. That rainbow alliance has driven the initiative forward.

Whereas in the mid-1960s we were considering a single campus university in the largest town in the Highlands and Islands, when the issue came back on the agenda we were able to think in new ways. What we are progressing is a university of and for the region, based on a federal collegiate partnership of 14 different institutions stretching the length and breadth of the Highlands and Islands, 400 miles from north to south, and 200 miles from east to west.

The institutions are of different kinds. Some are large with general further education remits, such as Inverness College, Moray College or Perth College. Some are smaller but with a similar remit, such as Thurso College, Lews Castle College, Orkney College and Shetland College. Other institutions have focused missions, such as the North Atlantic Fisheries College, which services the needs of that major industry in its community. There are research institutions such as the Marine Research Laboratory at Dunstaffnage and the industry-supported Seafish Aquaculture at Ardtoe. There is also the Gaelic college at Sabhal Mòr Ostaig, which has figured in your discussions, and Highland Theological College.

The institutions are bound together by a common interest and a common identity. Although they may vary in type, they have one feature in common: they are part of their community.

The concept that we seek to address in the creation of UHI is to develop tertiary education opportunities for all individuals and communities in the Highlands and Islands. We have new forms of teaching and learning, which will support lifelong learning through the development of professional and personal skills. We want to strengthen the indigenous research and development infrastructure to further our mission in terms of economic and social development, to support the region's unique cultural and environmental heritage and to act as a catalyst for economic and social regeneration.

We can think in this way through the power of information and communication technology. The UHI wide-area network is graphically demonstrated on the map I am now showing. There is broadband communication, fibre-optic on the mainland and microwave technology reaching out to the more remote locations, joining every one of the partner institutions with cutting edge technology to provide interaction between them. That will allow every one of our partners, however small, to benefit from the added value of working within this overall framework. Some £25 million has been invested in the network, which apart from one remaining link to Shetland is now

complete.

We have sought to bring institutions together through partnership and constitutional change. In December 1998, we applied to the then Secretary of State for Scotland for designation as a higher education institution in the context of the Further and Higher Education (Scotland) Act 1992. Since that time, there has been a process of consultation, which has been progressed by the Scottish Executive. In four days' time, the second strand will include an audit by the Quality Assurance Agency for Higher Education, which is examining our academic systems. The outcome of that process will be presented to the Scottish Executive, and we expect that a decision on designated status will be made early next year.

Given the positive outcome of that process that we seek to achieve, we will build on our existing accreditation by the Open University validation service and move forward as a designated institution to be funded directly by the Scottish Higher Education Funding Council and then pursue degree-awarding powers, which are a precursor to university title. Members of the committee have been given copies of our strategic plan. You will understand the way in which we have sought to chart the challenges and targets for the years ahead. I am pleased to have been able to give that progress report. My colleague, John French, will now give a brief report on academic development.

**The Convener:** Please make your presentation as swiftly as possible so we can move on to questions.

**Dr John French (Head of Academic Development, University of the Highlands and Islands Project):** I will outline some of the challenges on the academic development side.

As Brian has described, building new structures for governance has been an important part of the project's work over the past two years. We have also had to put in place a curriculum framework for the university. In a moment, I will talk about what that will create in terms of new opportunities for learners in the future. We have had to establish new quality assurance systems from scratch, which can cope with the innovative nature of the project. Because of its collegiate federal structure, UHI has raised significant challenges to the way in which we deal with quality assurance.

We are encouraging the promotion of new strategies for teaching and learning, particularly when we are dealing with remote learners. We have had to re-examine our marketing and communications systems, not for individual partners but for the whole project. We also see ourselves as an emerging higher education institution. We want to collaborate and link with

other universities and to take the rightful place, alongside other universities, that the University of the Highlands and Islands should expect to hold in the sector. We have been working hard to strengthen those links.

UHI is unique, in so far as the origins of the project have a strong presence in the further education sector—that is one of the project's great strengths. We have come from a range of starting points and the project has a great diversity, a range of experience and a particularly strong track record in terms of learner support and lifelong learning that has already been developed in the network's colleges.

