

ENTERPRISE AND LIFELONG LEARNING COMMITTEE

Tuesday 13 February 2001
(*Afternoon*)

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ENTERPRISE AND LIFELONG LEARNING COMMITTEE

6th Meeting 2001, Session 1

CONVENER

*Alex Neil (Central Scotland) (SNP)

DEPUTY CONVENER

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

COMMITTEE MEMBERS

*Bill Butler (Glasgow Anniesland) (Lab)

*Mr Duncan Hamilton (Highlands and Islands) (SNP)

Nick Johnston (Mid Scotland and Fife) (Con)

*Marilyn Livingstone (Kirkcaldy) (Lab)

George Lyon (Argyll and Bute) (LD)

*Mr Kenny MacAskill (Lothians) (SNP)

*Mr Kenneth Macintosh (Eastwood) (Lab)

*Des McNulty (Clydebank and Milngavie) (Lab)

*Elaine Thomson (Aberdeen North) (Lab)

*attended

THE FOLLOWING ALSO ATTENDED :

Mrs Margaret Ewing (Moray) (SNP)

Dr Winnie Ewing (Highlands and Islands) (SNP)

Mr Alasdair Morrison (Deputy Minister for Enterprise and Lifelong Learning and Gaelic)

WITNESS

Barbara Duffner (Careers Service Review)

CLERK TO THE COMMITTEE

Simon Watkins

ASSISTANT CLERK

Linda Orton

LOCATION

Committee Room 4

Scottish Parliament

Enterprise and Lifelong Learning Committee

Tuesday 13 February 2001

(Afternoon)

[THE CONVENER *opened the meeting at 14:32*]

The Convener (Alex Neil): Welcome to the sixth meeting in 2001 of the Enterprise and Lifelong Learning Committee.

There are two apologies to be recorded: George Lyon is off to Europe and Nick Johnston is still ill.

I welcome two members of the Scottish Parliament, Winnie Ewing and Margaret Ewing, who are both here for agenda item 2. I also welcome Dick Ruane, the chief executive of Moray, Badenoch and Strathspey Enterprise, who is sitting in the public gallery.

Item 1 on the agenda is consideration of whether to take item 5 in private. Are members agreed that we should take item 5 in private?

Members indicated agreement.

Subordinate Legislation

The Convener: Item 2 concerns motion S1M-1646, on the draft Highlands and Islands Enterprise Area of Operation (Scotland) Order 2001. I welcome Alasdair Morrison, the minister with responsibility for the Highlands and Islands, and ask him to introduce the order and formally move the motion.

The Deputy Minister for Enterprise and Lifelong Learning and Gaelic (Mr Alasdair Morrison): I am happy to be here to discuss the draft order that will effect a change in the boundary to the Highlands and Islands enterprise network. I will go through briefly the background to, and the practical implications of, the decision.

The enterprise networks have now been operational for almost a decade. At the outset, the decision was taken that management responsibility for Moray, Badenoch and Strathspey Enterprise should be shared between Scottish Enterprise and Highlands and Islands Enterprise. Although the issue of responsibility has been raised on many occasions, the arrangement has not been reviewed until now. That is not to say that the current situation is wholly unsatisfactory. The local economy has improved immeasurably since 1991. Employment rates are high and

unemployment has reduced, despite difficulties in tourism and in other sectors.

We all want enterprise networks that are more streamlined and focused on delivering the strategy that was set for them in "A Smart Successful Scotland: Ambitions for the Enterprise Networks". They need to be more customer focused and responsive, and to form more effective partnerships that avoid duplication and overlap.

In that context, it is clear that the shared management responsibility for MBSE is an inhibiting factor. As a result, we decided to take early action. We concluded that MBSE should have a clear reporting line to a single parent body and that that body should be Highlands and Islands Enterprise. That decision has been reached in consultation with HIE, Scottish Enterprise and MBSE itself. All are in full agreement. The move has also been supported locally and I look forward to hearing from the local MP and MSP.

A range of operational and management issues, such as staffing and the transfer of assets, will need to be tackled as part of the process. In essence, such matters are for the bodies themselves to decide and they are being resolved through co-operative action by the three bodies.

