

ENTERPRISE AND LIFELONG LEARNING COMMITTEE

Wednesday 26 January 2000
(Morning)

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ENTERPRISE AND LIFELONG LEARNING COMMITTEE

2nd Meeting 2000 (Committee Room 1)

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

CLERK TEAM LEADER :

Simon Watkins

SENIOR ASSISTANT CLERK:

David McLaren

ASSISTANT CLERK:

Mark MacPherson

Scottish Parliament

Enterprise and Lifelong Learning Committee

Wednesday 26 January 2000

(Morning)

[THE CONVENER *opened the meeting at 10:04*]

The Convener (Mr John Swinney): Good morning. I welcome members to the second meeting of the Enterprise and Lifelong Learning Committee in this calendar year.

We have apologies from Marilyn Livingstone, a committee member, and from Helen Eadie and David Davidson, who usually attend our meetings.

The paper relating to item 5 on the agenda—future meetings on the local economic development inquiry—has been circulated to members, but a recent development alters our plans for the tourism review. I will comment on that when we reach item 5. The clerks will circulate a revised paper.

Deputy Convener

The Convener: The first item on the agenda is the choice of the deputy convener. The Parliamentary Bureau has decided that the deputy convener for the Enterprise and Lifelong Learning Committee should be a member of the Conservative party.

Dr Elaine Murray (Dumfries) (Lab): I nominate Annabel Goldie.

George Lyon (Argyll and Bute) (LD): I second that.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): I third that.

Miss Annabel Goldie was elected deputy convener by acclamation.

The Convener: I congratulate Annabel on her appointment to the deputy convenership.

Miss Annabel Goldie (West of Scotland) (Con): Thank you.

Local Economic Development

The Convener: The second item on the agenda is the case studies that form part of our local economic development inquiry. We have four reports. I propose to take a statement from each of the four reporters and then ask the members who accompanied the reporters to add their comments. We will then have a brief discussion on issues that have arisen.

I would also like to deal with the contents of a letter that I have received from Elaine Thomson, in relation to another case study in Aberdeenshire. That letter has been circulated to members electronically—so much so that I appear to have lost my paper copy.

The first case study relates to Renfrewshire and the reporter is Nick Johnston.

Nick Johnston (Mid Scotland and Fife) (Con): I pay tribute to the work of our clerk, Mark MacPherson. His organisational skills and general good humour made the visit extremely smooth and effortless. I also thank Allan Wilson for bringing me back to the purpose of the inquiry when I began to stray into the more interesting areas of Greenock life.

We spent two days in Renfrewshire, which was a pleasure and extremely illuminating. We met providers of business support, such as the local enterprise company, the local authorities, the chambers of commerce and the enterprise trust. We also talked to consumers—the chambers of commerce are both providers and consumers—and businesses that had had contact with the local enterprise company and the local authorities. We visited National Semiconductor, although it is not particularly involved in business support. Our meetings gave us an overview of the way in which various agencies in an area can pull together in times of economic distress to make a concerted effort to bring people back into work. We also visited the Renfrewshire Education Business Partnership.

I have tried, with Mark MacPherson's help, to summarise the visit in four parts. I will begin with the providers of services. All the organisations felt that a national economic strategy was urgently required and would help in the delivery of services. However, they emphasised that any national strategy must be flexible enough to support regional variations in requirements and must include schools and colleges. Most organisations recognised that consumers of services were interested not in strategies, but in the services available.

On partnerships, organisations recognised that consumers of services could be confused by the

range of services and service providers available—they had paid attention to our interim report on that matter. However, they felt that partnership was the way forward and that there was little point in reinventing the wheel. The chambers of commerce shared that view.

Organisations admitted that closer working would be required to reduce duplication and overlap. Closer working would cover a wide range of issues, focusing particularly on agreeing shared objectives, goals and strategies, and on sharing information—databases of property, for example—best practice and benchmarking. Some of those initiatives would be more beneficial if the Convention of Scottish Local Authorities was also involved. We particularly noted that the local authority economic development agencies did not seem to have any part to play in promoting best practice, although COSLA is developing a model.

The establishment of an integrated business centre, which is a particular factor in Inverclyde, was seen as an important step forward. It will house all LEC and local authority providers, providing a single gateway to assistance and support. The current business shop set-up is seen as useful, although ultimately it is only a signpost facility. Organisations recognise that the barriers that need to be overcome are the existing culture as well as features of accountability, control and funding. It is fair to note at this point that it became apparent that the integrated business centre was being pushed far more by the local authorities and the chambers of commerce than by the LEC.

Some organisations have found that the LEC does not have people with the necessary experience to assist in all cases, particularly in relation to small business. On the availability of support, organisations recognise that the focus is on business start-up but believe that there may be a shortfall in the availability of continued support. Our attention was drawn to the withdrawal of support from organisations that had been in business for perhaps 18 months; in many cases, that left the organisations on their own. Some of those organisations are supposed to be referred to the local enterprise trust at 18 months, but that does not seem to be happening—support seems to stop short in some cases.

There were some indications that the marketing of services and assistance could be improved. It was suggested that use should be made of companies that had benefited from the support available to promote services.

We had a long discussion on the effectiveness of economic development services. Some organisations were concerned about the way in which service delivery could be measured—should targets be set and, if so, how would they be agreed? Targets would need to be sufficiently

flexible to support local differences. We concluded that perhaps headline or framework performance indicators would be appropriate. Again, we gained the impression from the local authorities that COSLA was already doing some work on that. It will be interesting to draw out from COSLA the stage at which that work is.

We found that the enterprise trust in Greenock was almost moribund. It is quite sad to note that, of the £90,000—in round figures—that it receives from the LEC, £55,000 is spent on its own administration, with only £35,000 being passed on to local businesses. I would not want to extrapolate from our experience with that enterprise trust that all enterprise trusts are the same. The Lanarkshire model was mentioned as an example in which the trusts are, in fact, business shops. However, that is not the case in Renfrewshire.

We took somewhere in the region of 40 pages of notes, which I am distilling for the committee in this verbal report. Mark MacPherson has all the evidence and notes and I have papers to which members can refer, should specific detail be required.

Although the chambers of commerce had no criticism of the LEC or the local authorities, admitting that the local economic forum was useful and that the integrated business centre was a good idea, they felt that the general structure of local development services would benefit from some reorganisation and reallocation of responsibility. They felt that they had an important role to play in providing businesses with a direct link to the top. To that end, they proposed to the committee that they be provided with a statutory responsibility in local economic strategy. They recognise that there is a cost involved in that proposal and I am not quite sure how much we would want to get involved in promoting that approach.

10:15

The chambers of commerce were keen to emphasise that any changes should focus on making the current structure work better—again, the message that we should not reinvent the wheel came through strongly. Whatever the outcome of the various reviews and inquiries, the chambers of commerce felt that they had a key role to play, as they had close links with local businesses and already established forums, such as networking evenings or lunches. Perhaps it is no surprise that they made a strong pitch for their own organisations.

The problems that the chambers of commerce identified in the current structure were the same as those identified by others—confusion, duplication,

overlap, lack of expertise, lack of continued support and slow response times. They also identified the LEC's focus on specific areas as a problem—the LEC seems to be interested only in high growth, e-commerce and manufacturing. The chambers emphasised that the consumers of services are interested not in strategies, but in the end product.

Many of the consumers of services—the businesses—complained that they did not know whom to approach, what services were provided or which services they could access. Most felt that a single gateway would be helpful. They were not previously aware of the integrated business centre, although they thought that it seemed to be a step in the right direction. We were advised that the integrated business centre was not due to open until April, although in practice it might not open until July. We may be in the early marketing stages of that enterprise.

Consumers received various levels of support. Some had received extensive help from service providers, in the form of both advice and funding, particularly where an account manager system was used. Others felt that they had been pointed in the right direction by business shops and the first business initiative. However, some companies felt that the funding support was insufficient—the example that was given was of a company trying to break into export markets. Some felt that the continued support was not enough, as the focus was on business start-ups, with support falling off after 18 months or two years.

Several consumers felt that the service providers lacked expertise and relevant experience. Some also felt that there was a lack of continuity—especially if the individual with whom they had been dealing left the service provider—and that the question of sharing expertise in other areas should be investigated. The turnover of staff in LECs and enterprise trusts may be a valid question for the committee to consider.

Some consumers felt that there was far too much bureaucracy and control, which was thought to be discouraging and unhelpful. Some businesses believed that bureaucracy could result in both delays to assistance and missed opportunities. It was also suggested that, where a company's business was spread over several geographical areas, the company would have to deal with more than one provider, with the services offered in one area differing from those offered in another.