There is a strong vocational base and a significant range of courses act as a springboard and relate to the needs of the community and the wider region. We have sought to build on that and to develop a new curriculum—and new degree courses in particular—that is integrated with existing national provision. The curriculum relates to the needs of the area, the work force and the region's emerging employment characteristics.

Throughout the provision that we are developing, we are building in personal and professional capabilities so that future graduates will have the right skills. That is possible because the UHI is one accredited network. Accreditation comes from the Open University validation service. In a number of years' time, we hope to be able to survive quite capably without the validation service's support when we acquire our own degree-awarding powers, which is one of the strategic plan targets that we are working towards.

We have had to be innovative in our quality assurance arrangements and to apply flexible new structures. We are trying to reinforce the regional collaboration and the horizontal connections between the academic partners that make up the network. One aspect of that work is the establishment of the new UHI faculties, which cover five main areas of academic activity: health and social studies, environment and natural systems sciences, information and engineering systems, business and leisure studies and arts, culture and heritage.

We hope that those five major areas reflect significant activity in and future development of the region that UHI serves. We have appointed deans to those faculties, who will strategically co-ordinate the development of the curriculum across those areas. As a snapshot, the new courses that have been developed and that are under development in those faculties include two Gaelic degrees, one in language and culture, the other with north Atlantic studies, which we expect to see as a springboard—as members heard earlier—for Gaelic-medium teacher education.

Computing is one of the network's most popular degrees and many students are enrolling in social science. We also have courses in theology, marine science, music performance, from which we expect to see traditional music developing, and rural health studies. The characteristics of the curriculum are not necessarily what would be seen in ordinary universities. It is designed to respond to the needs and interests of the region.

The student profile of the UHI is of interest. Taking all the partner colleges together, some 5,500 students are already on higher education courses in the network. There is a 50:50 breakdown between full and part-time students and between male and female students, and some 70 per cent of learners are over 25 years of age. There is no better illustration of the way in which this project is responding to the lifelong learning agenda in terms of student participation and activity. We expect to see these trends continuing.

15:00

Last, as I was asked to keep my presentation short, I will mention some of the key quality assurance issues that confront the UHI as a developing university. One of our strengths is that we can achieve comparability of academic standards. Our mission commits us to achieving the highest standards in this new university, including the achievement of comparable standards across the network, which is a great, positive benefit from working collaboratively with 13 academic partners. The systems that we put in place will enable us to review and enhance those standards.

We want to be able to co-ordinate quality assurance on a network basis and, as part of the developing academic community in the network, we want all staff to be part of that co-ordinated quality assurance system. We think that we can see the signs of that development coming through.

As Brian said, next week, the Quality Assurance Agency for Higher Education will subject us to a seven-day audit that will take in most parts of the academic network and will, in essence, act as a benchmark for UHI against comparable higher education institutions in the sector. That will be a major stepping point for UHI.

I will hand over to my colleague, Dr Ray Harris, who will talk about community learning networks and the way in which UHI will take provision out to the remoter communities.

**Dr Ray Harris (Community Learning Networks – Strategic Project Co-ordinator, University of the Highlands and Islands Project):** I suppose that if a picture is worth a thousand words, I can move very quickly through my presentation.

Brian mentioned the tyranny of space and John mentioned our roots in community-based further education. A few years ago, many colleges started to develop centres—or access points—that offered access to a limited range of their curriculum. With local communities' desire for further educational opportunities, that led to the development of local learning centres.

One example that I want to use as an illustration—I promise that it was chosen completely at random—happened in Lochaber in 1995. Lochaber Ltd, local employers and local training providers got together to establish the Lochaber opportunities centre and involved themselves in brokerage of courses and opportunities for study. Then UHI started to develop in such a way that, with the help of European money, we were able to establish the information and communications technology infrastructure shown on Brian's map.

As a result, in 1999, we have a number of centres around Lochaber that are seen as a local college, or network, and provide UHI degree courses. As we speak, students are studying there for UHI degree courses, taught by colleagues from around the network. The first year of the tourism degree ran there last year and rural development and business administration are currently being taught. That is a quick picture—by 2000, there will be even more. In a sense, that is the UHI writ small.