On funding, arrangements will be made to transfer appropriate funds to HIE to take full account of its assumption of responsibility for MBSE. The sum to be transferred will be identified as part of Scottish Enterprise's current planning process for 2001-02, which will conclude shortly. I understand that the board will meet in about four weeks. I have also been assured that MBSE will not lose out financially as a result of the transfer.

I believe that the decision will prove worth while not just for Moray, Badenoch and Strathspey Enterprise but, most important, for people and businesses throughout the area. I commend the proposal as a commonsense measure that will contribute to the streamlining of enterprise delivery in the MBSE area.

For illustrative purposes, I have brought a map to show the committee. For the uninitiated—those who do not know the area—the change will mean that the area shown in pink on the map will move into the HIE area.

I move,

That the Enterprise and Lifelong Learning Committee recommends that the draft Highlands and Islands Enterprise Area of Operation (Scotland) Order 2001 be approved.

The Convener: Thank you. I thought that the order was meant to take MBSE into the pink, not out of it.

The Subordinate Legislation Committee, which

is duty bound to consider all statutory instruments, considered the order this morning. Kenny MacAskill is convener of that committee. Did the committee make any specific comments on the order?

Mr Kenny MacAskill (Lothians) (SNP): No. Any doubts that we had had were clarified in informal discussions between our lawyers and those representing the Executive. We are satisfied that matters are proper.

The Convener: Margaret Ewing, who is the member for Moray, might like to comment on the order.

Mrs Margaret Ewing (Moray) (SNP): I thank the convener and the minister for inviting me to attend today. I do not really need invitations, but it is very pleasant to be here.

Brevity is important, so I will avoid a series of history lessons about the background to the management division that has existed in the Moray Council area for a long time.

The presence today of Dick Ruane and Winnie Ewing—whose presence indicates the work that she has done for the HIE area—and the fact that we have the support of Moray Council demonstrate the strength of feeling that exists on the issue. We all welcome the decision, because for far too long in Moray there has been a west side story and an east side story. We hope that there will now be a united story.

I want to pursue the key issue, which is the transfer of resources. I understand that Scottish Enterprise gave £2.4 million to MBSE in 1999-2000. In 2000-01, the figure was £2.3 million. I understand that the amount that will be transferred to HIE has yet to be decided and that it will come through the budget revision in the next financial year. Will the minister give an indication of what the amount will be? We welcome the geographic change, but, obviously, we are very interested in the financial changes. The minister mentioned "appropriate funds"—will those funds be in the same range as the amounts that were given previously via Scottish Enterprise? Will they be more or less?

Mr Morrison: It will be a neutral financial situation as, in the next financial year, money will be transferred from Scottish Enterprise to Moray, Badenoch and Strathspey Enterprise. The sum will be determined by Scottish Enterprise in about a month's time. I understand that in the year 2002-03, any such moneys—or a similar amount—will be transferred to HIE and will become part of its overall block grant. As I said, I understand that the decision will be taken in about three or four weeks time, when the Scottish Enterprise board next meets.

It is important to stress that there will be neither a financial gain nor loss to MBSE: the situation should be financially neutral. To date, I have heard nothing that indicates that there are local problems. Negotiations are going well and, at the local level, things are going exceptionally well. I understand that a meeting of the local economic forum that took place yesterday progressed sensibly and maturely. I expect that the proposed changes will move along on similar lines.

The Convener: I spoke to George Lyon on the subject, and he said that he is agreeable provided that no money is taken from Argyll and the islands to help pay for it.

Mr MacAskill: What effect, if any, will the order have on the boundaries of a Highlands and Islands transport authority?

Mr Morrison: As Mr MacAskill knows, the Highlands and Islands transport authority is still being actively discussed. The last time that I had formal discussions on the Highlands and Islands transport authority was at the Highlands and Islands convention, last October. The subject is up for debate and determination. For example, I know that colleagues in Shetland recognise the merits of a transport authority in the Highlands and Islands, but regard their natural links as being with Aberdeen and other parts of Scotland.

We have been discussing a blueprint, but nothing has yet been determined. When we talk about a transport authority, we usually refer to the HIE map because that map is clearly defined and people know what it entails. The transport authority is an exciting development and one that I have supported personally. An awful lot is still to be determined before we have a transport authority up and running.