Some companies suggested that providers focused too much on specific types of company—such as manufacturing, e-commerce and start-ups—often at the expense of others. I think that there is a gap in the provision of services for some types of businesses that could provide more

employment. However, there are problems with transferring staff from one enterprise to another. In particular, retail businesses felt that the LEC was not terribly relevant to them.

National Semiconductor represents a good example of various organisations in an area working together in a difficult situation. It is a prime example of partnerships working effectively, involving all the key players in sharing goals and objectives and in liaising to produce an overall strategy. I suggest that all members of the committee have a look at the further information that is available on that point. The work that had been done was particularly impressive. I was surprised at the way in which the work force was organised. There was a lot of short-time working—as short as three or four weeks in some cases.

I was extremely impressed by Renfrewshire Education Business Partnership. It is well organised and demonstrates effective networking, particularly in its work with schools. Funding is provided by the LEC and private business in a ratio of 1:2. The funding from the LEC has been well used in leveraging private sector funds. The partnership's prime concern is to have access to information from the Executive.

We were provided with extensive briefing packs, which we will make available to any member who wants to see them. In any inquiry, one does not always stick to the straight and narrow, however much one tries. There are a few things that I would like to mention to the committee; although they are not directly relevant to the inquiry, they are of general interest for economic development.

Funding for economic development can be viewed as a soft target or as a non-statutory requirement for local authorities. Assurance of funding is crucial for effective forward planning. Not surprisingly, that view was expressed by the local authority development departments. I was impressed by one of them, which had been very proactive and had done some good work in Renfrewshire.

The aspirations and attitudes of people entering or thinking of entering business are key. That is particularly true in cases where company owners are capable of expanding but have a comfortable lifestyle and so no incentive to take on further responsibility. That was conveyed by both service providers and consumers. The committee might want to consider what incentives are needed to encourage companies that have grown to a certain size to grow further. Should we provide incentives for companies to grow further? Some businesses seem to get to the size at which they are comfortable and no longer want to evolve.

Location and infrastructure seem to be major factors. Accommodation and property were

mentioned several times during our visit; there seems to be a lack of certain types of property in Renfrewshire. One business in the process of starting up had had superb help from the first business initiative, from the business shop and from the local economic development company. However, the main stumbling block had been with the installation of telephone lines by British Telecommunications; that had delayed the business for four months, which I found staggering.

We received supplementary submissions from Renfrewshire Council, which provided examples of business support in action, and from the Paisley and District Chamber of Commerce, which had a proposal for a completely new structure. We also received copies of slides and an information pack from the Renfrewshire Education Business Partnership, and details of co-operation between National Semiconductors and Renfrewshire Enterprise.

We have a copy of a letter from North Tyneside Council. It has been pointed out that we have not at any stage of this inquiry made comparative studies of similar situations in England and Wales—that might be worth considering.

All in all, I found the visit very useful. I did not know Renfrewshire well, but now I feel that I know it a little better. Some of its problems are peculiar—if I stress anything in this report, it is that local problems definitely need local solutions and that there is no point trying to impose something from the centre when local people are already working well together.

The Convener: Thank you very much for that comprehensive account, Nick.

Allan Wilson (Cunninghame North) (Lab): It is fair to say that Nick Johnston and I consider this submission as a joint report and that we approached the visit in that spirit.

We were in Renfrewshire to consider examples of best practice—good practice, to be more precise—and to see whether those examples could have a wider application. The obvious question was about the integrated business centre. It is not yet up and running but it was being praised as a prospective example of good practice. The concept of the centre compared favourably with our experience of the business shop. There is much to commend the idea, with the proviso that the centre is established at a local authority level as opposed to at LEC level. Whether that is the most appropriate model is a matter for further debate.

On the relationship between the local authorities and consumers, I was struck by how much assistance had been provided by local authorities, not simply in the form of business support from the

local economic development departments, but across a wide range of services, from flood prevention to planning. That was indicative of the important role that local authorities play in both economic development and business support.

Nick referred to the fact that COSLA seems, if Renfrewshire is typical, to be getting its act together. COSLA now recognises that benchmarking, indicators and sound economic statistics are required for expenditure on local economic development services. We are led to believe that COSLA is currently working on that.

Our preliminary findings—that there is confusion and, to a lesser extent, overlap—were largely confirmed by our contact with consumers. We had an interesting discussion on best practice with members of the local enterprise trust. Because of my experience with the enterprise trust movement, I was able to converse at great length with them about the halcyon days of the Scottish Development Agency. The Lanarkshire model—whereby business support or business shops are delivered by the LECs via the local enterprise trust—was mentioned. I believe that that model is worthy of further investigation.

We had anecdotal confirmation of the lack of preparedness among consumers for the onset of e-commerce. When I raised the issue, there was a moderately hostile response, because that was seen as another example of people talking to the consumers about something that they did not think really affected their businesses. When I raised the issue of future procurement via e-commerce, however, the attitude changed—the consumers realised that the issue might concern them in future.

I agree with what Nick said about the importance of the experience or expertise of an individual business support adviser. Obvious gaps in provision were highlighted by the consumers that Nick identified. A major question was about what happens after 12 or 18 months. Another big question related to the displacement of a large section of the service sector, which sees the activities of the local enterprise network as inappropriate to its needs.

In conclusion, I heartily commend the one partnership—the Renfrewshire Education Business Partnership—that seems to be working particularly well in Renfrewshire. That partnership, which operates at LEC level, could form a model for similar partnerships in the delivery of services to the business community. It is highly commended and effectively represents partnership in action, working to deliver economic and educational support services as required by the business community. Crucially, it is also working to meet the needs of the local students, trainees and apprentices involved.

The Convener: Thank you very much, Allan. Do members wish to comment on what they have heard from Nick Johnston and Allan Wilson? We will have a wider discussion at the conclusion of the reports on all the visits.

Miss Goldie: I have a simple question. Did Nick and Allan get the impression that the Renfrewshire model was working well because of the area itself, which is a little unusual, as Duncan McNeil and I know?

Nick Johnston: Are you referring to the integrated business centre?

Miss Goldie: Yes.

Nick Johnston: It had been recognised that there were too many service providers and that there was confusion. Renfrewshire is an example of a local authority grasping the nettle and trying to drive things forward.

The Convener: Are you saying that it was the local authority that was driving the process forward?

Nick Johnston: Yes, I got that impression. That was true almost to the extent that the enterprise company had been dragged along kicking and screaming. It was clear that the enterprise company was not interested in providing staff. One of the reservations that was voiced was that, if somebody goes to that integrated business supplier and is referred back to Paisley, the whole thing falls apart. The enterprise company is not well regarded in Greenock.

This is a model that should be examined. It works particularly well because an active local authority development department is pushing it forward.

10:30

The Convener: How does the Renfrewshire Education Business Partnership, which both Allan Wilson and Nick Johnston complimented, relate to the rest of the management of economic development? It will be interesting to hear what George Lyon says about Ayrshire—we saw in the written submissions that there was, for example, an Ayrshire economic forum. George may correct me, but it seemed to give cohesion to the way things happened. The REBP seems to be similar. I would be interested to know whether it is all-encompassing and directs or co-ordinates the activities of other organisations, or whether it is just another force fighting for its place in the network of organisations.

Nick Johnston: I will answer that question and ask Allan Wilson to respond as well. That was our last visit; it was quite late on the Friday and our powers of attention were probably fading, but Mark

MacPherson got some good information down.

The education business partnership has clear objectives. They are: to bring coherence and co-ordination across the range of education initiatives through the establishment of effective management structures and network systems; to increase the value and effectiveness of existing local structures; and to identify and remedy resource duplication and resource gaps through involvement with schools. It is funded by Renfrewshire Enterprise and private business. I got the impression that the REBP was irritated with the rest of the provision. It seemed to be saying, "We are far ahead." It has seized on some—I was going to say vague notions voiced by the minister—initiatives that have been signalled by the minister and developed them. It is looking to become a model that others should follow.

We did not get much time to discuss linkage into other areas, but it is networked so well that everybody who is anybody in Renfrewshire is involved in the REBP. I pay particular tribute to its chairman and chief executive, both of whom have a tremendous grasp of what needs to be done and are driving it forward forcefully.

Allan Wilson: I agree with Nick Johnston's comments. My impression of the REBP is that it is comprehensive. It is pan-Renfrewshire, which is interesting from the point of view of considering models. It has succeeded in overcoming the difficulties of parochialism in the delivery of services. It did not seem to be afflicted by some of the problems that affect business support services in other parts of the county.

There has been a change of personnel at the top of Renfrewshire Enterprise, which has heralded a mood for change. There is evidence that that has not always been the case; there had been opposition within Renfrewshire Enterprise to the establishment of an integrated business sector. I thought that REBP was a fine model of partnership in action, delivering across the whole Renfrewshire area without problems of parochialism.

Nick Johnston: The REBP has been particularly effective in producing publications, which other local authority areas and providers are now picking up.