Such developments bring enormous challenges. We have to face, by necessity, the challenges that many universities face by choice. We have to consider the culture and history of the institutions involved. A key challenge is to make the most innovative use of the available technologies. We must not use them simply because they exist, but use them in an appropriate way, efficiently and effectively.

We must think about the curriculum that we will offer, because not every subject should be offered everywhere. Consequently there is a need for local networks for local information.

Marketing and promotion provides us with a big challenge, as does managing the revolution in community expectations—once we are in the communities, people want more from us. We must engage the rainbow alliance to which Brian referred.

It is fundamental that we think about how students learn and that we change the learning paradigm. We can now move information about. Lecturers used to impart information but we can now do that much more quickly and efficiently in other ways. We must examine how we change the ways in which we deliver the programmes.

All those challenges are faced by the Scottish

and English universities for industry. We are working as closely as we can with them in the developments that are going ahead.

That was a brief picture of what we are trying to do through learning networks. It is important that such a network is of benefit to the local community in terms of education, training and economic and social development. That is the aim of UHI. As I am the last speaker I get the prize of showing you a slide that is now quite old—it deals with the economic prize. The information on it is being updated as we speak. Members of the committee may have seen the figures on the slide before, but I can promise that the new figures will be bigger.

**The Convener:** Thank you, Dr Harris. I would now like to throw the discussion open to those who wish to ask questions about where the university project goes from here. What have you identified as being the major obstacles that must be overcome to achieve university status?

**Professor Duffield:** We are making good progress thus far but we are not complacent and we take nothing for granted. Our achievements have been secured through hard work and through being honest about the challenges that we face. I refer the committee to the strategic plan, which shows that we have reflected on our circumstances and that we have tried to ensure that we make orderly progress.

We have benefited from considerable financial support, but we do not believe that a university is built with bricks, concrete, glass, or a complex wiring system. Universities are made up of people. We have embraced strongly the important challenge provided by the human resources on which we depend, including the professional staff, the academic staff and the support staff who will move our agenda forward.

We must, as my colleagues have said, move our agenda forward in new ways. To do that we have made major investments in staff development programmes. That is no longer the biggest challenge, but it is the biggest opportunity to take things forward.

We have cracked the dilemma of the tyranny of space and there is every indication that we have raised community expectations in a way that will require us to be disciplined to ensure that we deliver what is expected. That is another challenge.

Other dimensions are fundamental. We are aware of the institutional requirements that face us and we will overcome problems by looking inwards at our own capabilities.

**The Convener:** We have about 20 minutes for questions so I would like questions to be brief and answers to be to the point.

**Marilyn Livingstone:** One of the issues that has been of concern to the committee regarding education across the board is flexibility—in terms of delivery, access points and in relation to the new Garrick qualifications framework and in relation to taking on Scottish credit accumulation and transfer scheme credits. How have you been able to achieve the flexibility you have indicated in your report?

**Dr French:** Members might like to look at the new UHI prospectus that has just been published. All the courses at UHI are designed and constructed within the SCOTCAT framework. We are extremely keen to see credit move around the network with students so that they can use it and so that the traditional barriers to cashing in credit between institutions disappear.

That can happen in various ways. At the moment all our new courses and degrees within our schemes are credit-bearing and are designed as modules. Some of those modules are already starting to appear in more than one degree and can be accessed in different places.

The second step is for students to be able to mix modules from different places, to take modules from one centre and to access other modules from another centre through remote learning methods. We are not yet at the stage where we want to do that across the board—we want to be certain that we can protect academic standards. We are considering a combined awards scheme that could be implemented in the next two years and could allow students to combine credit into awards from different places in the network. As part of the community learning network project, we want to establish a particular suite of modules in the remote learning format to allow students to access those from different locations in the network.

Therefore, we have various ways of approaching the matter. Programmes can be constructed from modules that are available over the network; or students can move between centres and cash in their credit from one place to another; or they can access credit from different parts of the network. We are investigating those different strategies.