Dr Winnie Ewing (Highlands and Islands) (SNP): I am pleased about the move, as it makes more sense. Moray seems to be the kind of place that is used as a battering ram. No one wants to leave Moray: Nairn did not want to leave, but it was taken away and Keith did not want to leave, but it was taken away. Moray seems to be in the illogical situation of being infinitely desirable yet straddling the east and the west. At least the order is a step in the right direction.

The Convener: I take it that there is no dissent on the question whether the order should be approved. Pity help anyone who espouses anything different.

Does the minister have anything to add before we conclude our discussion?

Mr Morrison: I have no concluding remarks, other than to thank the committee.

The Convener: The question is, that motion S1M-1646 be agreed to.

Motion agreed to.

That the Enterprise and Lifelong Learning Committee recommends that the draft Highlands and Islands Enterprise Area of Operation (Scotland) Order 2001 be approved.

Duffner Report

The Convener: Agenda item 3 is the Scottish Executive response to the careers service review, also known as the Duffner report. As members may remember, we appointed reporters to meet up with four different groups and report back to the committee. We will start with Marilyn Livingstone's report on the meeting that Marilyn, Kenneth Macintosh and I had with Christina Allon of Grampian Careers.

14:45

Marilyn Livingstone (Kirkcaldy) (Lab): Before I give a summary of the points that were raised by Christina Allon, I want to say that our decision to have small, informal meetings was a good one. We gained a lot of information on, and insight into, what people saw as the issues, problems and positives. It was well worth doing and we should continue to work in that way, as it makes best use of the committee's time.

Grampian Careers welcomed the Duffner report's key focus on client service and its emphasis on inclusiveness and having a social agenda.

Christina Allon said that it made a lot of sense to merge functions, because that will provide coherence and synergy, and that engaging in collaboration with a focus on the individual was the way forward.

Grampian Careers welcomed the all-age careers guidance service and careers Scotland in principle, but raised several issues. The first of those, which was not regarded as critical, concerned the vacancy handling service. Grampian Careers felt that that service had pros and cons, but it supported retention of the service.

Although Grampian Careers embraced the new concept of careers Scotland, it talked about the need for balance between maintaining central quality and standards on the one hand and recognising local differences on the other. The move to national standards was welcomed, but Grampian Careers was keen not to lose the sensitivity to local needs.

Another concern was that the people from the four agencies who would join careers Scotland would have to forget the barriers or sensitivities that they might bring with them from those previous organisations and move forward. When we asked the minister about that, he said that work would be done at a national level and that local task groups would be set up to take it forward. Grampian Careers would like that to be done quickly, efficiently and sensitively. It did not

want there to be a lot of hanging around, because that would not help staff morale.

Grampian Careers talked about income generation. Twenty-five per cent of its income comes from outwith the contract, which, Grampian Careers said, allowed extra development, such as the development of its information and communications technology and web services. It wanted to ensure that the move to careers Scotland would allow it to continue to bid for contracts such as the new deal work that it undertook.

Grampian Careers talked about the Kudos leaflet that it had issued. It wanted to retain the flexibility to take part in such programmes.

Impartiality was another concern. Grampian Careers saw the sense in the alignment with Scottish Enterprise, but talked about impartiality being crucial. It welcomed the ministerial task force that will be set up and said that the task force would have to set down the parameters for careers Scotland so that that body would be seen as impartial and one step removed from the Scottish Enterprise network. Grampian Careers wanted checks and balances to be established right down the line to ensure impartiality at all levels.

Grampian Careers thought that local advisory boards should be renamed, because the word "advisory" took away from the seriousness and local importance of the boards. The local-level staffing plans needed to be translated quickly into reality.

Grampian Careers looked for strong leadership from the centre for the whole process. The work needs to be done quickly; once 9 March is past and the consultation period is over, Grampian Careers just wants to move on to the new organisation.

Grampian Careers talked about the fact that the additional £24 million that the minister had announced was ring-fenced primarily for all-age guidance and inclusion. Bids were already in for that money. Grampian Careers also asked about the additional funding for the creation and running of careers Scotland.

Unless anyone wants to add anything, those were the main points that were discussed in our meeting.