The REBP is identifying core skills required for employment and it tries to use contextual training so that children see the direct application of skills. That is important as many children are turned off by traditional methods. It has tried to put mathematics in the context of hospitality; if a child wants to cook they have to learn to measure. It came out strongly that public funds should not be used to reinvent the wheel, so best practice should be shared. This is an example of best practice

being developed and shared.

The Convener: Thank you. We will now move on to the second case study, which was in Ayrshire. George Lyon led the team in Ayrshire, with Annabel Goldie and Elaine Murray.

George Lyon: The three of us spent a day in Ayrshire. It was quite a long day; we started at 9 o'clock in the morning and continued until 6 o'clock at night. We crammed a huge amount of work into a short period of time.

We went primarily to examine best practice at Ayrshire economic forum and to find out how well it is working. To judge from what Nick Johnston has said, its structure is different from that in Renfrewshire.

I will deal with the structure before I discuss the evidence we took. At the top is the Ayrshire economic forum, the members of which come from the three local authorities, the local enterprise company, the chamber of commerce and the Scottish Trades Union Congress. It meets roughly three times a year. There are meetings six times a year at officer level. Below it are three enterprise trusts, which deliver the front-line business support.

There is also Enterprise Ayrshire. A business shop has just been set up; it is a centrally located shop unit with five linked, but remote, centres. The business shop is primarily a signposting operation. It is the first point of contact. It passes business on to the agency to which it is best suited: enterprise companies, enterprise trusts, or local delivery organisations, as they are called in that part of the world.

We spoke to Enterprise Ayrshire, the three councils, the STUC and the Ayrshire and Arran Tourist Board. That was quite significant in relation to another issue, which we discussed at our previous meeting. We also met 22 customers—that was arranged by the chamber of commerce—front-line staff who work in the business shops and business advisers, who are behind the business shop front-line staff.

The group would describe Ayrshire economic forum as successful at a strategic level. There are good working relationships between the various organisations and a strong geographical drive, in that the identity of Ayrshire is part of the organisation's credibility. All the players can buy into the fact that there is a clear focus on developing Ayrshire. The forum is a crucial body in terms of external lobbying on, for example, issues such as the A77, Prestwick airport and European funding.

There seemed to be a good working relationship between council officers and enterprise officers. They appeared to work closely together. However,

when we got down to delivery, we recognised problems in the delivery mechanisms. There was confusion and problems with the reporting structures in relation to line managers. The structures underneath the forum are confused.

The Ayrshire structure plan cements the whole thing together. The agreed structure plan identifies the key priority areas, such as Prestwick airport and the agreement that a 70-acre site will be identified as one of the key development sites.

The Convener: Is that a local authority plan?

George Lyon: Yes, that is the local authority structure plan. Everyone bought into it, even though it could be argued that two of the councils will derive no benefit because the proposed development site is in another council area. Rivalries have been put to one side because there is clear recognition that the effects of developing the site close to the airport would spill out to benefit other areas. There was a lack of parochialism, which is a success in itself.

The group has two concerns. The area has no role in the forum. It is estimated that the tourism industry contributes something like 11 per cent of the area's gross domestic product. The performance of the area tourist board had been traumatic, but we were told why it had not performed as well as had been expected. We recommend that the tourist board should be part of the economic forum.

Another concern was that the focus of the forum might become diluted as more members join it. Ironically, the people whom the forum had in mind are the MSPs who might believe that they should attend.

The two hours that we spent assessing the views of Ayrshire businesses were probably the most illuminating of the day. The points that were raised mirror what was said in Renfrewshire. Lack of clarity about the business services on offer is a key problem. It is not clear that the people whom the business community meet are aware of the business community's concerns. The group also has reservations about the arrangements for the employment of business advisers. There are two different groups of advisers who are managed by separate organisations. We found that quite confusing when trying to assess whether they are performing well.

It was felt that there is a need for greater transparency in the provision of support, particularly on the part of the local enterprise company. Businesses are concerned that the criteria for the allocation of support are not transparent. A number of businesses raised the issue of asking for business advice. They suggested that they had been given clear indications that there might be some help for them

in the future, only to find that no help was made available because they fell into the wrong categories or because there was a displacement issue. Many businesses said that they should have been told at the beginning of the process that that might happen.

It was felt that business support decisions are taking too long. We were also told that there should be uniformity in the level of provision of support for local enterprise companies. At present, there are different levels of assistance in different areas. It was recognised that the European assistance map might influence that.

There was a plea for tourism to be brought into the economic mainstream. One gentleman in particular made an impressive plea.

The unanimous view was that local authorities should withdraw from the provision of economic development services. Another problem is that business support agencies are felt to give too much attention to inward investment.

Levels of satisfaction with current arrangements vary according to type of business. The small business sector is unsatisfied with what is on offer, whereas Prestwick airport and the ports authority said that they have fantastic support from Enterprise Ayrshire and the economic development services. That reflects the fact that the strategic plan identifies such areas as priorities.

10:45

On the provision of business support services, there are concerns about the delivery mechanisms, line management and the difficulty with verifying whether they are delivering good quality services. We think that those areas should be scrutinised further.

The three enterprise trusts are an amalgamation of what had been there before, especially in the case of North Ayrshire. The new system will have to bed down before we can evaluate its efficiency. A key principle to bear in mind is that, if one were starting with a clean sheet of paper, one would not aim for the system that is in place at the moment. We have a grouping together of organisations that were already in place. There are questions about the system at local delivery level.

The Ayrshire agencies have made significant progress based on partnership working. We must pay tribute to that. The Ayrshire economic forum is a successful expression of that fact at a strategic level, if not at a local delivery level. The fact that the system of business support remains complex and requires development reflects not so much a lack of effort or commitment on the part of the local agencies as the difficult point from which they

started. More radical structural changes might be necessary.

The Convener: Would Annabel Goldie or Elaine Murray like to add anything?

Miss Goldie: No. George gave a full report. it might be important to emphasise that the Ayrshire economic forum has the support of the business community as a strategic overview body. As George said, there is profound dissatisfaction as regards delivery further down. The forum seems to be doing a good job in identifying the needs of Ayrshire.

The Convener: The scale of the difference that you report is interesting and is comparable to the situation in Renfrewshire.

Dr Murray: The forum did not seem to be in favour of Scottish Enterprise's costing strategy. It felt that it did not act in the interests of the area.

The Convener: Ironically, there is an argument that the costing strategy is appropriate to an institution such as Prestwick airport.

Miss Goldie: George is right about the fact that the delivery mechanism is exceedingly confusing. When we were shown an illustration of the arrangements, we were seized by a collective migraine. There were a great many arrows, boxes and slots.

The business community feels that the business shops are a reactive provision and that the client needs to know what they want before they go in, because they will not get any advice—they will get only information and a referral to somewhere else.

We found it slightly curious that the success of the business shops is measured by the number of inquiries they receive, regardless of what happens to them.

George Lyon: I will clarify the amounts contributed by the agency, just to give some idea of where the money goes. Enterprise Ayrshire has a budget of £26 million. South Ayrshire receives £350,000; East Ayrshire receives £1 million, although there is some doubt about that total figure; and North Ayrshire receives £1 million.

We never really got to the bottom of how much money is being used for pure economic development and how much is being spent on administration across the organisations. That information did not seem to be readily available.

The Convener: The answer to that question probably rests in some of the operational problems that you have highlighted.

Dr Murray: It was strange, for example, to find that the line manager of the business advisory service did not know the answer to the fairly fundamental question: how many business

advisers there are?

The Convener: Fundamental is a fair description of that question.

Are there any other comments?

Nick Johnston: On our visit to Renfrewshire, it was evident that the chamber of commerce in Paisley plays a major role locally. Was there any evidence of chamber of commerce involvement in Ayrshire?

George Lyon: Very much so. The chamber of commerce is represented on the economic forum.

Miss Goldie: The chamber of commerce is the business voice and is very powerful.

George Lyon: However, it does not deliver any economic services in Ayrshire. At the moment, it is only a partner in the economic forum.

The Convener: So the chamber of commerce acts only as a representative body, and is not a delivery organisation.

Allan Wilson: George highlighted the fact that confusion still exists about the scope for significant further improvement. He referred to the need to have two publicly funded agencies to provide business support services. Would that add value to the process? Was there any evidence of the LEC's evangelical role of going to business to promote services instead of simply playing a reactive role of responding to requests? That issue came up in Renfrewshire and I would be interested to know your impressions of Ayrshire.

George Lyon: Such a proactive approach did not come across strongly in Ayrshire. However, we were struck by the delineation of the roles of the local authority and the local enterprise company. Because it is recognised that the council's key function is planning and the provision of all services, the council is reasonably relaxed about its significant influence on decisions that might be made in the economic forum about the strategic plan. As a result, instead of competition between the local authorities and the enterprise network, there was a sense of genuine partnership and that both respected the other's role. Both had influence on decisions because they recognised that budgets are severely constrained and that there is no other way to work.