**Dr Murray:** I was interested to see that you have both engineering and sciences on your curriculum. How will you go about teaching the practical aspects of those subjects, given that it is too expensive to set up laboratories throughout the region? Those subjects are important for people's employment prospects and the work force needs to be suitably skilled if companies are to be brought into the area. I know how the Open University teaches such practical aspects, but how does the UHI do it?

**Dr French:** I agree that it is important that a developing university has a portfolio that includes

the whole spectrum of studies, including engineering and sciences. We have been keen in our development not to neglect those subjects.

This is an area in which the value added from working with multiple partners is relevant, as not every partner will want a heavy engineering or design and construction laboratory or the latest CAD/CAM—computer-aided design, computer-aided manufacture—equipment. However, one or two partners might have those facilities. As our courses develop—we have just developed a new mechanical engineering degree, for example—we hope to draw on resources from different locations in the network to create one learning experience for students and to enable students to access those facilities.

Students may sometimes have to move for a few weeks to one location to use heavy engineering laboratories or science facilities. For example, the Scottish Association for Marine Science, a world-class research laboratory, is in the network, which gives science students a tremendous opportunity to access its facilities.

We have a range of strategies. For example, the engineering degree uses simulations that students can access electronically. However, it is the strength of the value added and of the partnership approach that can really help in this area.

**Dr Harris:** Dr French's point about simulations backs up what I was trying to say about the use of technology. It is now possible for students to feel as though they are using expensive pieces of equipment.

The UHI also works with other universities. That approach has worked very well with medicine—through early forms of video-conferencing, a surgeon in Cambridge could perform an operation and talk to students in Dundee or Edinburgh. Furthermore, students could ask questions and receive feedback. We will be operating similar devices.

**George Lyon:** I have a couple of questions. In the executive summary, you mention that you still have to establish the funding requirements for on-going resources. Taking into account the use of new technology and the wiring-up of different centres, can you estimate what the unit costs might be? Will they be higher than the costs for a single centre or have the new technology and the outreach centres managed to overcome barriers?

Secondly, are the different partners complementary or is there a fair bit of overlap in what they offer to students? If there is overlap, will you consider rationalisation to get value for money and to establish how to find the best expertise to deliver the course requirements?

15:15

**Professor Duffield:** Perhaps I could answer the first question and then invite John French to talk about rationalisation in the curriculum.

We have significantly benefited from capital investment in UHI and from on-going support from a range of stakeholders. Overall, the investment will be about £55 million into estate developments and £25 million into ICT. I am pleased to say that there will be a £10 million investment into what I call the human infrastructure of the UHI initiative.

Although that capital investment has made possible the development of the initiative, there is every reason to believe that unit costs will be lower once the designation is established to draw down funding from the Scottish Higher Education Funding Council. The technology will allow for less labour-intensive forms of teaching and learning and for staff to support learning rather than simply to impart knowledge. We will be able to use the same staffing base much more effectively.

Similarly, technology will make available access to learning materials, which will reduce the need for investment in expensive learning resource materials. That means that we will not have to replicate in every situation the costs that are associated with the delivery to students of those educational experiences. I cannot give you a quantifiable figure for that, but we foresee real opportunities for cost-effective provision. It is interesting to note that this model is attracting interest from around the world simply because it builds on pre-existing infrastructure and, through the medium of information technology, is cost-effective.

**Dr French:** I do not have much more to add. In the past few years, we have discovered significant benefit in bringing together partners to achieve critical mass. Higher education cannot be developed unless a certain critical mass is achieved, but through bringing partners together, we have seen it emerge. I am sure that, at a future stage of our development, we will try to produce a balanced portfolio of courses and schemes that will avoid duplication—it is better to have one good course in one area than three or four courses that duplicate. We can start to do so now that we have created the new faculty structures that I have described. If you look in the prospectus, you will find descriptions of all the courses in each faculty and you will see the areas that are grouped together.