The Convener: Broadly speaking, Grampian Careers was in favour of the Duffner report. Its main concern was the additional bit—the relationship with Scottish Enterprise at local and national levels and the organisational, management and funding arrangements, particularly if funding for careers Scotland and its subsidiaries is channelled through Scottish

Enterprise. Does Ken agree?

Mr Kenneth Macintosh (Eastwood) (Lab): That was exactly it.

Marilyn Livingstone: Was my presentation fair?

The Convener: Yes, it was very fair.

Mr Macintosh: It was comprehensive.

The Convener: Bill Butler met Janice Laird of Fife adult guidance service, who was a Duffner committee member, and Joyce Johnston of Fife College of Further and Higher Education.

Bill Butler (Glasgow Anniesland) (Lab): Both the people I met broadly welcomed the proposals, but had some concerns. Both stressed the need to ensure that the proposals did not reduce the scope for local flexibility and innovation or the ability of and incentives for guidance services to secure alternative sources of funding. They asked whether there would be more scope to allow local flexibility in delivery, while adhering to tough, nationally set targets.

Like the people in the first group, which Marilyn Livingstone talked about, the people I met felt that there was a need to ensure that organisations had parity of voice and status and that the new organisation was not seen as the careers service taking over. There was also concern about the potential threat to real and perceived impartiality through too close an alignment with the local enterprise company, as Scottish Enterprise is a learning opportunity provider.

The representatives mentioned the need to clarify the role and composition of the advisory boards, but broadly welcomed them, especially the involvement that the learning sector will have in them.

The name "careers Scotland" was not especially welcomed, perhaps because of the public's perception of the word careers. It was pointed out that Fife went through a significant consultation process that involved focus groups and others and identified "opportunity centres" as a potential name. That concern echoes the worry about the careers service being seen as taking over.

Janice Laird and Joyce Johnston mentioned one gap in the market—customised information and advice on the financial support that is available and on the potential negative implications of taking up learning, including the impact on benefits. They felt that the subject was highly complex and person-specific. Few people have the expertise to take others through that maze.

The people I met agreed that the vacancy-handling role should reside with the Employment Service and subsequently with the new working age agency. They were also concerned that

careers Scotland could be considered an additional agency, as the Scottish university for industry is intended to be the major national guidance agency. They voiced concern that there was a danger of duplication in some areas, such as call centres. For example, they asked whether two national phone numbers would be used.

By and large, the issues raised by the group I met echoed the issues outlined by Marilyn Livingstone. However, as I said at the start, some of the proposals received a broad welcome.

The Convener: Elaine Thomson met Alex Blackwood of Glasgow Learning Alliance.

Elaine Thomson (Aberdeen North) (Lab): That is right. Alex Blackwood was also a member of the Duffner committee, so it was interesting to have a discussion with him. Some of the issues that he raised were similar to those mentioned by Marilyn Livingstone and Bill Butler. He felt that the Executive response had widened the Duffner committee's remit to include other organisations, such as education business partnerships. Although the proposal is meant to unclutter and pull together organisations, education business partnerships are already doing that. He was somewhat uncertain about whether the proposal would assist in that respect.

Alex Blackwood also raised issues about the name careers Scotland, which clearly focuses on careers instead of on the wider agenda of lifelong learning. That agenda is important for him, as he represents the Glasgow Learning Alliance. He suggested the name "opportunities Scotland" instead.

Mr Blackwood was also concerned that all four partners should have parity and that learning partnerships and education business partnerships should not dominate the others. Although he very much welcomed the idea of standardising service levels across Scotland, he wanted to ensure that we level up such provision, not level it down.

Another point that was raised was also mentioned by Grampian Careers. Glasgow Learning Alliance, along with other EBPs and local learning partnerships, boosts its funding by bidding for outside contracts and leveraging in other funding. It was concerned about losing that flexibility and wanted to continue to enter into partnerships. Alex Blackwood thought that some organisations were a lot more entrepreneurial and proactive than others and he did not want that to be lost in the new organisation. When all organisations are brought together under careers Scotland—or whatever it is called—they should embrace a more entrepreneurial approach.

Alex Blackwood also felt that the creation of careers Scotland should not be seen as a simple rebranding of the careers service. All the staff—

wherever they come from—should understand that they are entering a new organisation. A lot of thought should perhaps be given to ensuring that the new organisation has the right kind of culture and that the staff accept the cultural change.