The Convener: That suggests that the forum is able to develop a clear strategic direction by drawing together the local authorities' statutory powers to provide structure plans and to develop the concept of community planning, and the resources and perspectives of other agencies involved in enterprise or other aspects of policy. The problem is how to put that into practice.

Dr Murray: Yes, that is the problem.

The Convener: This is the nub of our inquiry at the moment: the strategic perspective may be right, but there is confusion at the coalface.

Dr Murray: The people we have been speaking to about the economic forum would have been disappointed had they sat in at the business session. Local business people painted a very different picture, and they may have been disappointed that some of their objectives had not been recognised.

Miss Goldie: We were hugely impressed by the enthusiasm and energy of the staff at grass-roots level.

George Lyon: Yes.

Dr Murray: Yes, we were.

Miss Goldie: But we felt that the structure was flawed and that that was inhibiting the staff from giving 100 per cent delivery.

The Convener: Thank you. Our next case study is from what is commonly known as paradise—Tayside. [*Laughter.*] I call Duncan McNeil, who was joined by Fergus Ewing on this case study.

Mr Duncan McNeil (Greenock and Inverclyde) (Lab): I should begin by thanking David McLaren, who made the visit possible, for all his hard work before, during and since the day's visit. Due to illness, Marilyn Livingstone was unable to come with us, so Fergus Ewing and I made our way to Teesside on 17 January—I mean Tayside, sorry. [*Laughter.*]

The Convener: There is a difference.

Mr McNeil: It just seemed like Teesside because it took us so long to get there with the roadworks in Dundee.

We spent the morning in the business shop and met Scottish Enterprise Tayside, Dundee City Council, Angus Council and Perth and Kinross Council to discuss both the provision of business support in the area and partnership working. We wanted to establish whether there were instances of best practice that could be used elsewhere. We had the opportunity to meet the staff of the business shop and to tour the premises, and we met people from some of the businesses that benefited from the shop's services when they were starting up. A wide range of advice was offered to such businesses.

In the afternoon, we made our way to Forfar, where we met Dundee and Tayside Chamber of Commerce and Industry and Perth Chamber of Commerce, and a number of local business people. We should put on record our gratitude for the time and the co-operation that they gave us to make the visit worth while.

As some of us know, Tayside has three very

different economies: the city of Dundee; Angus, which is predominantly rural, but which, we were told, sustains a significant amount of employment that is based on the North sea industries; and Perthshire, which is also largely rural. Covering Tayside are: three local authorities, each of which has different priorities; a local enterprise company, Scottish Enterprise Tayside, which has responsibilities across the area; two main chambers of commerce, with other chambers that have been set up as a means of having more localised involvement; and three business shops, which followed on from the previous enterprise trusts, and which are funded by its partners—the LEC, local authorities and the chamber of commerce.

Submissions to the committee from the LEC and the local authorities during phase 1 of our inquiry suggested that there had been partnership working in the area for a long time, and models of good practice that could be used elsewhere. The LEC told us that the best partnerships were the ones that added value and that were more a means to an end than an end in themselves.

People generally agreed that partnership works well in the area, but they accepted that there were tensions—not least because of the different local priorities. There were also often costs and resource implications in keeping everyone informed and involved. It was recognised that partnership should work well in tourism. The recent golf tournament at Carnoustie was given as one example of the progress being made.

11:00

We agreed that the business shop was the best example of partnership working that we saw. Partnership working is to be commended, but it must add value to the process. There is little point in having a partnership if it leads to duplication and overlap. The resource implications must also be borne in mind. Two specific areas of good practice became apparent during our visit: the business shops and the account management system that they operate.

There was general agreement among the agencies, the business shop clients that we met and local businesses that the business shop model in the area had been very successful. However, there were some criticisms, particularly from the chamber of commerce. We were told that the business shops had more credibility and a much wider appeal than the previous enterprise trust, whose priority had been seen as assisting the unemployed to start up in business. The focus now went across the whole community.

We were impressed by the staff at the business shop in Dundee. That impression was confirmed

by the clients that we met after the tour. Clients found all three shops welcoming and enjoyed dealing with the staff on a one-to-one basis, because relationships could be built. While there was a clear emphasis on start-ups, the business shop also employed advisers to assist mature businesses.

We were taken to the in-house business technology development centre, where businesses can find out about and try all the latest business information technology packages. Businesses can test packages before they buy to ensure that they will suit the needs of the business and benefit the company. Businesses can also learn about the internet and be directed to appropriate training packages, although there is no training base. All the business shops in the area have this worthwhile facility, which is funded by a scheme run by the Department of Trade and Industry. We commend the facility to others.

Clients of the business shop agreed unanimously that due to the different priorities across the area, three shops were needed—indeed, some people would argue that more than three are needed. The shops also needed to be local and not remote.

Criticisms of the shops included a lack of communication between the three shops, the fact that not all staff had the full range of expertise necessary to help clients through the whole process and the fact that small, mature businesses with fewer than 25 staff that were not regarded as key businesses were excluded from receiving assistance. There was also concern that one of the ways in which the shops' success was measured was by the number of telephone calls that they handled.

Having listened to the views of all those who we met and taking on board the criticisms made, we commend the Tayside business shop model to others.

Scottish Enterprise Tayside has identified and account manages around 200 key companies with more than 25 employees. The business shops account manage 300 key companies with fewer than 25 employees. However, there are 12,000 businesses in Tayside. One of the main criticisms that we heard was that businesses outside the key 500—particularly smaller companies that were well managed and wanted to grow—were excluded from the process. Extending assistance would, of course, have resource implications.

Scottish Enterprise Tayside and the business shops now account manage start-up businesses for three years instead of one. As members are aware and as we have heard in reports this morning, the second and third years are most problematic for new businesses. The Tayside

model is to be commended for taking a longer-term approach. Those companies that had been account managed found it helpful to have one point of contact, so that they could build a relationship that lasted beyond the three-year period.

Both Scottish Enterprise Tayside and the business shop continued to hold regular local forums and meetings, at which businesses could discuss issues with the agencies and other companies, and provide support for each other. We commend the Tayside model of account management companies. We would like more companies to have access to that facility, but we acknowledge the resource implications.

Other issues were raised during our visit. There was a consensus that local problems require local solutions. All those who offered an opinion agreed that there should be a national economic strategy for Scotland, but that it must be able to be interpreted at a local level to suit local circumstances. It was agreed that any solutions offered by the committee in its final report should not be based solely on problems from certain other parts of the country. The loud cry was that they did not want west-of-Scotland solutions for their problems. The local enterprise company made it clear that not only did it have to have a local focus, it had to have a national and an international one as well, for the long-term prosperity of the area.

There was some agreement that there were too many economic agencies, but no alternative models were offered. However, the general view was that there should be tweaking of the existing system, rather than wholesale change for change's sake. While it was recognised that there may be some service duplication in the area, many individuals felt that there was not much.

Of course, there were local difficulties, which included arguments about rural versus urban concerns. There was some criticism of the lack of coverage outside Dundee by the LEC and the chamber of commerce, and concern about the lack of inward investment in the area.

Tourism is a player in the economic prosperity of the area, and should not be forgotten.

We received strong representations from businesses about the risk-averse culture that exists in Scotland. One company said that while Scottish Enterprise Tayside was to be congratulated on taking risks, it was unique in that respect. One suggested solution was that companies that had received assistance, and on which the agency had taken a risk, could pay a royalty to the agency later on. It was suggested also that this committee should meet representative local investment clubs, which are

composed of private individuals who are seeking to invest.

In summary, we were impressed by the business shop model in Tayside and the account management system that operates there, and we commend them to others. There was not the level of service duplication that we had expected. The general view was that not much was wrong with service delivery in Tayside. That conclusion is based not only on what the agencies told us, but on the views of local businesses.

Fergus Ewing: Duncan McNeil and I had a pleasant and informative day in Tayside. It was a tale not of two cities, but of three councils and one enterprise network. Perhaps uniquely in Scotland, that area has three local authorities, each of which has a different economy, approach and perspective. That point was made throughout the day. Of course, Scottish Enterprise is the overarching enterprise company.

I would like to stress that I will present impressions, rather than conclusions, because it would be a tad arrogant to go to Tayside for one day, albeit an intensive day, and come away with firm conclusions. I will run through my impressions to supplement Duncan's report, with which I broadly concur.

The business shop that we visited in Dundee was extremely impressive. The staff were not only welcoming but thoroughly professional. From a fairly lengthy conversation that we had with the staff who deal with small business inquiries, it was plain to me that the approach was thoughtful and considerate, and marked by common sense. I was extremely impressed by the attitude and approach of the staff at the Dundee business shop.