There are other challenges beyond rationalisation. Teams of staff are operating across the network and working in collaboration with one another so that they bring individual strengths to network teams, whereas previously they were grouped in single college teams. Bringing people

together and using a communications infrastructure to support learning will be of real benefit in the future. Rationalisation is a fairly hard word, and we must take care when using it. We are looking for balanced portfolios of courses.

**The Convener:** I hope that we can increase the tempo a little, so that everyone who wants to ask a question can do so.

**Miss Goldie:** Professor Duffield, I note your intention imminently to seek designated institution status, and I understand fully why you want to do that. The University of the Highlands and Islands is a unique educational institution. Is there a danger that, in being awarded designated institution status, you may find yourselves in the position of invidious comparison with other university institutions, not only in Scotland but in the United Kingdom? Looking ahead, do you anticipate a pitch to recruit students outwith the Highland area?

**Professor Duffield:** The process of creating universities in the current climate is sequential and requires that those who seek that status demonstrably fulfil the requirements of the sector. That is why we were delighted that the former Secretary of State for Scotland decided to ask the Quality Assurance Agency—the UK agency that advises the Privy Council on university status—to be formally involved in the designation decision. There is no way in which we can circumvent, or short-circuit, quality requirements. Moreover, because the process is sequential—involving designation, end-degree-awarding powers, research-degree-awarding powers and university title—there are quality milestones by which we can demonstrate that we can fulfil the requirements. Similarly, the acquisition of Open University accreditation status required us to satisfy the requirements not of ourselves but of a panel that was constituted by the validation service.

The approach of the Quality Assurance Agency is by peer review. The visiting panel will compare delivery in UHI against that in other institutions throughout the country. If we do not fulfil expectations, we will not be designated—nor should we be. I worry not, therefore, except that we should be open in fulfilling the criteria.

Following the Dearing and Garrick reports, we are now celebrating diversity in the higher education sector, not spreading the myth that we are all miniature Oxfords and Cambridges. There are many and various institutions, and quality is defined as fitness for purpose. We have declared our distinctive mission and we will be held accountable by our peers. We intend to offer the distinctive opportunities that are available in the Highlands and Islands, not only to our own people but to those recruited from elsewhere in Scotland and the UK. We already attract students from

abroad and we expect their number to grow.

**Fergus Ewing:** I pay tribute to you and your colleagues for taking on what seems to be an immensely complex task, involving negotiations that would challenge the skills of the legendary Gulbenkian.

I want to ask specific questions about the grand vision that you have illustrated and the hard reality, particularly the funding difficulties that Inverness College, with a deficit of £4 million, faces. Can you assure us today that the timetable that you have identified for the process of obtaining university status will not in any way be impeded by the current funding difficulties? If you cannot do so, can you outline what difficulties Inverness College's current funding problems might present?

**Professor Duffield:** That is a challenging question, and I will try to give a serious answer. The dilemmas facing Inverness College are not unique. Forty of the 43 further education colleges—I think that that is the figure—in Scotland find themselves in financial difficulties. It is a sectoral problem. Our institutions are not immune from that.

We can say for sure that being part of the UHI partnership has alleviated those financial problems, not exacerbated them. Each and every FE college has not only received major capital investment but is benefiting through recurrent funding from being in the partnership.

We are unique, not only in Scotland but in the UK, for not being subject to restraints on growth in higher education provision. Our colleges have an opportunity to grow out of their financial problems. That option—as yet—is not available to their sister institutions elsewhere. I think that the growth statistics, which are charted in our strategic plan, are the key to getting out of this situation. I believe that problems will be overcome not by consolidation and battening down the hatches, but by working in new ways—not by shrinking the staffing base, but by enabling the staffing base to support an ever growing number of students. Yes, there is a hard reality, and we work within it, but UHI is contributing to the solution rather than to the problem.

**Mary Scanlon:** I wish to follow on from Fergus's question. We were told this morning that the UHI was the answer to the financial problems of the further education colleges. As an ex-lecturer who took voluntary redundancy last year, I understand how an economics lecture in Inverness could be video-conferenced to 13 institutions and 28 learning centres.