The final points centred again on the idea that all four organisations should have parity within the new organisation. The new organisation should also ensure that the range of functions that the four organisations carry out is not lost. The development of staff professionalism was also very much to be encouraged.

That covers most of the points. Alex Blackwood also highlighted the importance of handling the transition effectively.

The Convener: Des McNulty met John Sweeney—not John Swinney, I should emphasise—of the learning business partnership in Paisley and Danny Logue of Renfrewshire Careers.

15:00

Des McNulty (Clydebank and Milngavie) (Lab): I also met John Sharp, who is part of the Paisley learning business partnership.

There was a general welcome for the Duffner report, which the respondents felt helped to focus on the priorities of careers. They disagreed only with the recommendation that the vacancy handling service should be lost, which picks up Marilyn Livingstone's point. The respondents put particular emphasis on the importance of providing all-age careers guidance.

In exploring the functions of the different bodies, it became clear that the landscape is cluttered—clients can find it confusing knowing who has responsibility for what. A single organisation with a distinct identity, such as careers Scotland, could enable more effective service delivery. The learning business partnership and the careers service disagreed about how things should be brought together. Points were raised about parity—we decided that those could be resolved by focusing more on function than on organisations.

It was thought that there should be clarity in the proposed structures for and relationships between the supervisory board, the Scottish Enterprise board, careers Scotland and local advisory boards. That is essential to ensure that national policy priorities and strategies are agreed. It is also important that within such a national framework, local input and flexibility in priority target setting are maximised.

There was a view in Renfrewshire that a good and solid partnership model had been developed. A lot of innovative work had been done over a

considerable period. The respondents wanted to be assured that coming under the Scottish Enterprise umbrella would not put a brake on that innovation and on the opportunities that they had to do things in a way that was appropriate to the needs of the area. The impartiality issue is tied into that. There was concern that, whatever else happens, the structure should not affect the impartiality—or the perceived impartiality—of the advice offered.

It was argued that there should be greater emphasis on outcome measures, especially on qualitative measures of outcomes and on the impact of careers guidance, instead of the current activity-based focus—that is an important point. We need to ensure that provision focuses on the needs of clients. There should be consideration of how those needs are met, rather than consideration of a numeric basis for activities. Both organisations were concerned about how funding would be organised and about the need for an appropriate funding formula that would recognise the additional needs and specific factors of communities. A statutory service would require some ring fencing of resources and appropriate allocations to the local dimensions. The respondents reckoned that the Duffner report significantly undercosts what will be required to run an effective organisation—we might want to explore that issue in more depth.

A specific issue that was raised was the effect of loss of charitable status; for instance, increased rates bills, which might absorb resources that would otherwise go on service delivery.

The Convener: Rather than open up the debate now, it would be appropriate to hear Barbara Duffner's evidence. We will then consider our report in private. Do members agree?

Members *indicated agreement.*

The Convener: I welcome Ms Duffner. First, I thank you for supplying us with a briefing paper before giving oral evidence. I ask you to say a word or two by way of introduction and then we will ask some questions.

Barbara Duffner (Careers Service Review): Thank you for the opportunity to come here this afternoon. It was good to hear the feedback that members have gathered from talking to various people, as it picked up on many of the points that we debated as part of the review.

We are pleased with the positive response that we have had to the report and to the recommendations. We had a lot of input from various organisations, one or two of which have been mentioned. There is some super work going on out there.

We want to give everybody the best; we do not

want to reduce to a lower common denominator the service that is provided to people in Scotland. There is a lot of good work, but the world is changing, which is why we wanted to go for an all-age guidance service. People have more transitions in their lives and want support at every stage when they need it.

We wanted to be individually focused. Somebody may need half an hour and somebody else may need support over a long period. We want to ensure that the measurement and targets system enables that to happen. The point was made about having output measures rather than input measures. If we measure the number of interviews or the number of people placed in a job, that detracts from the fact that some people may need a lot of input—help—to achieve a career change. We want the measures to support the strategy that we are recommending for the careers service.