However, although I do not doubt that they are providing a good service, my impression is that it could be even better. We recognise that we can always do better in any field. If this model is the right one—and it seemed to be the right one for the area—it could be improved in significant ways. First, business shops need to go to the businesses more, rather than wait for the inquiries to come in. There were 6,000 inquiries a year—which is better than 600 a year—but that is no way of judging the success or failure of any of these business shops. If more visits were made to businesses, the awareness in the business community of what the business shops can provide would be greater. I wonder whether the hard-pressed small business community, most of whom would probably not have the time to visit the business shop, knows what is available.

What was available was quite remarkable. Duncan McNeil has mentioned the information and communications technology programme. In the basement of the Dundee business shop there is a

room that contains the Rolls-Royce of computer services: every type of computer package—e-mail, e-commerce, accounts and so on—was available. The business shop's function is not to provide training, but to provide a taster so that people can go on to receive training. The full-time employee there was extremely helpful. I felt, however, that the Rolls-Royce capacity could be used at a Rolls-Royce level rather than at a Mondeo level. I hope that action can be taken to do so. The cost over the period has been £602,600, which is a great deal of money.

Criticisms of the business shops were relatively minor. The criticism was made of Project Ossian that the feedback was not great. However, one criticism is no basis on which to draw firm conclusions.

The Prince's Scottish Youth Business Trust operates within the business shop, which seems sensible. I wonder whether that is happening elsewhere in Scotland, as it seems to be a useful development.

Alarming, one small businessman reported that, when setting up a tourist business, it took him 18 months to get his tourist sign. That is nothing to do with the local enterprise network; it is a failure by the civil service. If a new tourist business needs a sign outside, but it takes 18 months to get that sign, there is a failure that must be rectified, although perhaps not by this committee.

We received a mixed message about tourism, with some good news and some bad news. In the afternoon, when we were the guests of Don & Low, no tourist businesses were represented, so I am not sure whether we were shown a complete picture of the way in which the tourist industry is served by the enterprise network.

My overall impression was that there was not a great deal of duplication. The number of people who are employed by local councils in economic development seems relatively low, in relation to that of those who are employed by other local authorities in Scotland. I was impressed by the fact that the experienced local councillors to whom we spoke in the morning seemed to have an in-depth knowledge of their patch. Were there to be a proposal to cut local councils out of the loop, there is a danger that that knowledge would be lost. It was useful to have the evidence of the local councillors.

In conclusion, I largely endorse what Duncan McNeil said earlier. If the roads in Dundee were in as good a shape as the enterprise network there, I am sure that there would be a far higher degree of happiness in that city.

The Convener: Thank you. Some of us are still trying to master the one-way system in Dundee.

11:15

George Lyon: You made it clear that different areas had disparate needs. Those of the rural areas are not the same as those of a big city. How does Tayside cope with those different requirements? Is there any differentiation in the approach to the needs of rural Perth as opposed to the city of Dundee? Is it a case of one size fits all?

Mr McNeil: Local authorities are prepared to take their own initiatives. They entered the partnership to get added value. That is how Scottish Enterprise Tayside overcame such problems. There must be the freedom for people with different priorities to work within the partnership.

I was left with the impression that there is no such thing as the Scottish economy—there is no single solution. The variations are clear, even in a relatively small area. We must give people the flexibility to deal with the problems that that creates. There are general problems in the area, but there are also specific problems in local authority areas that must be recognised. People told us that they did not want the solutions to central belt problems. They said "Understand our problems".

Fergus Ewing: I agree with what Duncan has said. One might compare the business shops to a general practitioner and Scottish Enterprise to a specialist. Scottish Enterprise kept in touch with the elite companies—those employing more than 200 people—through individual account managers. One person from the enterprise network dealt with each major company. That provided continuity and seemed to be a sensible model. Major employers knew to whom to go to get help from the enterprise network. We were very impressed by that.

George Lyon: How do they put together a strategy to deal with the needs of rural areas as well as those of Dundee?

The Convener: I do not want to intervene too much, as I have a local perspective. We can compare what we have heard from Allan Wilson—

Miss Goldie: Is there a comparable body?

The Convener: That is what I am trying to get at. At an operational level, many of the lessons of rationalisation that have been learned in Tayside, through the formation of business shops, can be taught to the rest of Scotland. At a strategic level, the advantages of the Ayrshire economic forum that Allan Wilson has mentioned are not matched in Tayside—it does not have that clarity. The same model would not be appropriate because of the difference between rural and urban economic needs. Thinking in Tayside is not as advanced at a

strategic level as it is at an operational level.

George Lyon: Are the decisions about priorities for a particular area devolved to the management of the various business shops? Is that how it works at the moment?

The Convener: The business shops have also attracted the support and participation of the local authorities, the enterprise company and the chamber of commerce.

George Lyon: They are funded on a joint basis.

Miss Goldie: How is the strategy devised for Tayside?

Mr McNeil: Scottish Enterprise Tayside provides a vision statement, but there is a great debate about a general strategy. Scottish Enterprise was leading the debate about the integration of local initiatives into a national strategy and an international approach, and that was giving rise to tensions. I had the impression that there was disagreement across the board about the way to move forward and about the need for a general strategy. The danger is that people concede a lot of flexibility and become parochial, believing that they can solve all their problems and losing sight of the big picture. Perhaps Fergus can help me out.

Fergus Ewing: I do not know whether I can. I think that Duncan McNeil is doing an excellent job. I am not sure that there is a published strategy for Tayside.

Mr McNeil: Not an agreed one.

Fergus Ewing: We did not hear about one. There were obviously tensions within the three local council areas, and there was some evidence that the further away one went from Dundee, the less one saw Scottish Enterprise. SET had its critics and its fans. There was contradictory evidence. Perhaps the fans were companies that had received support, and the critics were companies that had not. That is always likely to be the nature of things.

Allan Wilson: There is a fundamental strategic question in here somewhere, which has also come out in the reports on Ayrshire and Renfrewshire. When we went to Renfrewshire, we learned about the flexible labour market that is a product of the predominance of the electronics industry in one part of the area. We have been told about the three very different economies that exist in Ayrshire. Can the generic approach to business support services cater for the needs of those specialised in diverse economies, or would a more sectoral approach bear greater fruit in Tayside and in Scotland more generally?

Mr McNeil: Nothing that I heard on my visit to Dundee would help answer that question. There is

a debate, led by Scottish Enterprise Tayside. At the meeting in the morning with the local authorities the issue of whether there should be a national strategy was raised. Some people said that they had other things to get on with and that it was not a priority. When we met the various established businesses in the afternoon, we were given a wider view on inward investment, venture capital and sustaining and growing companies. As I said in the report, we were in Tayside to examine how Scottish Enterprise was delivering business support. That was what we were asked to do.

Nick Johnston: Do I infer that support for established businesses comes mainly through the account manager system that Fergus described? I am talking about support that is available not just for start-up businesses, but in the longer term. I am treading carefully here, because I do not want to identify individuals.

In Renfrewshire, we came across an established business that felt it was not getting the support it would have got if it shut down, phoned Henry McLeish and said that it wanted to put up a factory and employ X number of people. The conversation revealed that there are limits on the amount of financial support Renfrewshire Enterprise can offer. There was no obvious route for moving on assistance from Renfrewshire Enterprise to more substantial support from Scottish Enterprise.

Mr McNeil: That experience contrasts with ours. We met the established businesses in the afternoon; the food company in particular said that it had good experience of Scottish Enterprise Tayside, which had helped it through the food initiative and supported its graduate placements and marketing. The company spoke about having a good relationship with the local council when trying to expand its business planning.

The business shop said that when an individual comes through the door hoping to start a business, they do not need an account manager, but to work through their ideas. The business shop takes the ideas and assesses individuals and businesses at all stages of the process. When necessary, it can take them from their initial phone call to the account management system and the various areas of support and funding.

Dr Murray: I am interested in the differences between the business shops in the three areas. Business shops in Tayside seem to be successful in delivering; Renfrewshire has had a more unsuccessful experience and is progressing to a different, more integrated model; Ayrshire just seemed to be signposting.

Are the business shops in Tayside run by the enterprise trusts?

Mr McNeil: There is a partnership with the local authority—a funding package.

Dr Murray: So is there one business shop in each authority? I am interested in how the authorities work together—

Mr McNeil: There is one in Dundee, one in Perth and Kinross and one in Angus. We had a complaint from Forfar that there is not one there.

Dr Murray: So it is really one local authority that is involved, not three.

Mr McNeil: Yes.

The Convener: Business shops are marketed as the Angus business shop, the Perthshire business shop and the Dundee business shop. They are not the exclusive property of any one agency, which means that they are more neutral and accessible.