I know that many colleges are facing voluntary and compulsory redundancies. That relates to rationalisation, which George Lyon mentioned. I

am concerned about the benefits to local communities, where there may be one lecturer in one place and where there will not be the local input or even the access to a tutor that students would have through the Open University. I am worried about what amounts almost to centralisation as a result of the tremendous strains that cost cutting is putting on your sector.

**Professor Duffield:** Ray is dying to get in, but I will attempt to answer if I may. I wish to make one fundamental point: the UHI is breaking the mould in a big way, just as the Open University did.

Historically and traditionally, universities have been large institutions located in large towns, with large campuses. They were centripetal institutions: they drew people to them. Even if we had created a university in Inverness in the mid-1960s, all that it would have done for many people in the Highlands and Islands would have been to change the destination on their ticket.

We are a centrifugal institution. I call it the Polo university, with a hole in the middle. We are committed to moving opportunities to people. The 1,000 jobs that Ray identified will not be in Inverness; they will be all over the Highlands and Islands. The services that support our university will not be based in Inverness. There are eight different elements to our distributive IT network: our video-conferencing services are now being run from Shetland; our data warehouse is in Oban; our Cisco research fellow—in learning environments and technology—is in Thurso; and so it goes on.

The opportunities that we are creating will benefit everybody. It is not a question of people being put on the dole by what we are doing: quite the opposite. Like you, Mrs Scanlon, many of us will have experienced working in higher education institutions where the answer to resource constraints is to pile student numbers ever higher—50, 100, 150, 200 in lecture theatres. That is doing what human beings do not do very well—trying to convey knowledge. We will free resources so that people can support learning. The issue is redeploying, not redundancy.

**Dr Harris:** I will be very brief, but first I must declare an interest. I am on secondment to the UHI; I am the deputy principal of Perth College.

I hope that there will be video-conferencing at the 13 sites, but video-conferencing would not have been accessible were it not for the University of the Highlands and Islands. One person in Shetland is doing a rural development degree—they would not have been able to do it if we did not have the infrastructure. We could have a long discussion about educational pedagogy, but I promise that there will be local support for all students in their communities.

**Mr Davidson:** I support access to education,

particularly through creative schemes such as those that you run. The age profile of students was mentioned. A lot of young people do their growing up in an academic community. What can the University of the Highlands and Islands offer them?

**Professor Duffield:** The idea behind the University of the Highlands and Islands was to meet the needs locally of those young people who seldom came back after having left the region. It is important to create a level playing field of opportunities for young adults; we are not trying to corral them in the Highlands and Islands. Many young people will continue to want to go to places of higher education in Glasgow, Edinburgh, Aberdeen and so on and they should be encouraged to do so. Other young people, however, might find that there are constraints—often financial—that keep them closer to home. In a period of credit accumulation and transfer, some will want to do a foundation year close to home and then move to other institutions for honours degrees. We have an articulation agreement with the University of Aberdeen, our sister institution, whereby our students can move on to do honours degrees there.

I think that flexibility will grow as people trade their credit—as paying clients—for educational opportunities. Without doubt, some of them will choose to benefit from opportunities close to home. Equally, we expect to draw to our living laboratory those students from other places of higher education who want the kind of experiences that they cannot get in the cities.

**The Convener:** On that point, I would like to draw the final part of the committee meeting to a close.

**Professor Duffield:** I thank the committee, which represents our major stakeholders, for giving us the opportunity to give a progress report. I apologise for our enthusiasm.

**The Convener:** We revel in your enthusiasm. No amount of glossy brochures can create the University of the Highlands and Islands, but the enthusiasm that has been displayed today will do so. I compliment all who have been involved in the work that has been done. I enjoyed hearing about the project—we will keep an eye on it, as I suspect that it might require parliamentary support.

This has been a successful day for the first committee to deliberate outwith the metropolis. I thank everyone who has been involved in the preparation of the meeting. After the meeting, the clerks will give us details of the informal visit that we will conduct this afternoon.

*Meeting closed at 15:31.*



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