Miss Goldie: That is an important point, because it contrasts fairly sharply with what we found in Ayrshire, where there is no doubt that business shops are purely signposting. We posed the hypothetical example of someone coming in with a proposal for a business venture. It was made clear that they would receive no advice or direction, but that they would be given an information pack and that details of the proposal would be taken. Those details would go to a business adviser, who I presume would, at some point, get back to that person.

Is that a slightly different model from the one you encountered in Tayside, Fergus?

Fergus Ewing: It is a slightly different model. Those who ask the business shop for specialist advice are referred on, perhaps to Scottish Enterprise Tayside, but many new starts, for example, may be dealt with at the shop only. One of the businesses we visited in the afternoon stressed that the function of the business shops is not to be one-stop shops, but to be the first port of call. I could not give you an encyclopaedic list of the precise services that were required. To answer your question more directly, perhaps we can go back to check in more detail.

George Lyon: We need some clarification. You are saying that the business shop employs business advisers and specialists, who can deliver some of its services. What was the trigger for the case going further up? Further up would mean—

The Convener: Company size triggers that.

George Lyon: So there is a threshold—

The Convener: The account management system, for example, will cut in for companies with more than 200 employees. Such companies would go to Scottish Enterprise Tayside.

Business shops do everything below that level. The nub of the issue is what one gets when one contacts a business shop. As I understand what is

being said, there can be rather cold signposting or more of an assessment of the issues the company is wrestling with and some help to find solutions—a deeper kind of engagement.

Mr McNeil: To summarise, as has already been mentioned, the business shop deals with about 6,000 inquiries a year. It has three new start advisers, one of whom is seconded from Dundee City Council, and two existing business advisers, who try to offer a tailored approach. That replaces 13 agencies in that area before 1996. There is more intensive contact with new starts in their first year, when four contacts are planned for.

Quite a lot is on offer, including the on-site business technology development centre. The people in new businesses and others we met said that there is a lot of practical support and we felt that there were strong relationships with the people who work in the shop; people felt that they could go to them for support and advice.

The Convener: We need to look at that point in more detail; it is fundamental to the nature of support that is available. Thank you, Duncan and Fergus.

11:31

Meeting adjourned.

11:44

On resuming—

The Convener: I ask Margo MacDonald to set out the conclusions from the visit that she, Elaine Thomson and I paid to the kingdom of Fife.

Ms Margo MacDonald (Lothians) (SNP): You can certainly ask me to provide members with conclusions, convener; unfortunately, I will give only impressions.

We went to Fife for only one day. As has already been observed, it is a bit much to parachute in and try to do in a day what an army of economic and development consultants have been doing for a few years: produce detailed reports on the delivery of economic and development strategies in various areas. I will not attempt to do that.

I also apologise for not producing a written report—I thought that you wanted a verbal report, convener. Given that I have been struggling with the flu, I do not have a written report. However, I will give members an overview and Elaine Thomson will kick me under the table if I get it wrong. There will, however, be a written summary of our work.

Our focus was rather different from that of the other groups whose reports we have heard so far. They leaned towards the enterprise side of the

committee's remit. Listening to the language and terminology used and the references made in previous reports, I noted with interest that they come almost from a different part of the lexicon when compared with what we heard when we were in Fife last Monday. Our emphasis was on learning and lifelong learning. That was interesting in itself, because there was a different interpretation of what was expected of the partnership built around the council and vocational education, and the partnership built around enterprise and Babcock Rosyth, which is the dominant company in that part of Fife.

I have been mulling that over. I think that the committee might consider in quiet moments whether the concept of lifelong learning is properly understood in terms of its integration into the need for economic development. I mention that in passing.

Fife may be unique, which is why I hesitate to say that much of what we saw could be easily transferred. I do not know whether it could be, as all the agencies in Fife are coterminous, which makes it much easier for the people involved in partnerships. We said, jokingly, that they went to school with one another—and then found out that they did. That understanding and shared reference point was obvious throughout our day in Fife.

In the morning, we started off at the opportunities centre, which is quite a new partnership that revolves around the council. The centre in Kirkcaldy is the second in Fife—there is one in Cowdenbeath—and had been open for only two or three days when we visited. It contains all the services that underpin jobs, education and training, is well manned and has an excellent location beside the bus station. It looked a very good place; it had the right ambience of business seriousness but, at the same time, it was not in any way forbidding—it did not look bureaucratic.

The people from the various agencies covered by the partnership who work there were pleased to be sitting across the office from careers advisers, who were next to the people dealing with skillseekers, and so on. It appeared to us to be a businesslike outfit—money well spent.

We were also struck by the fact that the agencies in Fife planned the centre. The consultation procedures on vocational and community education are impressive. That might be down to the fact that it is Fife, where the networks to conduct a good consultation process before anything is set up are already established. The steering group was formed in 1996 and the strategy group was launched in 1997. When the committee receives the written report, I shall be able to name the members of the Fife vocational education and training strategy steering group—from the council, the colleges, the National

Training Organisations National Council, the careers company, and so on. However, I would prefer to give that information in written form, to save time this morning.

More than the delivery of vocational services, the creation of an ethos of learning in Fife is the sort of thing that would work in all our island groups and probably in Ayrshire. In the written report, I shall try to outline how I think the cohesiveness of services that are operated by different organisations has been arrived at.

In the opportunity centre, lifelong learning is well understood. The close co-operation between Fife College of Further and Higher Education and the other colleges in Fife with the council and the other organisations that are represented in the community opportunity centre is important. It is also understood—this is mentioned in a strategy paper—that we should no longer think of investing in buildings or places, but in services, and that we should tailor the services to meet the needs of the individual. The opportunity centre understands the notion of combining a centre that people can pop into when they are doing the messages and they are in the bus station, with outreach work that uses IT and people from colleges going to the villages—and there are a lot of small communities in Fife.

The centre also understands that community education should be just that. If someone from the community education service helps a community to organise the resurfacing of a children's play area, for example, the skills of organisation and analysis—perhaps of writing and communication—that are developed through that might stimulate the desire to move on to a more formal qualification such as might be obtained on a communications course or a child care course. I was impressed that the opportunity centre's notion of lifelong learning coincided with my own.

The way in which the centre is trying to market its services is also quite modern: it employs a brand logo like the legal advice logo. People now know, if they see that logo in a place, that legal aid is available. The brand logo is being used in all sorts of places to show that someone is available to give information about jobs, employment and vocational education in Fife. I liked that approach, as did my two colleagues.

After hearing an explanation of how vocational education is delivered in Fife, we had the chance to talk to a focus group. As I said, the consultation process in Fife is impressive. It was when we heard from the focus group that things got real. The barriers to taking advantage of the programme had come about through policies that were not under the control of any of the partnerships in Fife. They included many that we keep hearing about: transport, child care and

assisting people with special needs.

One girl we met is dyslexic and has experienced problems accessing services. Every effort is made in Fife, but there is a lesson to be learnt: if any of the programme is to mean anything, the underpinning delivery should be of common services such as child care and transport.

It was completely different in the afternoon. We visited the Babcock Rosyth training centre to consider modern apprenticeships. Fife is an interesting example as it has a special tailor-made programme called FAST-TRAC. Marilyn Livingstone is absent today, but she was instrumental in setting it up. We would learn a great deal about it from her. It has no managing agents; it is a direct agreement between the employer and Lauder College.

The programme merits further investigation—it might work only in its particular circumstances. It was excellent to hear about it, and everyone from the apprentices to the enterprise people to the Babcock Rosyth management was very much in favour of it. It required a great openness of approach on the part of Lauder College. Fife Enterprise contracts Lauder College to provide employer-tailored Scottish vocational qualifications, almost. That makes Fife unique, as did the funding arrangements. I have asked Elaine Thomson to explain how the funding is different from that of other college-employer relationships.

Elaine Thomson (Aberdeen North) (Lab): What has been done with FAST-TRAC in Fife is indeed interesting. It has dramatically increased the number of young people going into jobs and non-advanced full-time education.

The FAST-TRAC model comes in two forms: the college model and the employer model. Margo is asking me to explain the college model. What is unique to Fife is that all full-time non-advanced students aged between 16 and 18 are skillseekers. In Fife, funding for skillseekers has been transferred from the Scottish Further Education Funding Council to Scottish Enterprise and Fife Enterprise. The colleges are then contracted to provide courses.

The colleges are clear that this method represents a certain risk for them, but they said that they have worked out a guarantee system so that if there is not enough course uptake they will not be left with a financial shortfall. They said that throughout the operation of the FAST-TRAC programme, they have never had to fall back on the guarantee. What came through strongly about the whole FAST-TRAC thing is just how successful it is.

As Margo said, intermediary managing agents have been dispensed with on the employer-led side. Agents were basically telling employers what

kind of training they were willing to provide to some of their younger employees. The training programme is demand-led and employer-led, so it is closer to providing what employers actually require for training their young employees.

The working partnership is very good and integrates a number of elements. In Fife, young people are increasingly becoming involved in programmes that are neither full-time employment nor full-time college courses. There is very good integration between work and training. To me, that sounds like the direction we might want to take in the future. In general, I was very impressed.

12:00

Ms MacDonald: It is a three-stage thing. There was preparation, then college and then part-time college and work. That balance could change again. They could be working with only occasional return visits to college, or they could combine college with occasional outreach work.

A proper investigation is required. Although we were impressed, I hesitate to say that that is the model that should be applied throughout the country. However, we thought that it was worth while going into some detail to explain what we had found out on our visit.

Individual learning accounts will be important. All the employers and all the representatives from Fife Enterprise voiced their concerns about the fact that the concept is a bit fuzzy. People were in favour of them but were not sure how they would operate.

The Convener: It was pointed out that people support the concept of individual learning accounts, but have concerns about some of the guidance that Scottish Enterprise has issued on the roll-out of the system. Fife is a pilot area for the accounts and there are concerns about the proposal that individual learning accounts are to be constructed not by creating a fund from which an individual can purchase training, but through a discount system. Employers and representatives from Fife Enterprise were uneasy about that, fearing that such a system could harm a good concept. We will have to bear that in mind.

I associate myself with what Margo MacDonald and Elaine Thomson have said. We spent an interesting day in Fife. The visit to the opportunity centre in the morning was a good example of uninhibited access for people literally coming in from the cold, having been outside a training and learning environment and being able now to find solutions to their training needs.

In the afternoon, we met some trainees and heard their experiences of the services available. What struck me was that one of the companies

represented there used to operate under a managing agent structure for the provision of training, which meant that they were told what kind of training they could have. Now that company feels that it is in the driving seat and is able to select the training that is right for its employees—a mixture of training opportunities to satisfy a variety of training needs. That company's experience offers an interesting perspective.

Ms MacDonald: We saw an excellent modern apprenticeship set-up at Babcock. We asked the apprentices what their mates in other apprenticeship schemes thought about their training, and they said that the council's scheme was rubbish. We cannot say that we found 100 per cent endorsement of all modern apprenticeships, but the ones that we saw appeared to be excellent.

Elaine Thomson: If a council is to generate a lifelong learning culture, input to an opportunity centre can come from many areas. The Fife vocational and educational strategy involves a great deal of outreach work. Referrals get other people involved, such as health visitors who were talking to women in their homes. The professionals who recruit and encourage people to get involved in the lifelong learning strategy are perhaps not always those whom we would traditionally expect to do so.

Nick Johnston: I am pleased that the individual learning account model has been mentioned. I visited Lauder College on Monday. I was concerned to hear that the English model—a discount on training—was starting to be adopted in Scotland. I urge the committee to intervene at this stage and draw evidence from the two pilot areas of Aberdeen and Fife. We should see if we can influence the matter. The measure demeans the status of colleges in the eyes of employers and students. We should investigate the ILAs if possible.

Miss Goldie: I was interested in what Margo said about the co-operation between the colleges. Is there some determining influence about who does what, or do the college lecturers simply chat about it together? Where do the local enterprise companies fit in?

Ms MacDonald: That was one reason why I decided to give an impression rather than a report. To find the definitive answer to that, I would need to go back. I found that, de facto, the colleges were operating in different ways. Lauder College was servicing the enterprise end of the equation and Fife College and the others were servicing the lifelong learning and vocational learning side of things.

The college principals are pretty impressive people, which is partly why the colleges are

operating independently. The co-operation between Fife Council and the other members of the partnership that set up the opportunity centre was absolutely essential. The principal of Fife College was perhaps the driving force. She will co-operate with Fife's community education officer in doing outreach work such as making sure that there is an internet link-up in a library or that leaflets are available in post offices and so on.

The co-operation is good in Fife. However, we did not have time to investigate whether that is due to structural reasons or depends on the personal working relationships.

Miss Goldie: And what about the LEC?

Ms MacDonald: The LEC appears to be getting on fine. I do not know how close the LEC and the council are. They do not fight with each other.

The Convener: Fife has a vocational and education training strategy that is discussed by the colleges and the local authority. I do not know if the LEC is involved in those discussions. I get the impression that, on aspects of the strategy such as the opportunity centre, the LEC was a bit detached.

Ms MacDonald: We do not have evidence to back that, although it was our impression. The equation broke neatly into two halves: the delivery of economic services and training and the delivery of vocational services and broader-based education. It is part of the strategic plan that the latter half of the equation should help people into the former half.

Elaine Thomson: The feeling that I got was that Fife Council's role had been pivotal. It was the glue that made people stick together in partnership.

Allan Wilson: One of the reasons that Nick Johnston and I decided to make our visit to Renfrewshire last for two days as opposed to one was so that we could take in the Renfrewshire Education Business Partnership. Is there an equivalent body operating in Fife or is FAST-TRAC the nearest equivalent? How does that body address the question of competition between the further education colleges in Fife? The Renfrewshire Education Business Partnership addressed and resolved that question. The committee should direct its attention towards that topic.

How does FAST-TRAC deal with the transition from school to college, from pupil to skillseeker? What is the extent of direct business involvement, at a strategic level, in determining the long-term vocational and educational training needs of the community?

Ms MacDonald: I do not have a direct answer to that. I wish I did. There did not appear—from the

way in which the services were described to us—to be any gaping holes. However, that may be because Fife is fairly cohesive. Clarification of that would require further investigation on my part. I may have more to say on that in the written report.

Elaine Thomson: The group that put together the training strategy for the whole of Fife includes the council, the colleges, the university, the chamber of commerce, Fife Enterprise, the Employment Service and the careers company.

To answer your second question, through FAST-TRAC, employers determine their training needs.

The Convener: Thank you, Margo and Elaine. Those were four very interesting case studies. We will be able to reconsider that material in the *Official Report* and other documents. We have addressed most of the points relating to item 3.

Small Business Services

The Convener: Item 4 is a letter that I received from the minister in relation to his proposals for support for the small business sector in Scotland. The minister has made it clear that the issue relates to the committee's inquiry on local economic development and that is why I want to draw the attention of the committee to the letter formally. We should take the letter into account in our future discussions.

Allan Wilson: I have a question about the creation of a Scottish enterprise fund similar to the English fund that was announced in the Chancellor of the Exchequer's pre-budget statement. How would we feed into that process?

The Convener: We can ask the clerks to write a letter to the minister, raising specific points. The reply would be circulated and published in the committee's business. We will have an opportunity in our inquiry to discuss our progress with the minister. It may be that we will want to touch on the issue of integrating that initiative with the conclusions of the committee in that discussion.

Fergus Ewing: I read that there is a proposal to establish a small firms consultative group to take the initiative forward. My query—and I wonder whether this could be relayed to the minister—relates to the composition of the group. Will it include members of the business organisations that represent small businesses?

The Convener: We can convey those points to the minister.

Local Economic Development

12:15

The Convener: We had circulated a paper setting out a programme of future meetings. As part of that, we had planned to meet the minister responsible for tourism and the Scottish Tourism Forum on 9 February to have a post-publication discussion of the tourism strategy. Members will recall that we entered into an agreement with the Minister for Enterprise and Lifelong Learning that the committee would be given pre-publication consultation on the tourism strategy. That meeting took place a fortnight ago in private. I then wrote to the minister on behalf of the committee with a number of suggestions for the strategy.

We were assuming that the strategy would be published on 31 January and that we would have a public hearing on 9 February. However, the clerks have received a letter from the head of enterprise networks of the tourism division at the Scottish Executive, which they have asked us to share with the committee, as it changes our plans.

Simon Watkins (Committee Clerk): The letter states:

"Firstly, Mr Morrison has asked me to pass on his gratitude to the Committee for the courteous and constructive way it approached the discussion of the draft tourism strategy on 12 January. Like Mr Swinney he attaches great importance to the development of a constructive relationship between the Executive and the Committee, and he thought that the session on 12 January was evidence that such a relationship is indeed developing.

Mr Morrison has already discussed the contents of Mr Swinney's letter with Mr McLeish and both Ministers agreed that the Committee's comments were helpful in identifying a number of ways in which the strategy document could be improved. They agree with you that it is important that the fullest consideration is given to the first tourism strategy published by the Scottish Executive, and in the light of your letter they have decided, as you suggested, to take a little longer to finalise the strategy. They nevertheless hope that it will be possible to publish the final version before the end of February."

The Convener: Thank you, Simon. As members will recall, the committee asked for further time to reflect on the contents of the strategy. I think that the exercise in which we have engaged has been positive and innovative in terms of committee development in the Parliament. I welcome unreservedly the Executive's decision to extend the period of reflection on the contents of the tourism strategy and compliment ministers on the positive way in which they have reacted to the committee's input.

This has a bearing on our schedule of meetings, as we cannot have a public meeting on a strategy that has not been published. The clerks have

circulated an alternative future meeting programme paper that reflects that, and I want to work through it. Does any member want to comment on the letter that has been received?

Allan Wilson: We should formally record our appreciation of the fact that the minister has taken on board the suggestions that you made in your letter to him.

The Convener: I would like to associate the committee with those remarks and to record the fact that these issues have been addressed very productively.

Fergus Ewing: We certainly welcome the further opportunity to work with the minister. If the publication of the strategy document is to be delayed by a month, we have a month in which to work together in other ways. The extra month gives us an opportunity to analyse the 650 submissions that have been received from members of the public and to help the Executive formulate the best possible strategy. Can we find a way of using that month to make a further contribution, after we have received an analysis of the 650 submissions?

The Convener: We will discuss a programme of meetings, but we have sent a comprehensive letter to the minister. In responding to the minister's reply, I can make it clear that the committee would welcome any further dialogue with him that is practical before publication. The points raised can certainly be made, but we must respect the fact that the Executive is considering carefully the comments that the committee has made.

The revised programme of meetings that the clerks have circulated takes the tourism discussion into a meeting on 8 March. The document should be published by then and we will be able to conduct that discussion in public, along with discussion on the other developments that are set out in the document.

That leaves us with a question mark over our next meeting, which is on 9 February. Over the past couple of days, I have discussed with Simon Watkins what we should deal with at that meeting. We started out wondering how we would fill a morning and ended up with a surfeit of options. The papers suggest that we consider some of the issues that may arise from the Executive's review of Scottish Enterprise.

There may be three components to that. First, there is the review that has been announced by the minister. We could invite some civil servants to explain the way in which that review is being undertaken. Simon Watkins has circulated to members the Government's formal announcement of the review.

Secondly, we could incorporate a presentation from Dr Andrew Goudie, who is the Government's senior economic adviser. He is working on the development of the Government's framework for economic development in Scotland. At the suggestion of the minister, Dr Goudie has made it clear that he would welcome a dialogue with the committee on his work and on the way in which the issue should be progressing.

Thirdly, the Convention of Scottish Local Authorities is finalising a report on several of the issues that the committee is interested in from a factual point of view—an analysis of who does what in economic development services. We can discuss those aspects of the Scottish Executive's review of Scottish Enterprise and our local economic development inquiry.

Yesterday, I received a letter from Elaine Thomson, which has been circulated to members. It suggests that we broaden the case study experience to include consideration of economic development and lifelong learning in the Grampian area. That was one of the options that we decided not to pursue. Elaine Thomson makes the point that Grampian is the one area other than Fife in which the individual learning account pilot study has been undertaken. I will ask her to make a couple of comments about that letter, after which we can proceed to more general discussion.

Elaine Thomson: Thank you for considering this letter at such short notice, convener. Two letters from the chief executive and the chair of Business Enterprise Scotland have been circulated to committee members. They say that what has happened in Grampian is a good example of best practice. That is supported by another letter from Nautilus Offshore, the managing director of which is involved in one of the local enterprise trusts. One of the reasons why those letters were sent is that, in Grampian, there is an extremely good working partnership that includes the enterprise trusts. Those partnerships might not work well elsewhere, as we have heard this morning, but they work extremely effectively in Grampian. Grampian also has the north-east of Scotland economic development partnership and a strategy.

I believe that getting more evidence or visiting Aberdeen in a further case study would help to answer some of the questions that have arisen this morning. It would allow us all an opportunity to get answers to our queries.

As you said, convener, Grampian is the second area to pilot individual learning accounts. Questions have arisen about the case study visit to Fife, which is another reason for considering further evidence or conducting another case study visit.

The Convener: Thank you, Elaine.

At this stage, we have to rule out a case study visit to Aberdeen. The hoops that we have to go through to obtain approval for even a limited visit by members to Aberdeen would not fit in with our time scale, given that we are discussing the programme for our next committee meeting on 9 February.

A range of options is available. We could take a number of different approaches to considering the issues connected with the review of Scottish Enterprise and/or we could invite a panel from the Grampian area to give evidence to the committee.

George Lyon: On 23 February, we will hear submissions from our expert advisers, but I believe that that is a little too late. They have not been much involved in the process up to now.

At our meeting on 9 February, we will start to bring together our thoughts—which we are already formulating—on how the report will finally shape up. The advisers are crucial to that process of analysing the perceptions that we hold at present. In particular, John Bachtler's comments on his experience of the delivery of economic development in other countries will have a great bearing on our consideration of the efficiency of alternative models. Therefore, we should bring forward to 9 February the submissions that are to be heard on 23 February, as it is important that we receive that input before we start to move towards the production of a final report and to crystallise our thinking on that report.

Miss Goldie: I was going to echo those sentiments, convener.

The experts' reports will make us better able to test the evidence of the 100 businessmen who will join us in the chamber. Thanks to the field studies that we have carried out, we are far better placed to judge the submissions that have been made to us. Initially, we were innocents and had no means of testing what we were being told. However, the experts may have practical difficulties in conforming to a tighter time scale, in which case I would have every sympathy with Elaine Thomson's proposal. It would be an invaluable contribution to our process and I support her proposal to extend our inquiry.

The Convener: There are practical limitations. John Bachtler and John Fairley cannot physically attend the meeting on 9 February—we tested that option, which would also change their work programme. We are having to adapt to the change in direction on 9 February and cannot, therefore, consider that option. However, the papers that John Bachtler, John Fairley and John Ward produce for us will be in members' hands in advance of the business in the chamber event.

Fergus Ewing: I support Elaine's proposal for further evidence, although an opportunity to visit Aberdeen would have been more desirable than taking evidence here, which will give us a less complete picture. I appreciate that there are time constraints, but it is a shame that we could not find a way of sending a delegation to Aberdeen to produce a case study report similar to those that we have received already.

The Convener: I am sorry to say that it would take too long to seek parliamentary approval for such a visit, given the deadline of 9 February.

Miss Goldie: We have established templates for the field visits, thanks to Simon Watkins's good work, and it should be possible to be clear about the kind of people whom we want to invite from the north-east. For example, I would like to invite someone from the grass-roots, business shop level, as I have obtained valuable information from such people.

Ms MacDonald: I recall that we held a video-conference downstairs on world AIDS day. Could we utilise something like that, given that this is the 21st century?

Mr McNeil: That would be a first.

12:30

Allan Wilson: When we tried to do that for the petrol price inquiry, we discovered that the technological capabilities of this place did not extend to video-conferencing with people in Arran, so I do not think that they will extend to video-conferencing with people in Grampian.

Elaine Thomson: There would be no problem at the Grampian end, as a lot of video-conferencing takes place in Aberdeen.

Ms MacDonald: They are dead clever up there.

Simon Watkins: If two or three members were interested in undertaking a case study, video-conferencing could be organised. The video-conferencing facilities would not allow the participation of all members, and video-conferencing might cause problems in terms of standing orders.

The Convener: If I judge the committee correctly, it seems that we want to fill the meeting on 9 February with a detailed examination of the situation in Grampian, encompassing both business support and individual learning accounts. We will ask the clerks to arrange a programme of witnesses on those subjects. Is the revised future meeting programme acceptable?

Allan Wilson: Will the COSLA submission be covered by the consideration of further submissions to the committee? There is value to be gained from an exchange with COSLA.

The Convener: That report will come to us. The question will be whether it will be possible to fit in a formal discussion about it. We can certainly try to incorporate that into the programme.

Fergus Ewing: I want to raise a matter that we might be able to deal with today. There has been an exchange of views in *The Herald* between Crawford Beveridge and a commentator from that newspaper about the performance of Scottish Enterprise and, in particular, about the conclusions that can be drawn from a Fraser of Allander report. That robust exchange of views sends conflicting messages about the effectiveness of Scottish Enterprise, and it might be useful if our researchers considered that issue. I thought it fair to raise this point now to give the researchers the opportunity to examine the topic. There is a letter from Crawford Beveridge in *The Herald* today.

The Convener: I am aware of the debate to which you refer. It is about the performance of the entire network, organisation and infrastructure, but our inquiry is much more sharply focused on local economic development services and our programme of meetings must concentrate on that subject.

We can ask the Scottish Parliament information centre to consider the issues that the exchange of views in *The Herald* raises so that they might be factored into our programme in due course. Is the future meeting programme agreed?

Members *indicated agreement.*

The Convener: I remind members that we have a meeting in the chamber on Monday 31 January on the subject of petrol pricing, at which there will be an interesting range of witnesses.

Meeting closed at 12:33.

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