There is a focus on inclusiveness—an all-age guidance service and an individual focus. We agree that impartiality is vital. It is one of our key principles and we hope that the structure that is set up has it embedded in its values, its mission and requirements to ensure that we achieve it.

I am pleased that there is support for careers Scotland, however it is branded—we had to give it a name. We produced a long sentence that described what we were talking about and gave it a badge so that we could describe it as something.

We want people to have access to a national organisation. The national training organisations were concerned that they did not know how to feed information into the careers services. There is an issue about getting national information into careers guidance services, so that they can properly inform people. We must address those communication gaps.

We must focus on the professionalism of careers guidance people. That is not to say that they are not professional, but we must continually refresh that professionalism, because the world is changing rapidly and we want the people who give guidance to be able to cope with those changes.

I was keen to make those points. I will be happy to take questions on any issue that members want to raise.

Miss Annabel Goldie (West of Scotland) (Con): The review was concerned less with mechanisms and more with what is delivered. We now have an extensive framework for delivery. Mr McNulty made a point about organisations such as education business partnerships and learning business partnerships seeming slightly ill at ease with how they will fit into the new structure. There is a danger that they will be add-ons rather than real operating partnerships, as they currently

function. Do you have any thoughts on that?

Barbara Duffner: As you say, we focused on what we wanted to achieve, not only because that was easier but because you can get so involved in how you are going to achieve something that you lose sight of the end game.

We certainly do not want to lose the good work that is being done by such organisations—Alex Blackwood is doing some superb work in the west. The challenge for the new structure is to ensure that we bring together all the work so that we can deliver.

That does not answer your question precisely. We must ensure that we can build on the work that is being done. Wendy Alexander is looking to do a lot more in schools on education for work. I hope that that will pick up the point about the EBPs and ensure that we do not lose their work.

What was interesting when we gathered evidence was that good work is being done in some parts of Scotland but others have barely heard of EBPs. We must create a mechanism to ensure that everybody gets access to the same development and support.

Miss Goldie: My second question is on cost, which has been alluded to. My impression is that there is a degree of apprehension at local level that the budgeted figure allocated under the Beattie report—I think that it was £24 million—is probably already spoken for, yet that seems to be the figure that is being relied upon for some of the current funding. In view of events since your report was published, have you any further thoughts on costings?

Barbara Duffner: The costings that we did were very much on the back of a fag packet—we made that clear in our report. They were our best guess as to what funding might be needed to make the service all age. It was based on experience in Fife, where we have not widely advertised free adult guidance. The minister has put in a few more million pounds to support new careers guidance. The report acknowledges that there is no bottomless pit of money and that there may have to be prioritisation once demand is known. Until demand is known, it is difficult to scope the costings. That is my personal view.

If I may, I will jump to the vacancy-handling role. There is a question about whether finite funds ought to be spent on vacancy handling rather than careers guidance, because the Employment Service is supposed to help to handle vacancies.

Marilyn Livingstone: I want to ask about the balance between central standards edicts and local flexibility. From the evidence that we took and from my own experience, I think that every school head in Scotland would welcome knowing

what service level to expect from the careers service in their areas. Central standards were welcomed, but everyone we spoke to wanted to ensure that the local dimension is taken on board. Do you have any thoughts on that?

Barbara Duffner: That came over strongly from everybody with whom we spoke. The justification for national standards is around branding, common products, the web-enabled system and so on. That has to support what is needed in the local economy, labour market and population. Different information and guidance may be required for Glasgow and Aberdeen. It is about listening to local employers, customers and people in education, but within the common framework. People would have a right of access, but the level of support that they get may have to vary with local circumstances.

Picking up the point about generating income, some of the careers companies are extremely good at generating income to support what people are trying to do. I do not know enough about the proposed structure to say whether that should continue, but I know that Grampian Careers used the money to very good advantage to develop schemes and systems.

Marilyn Livingstone: We asked Wendy Alexander that question. She said that any new structure would allow for that, which is welcome.

Barbara Duffner: Yes, it is.

Marilyn Livingstone: My second question is on impartiality. Although people welcomed the structure, they said that there would have to be checks and balances to ensure that impartiality exists and is seen to exist. How can that be done?

Barbara Duffner: It will come from two strands, the first of which is the professionalism of the careers guidance people. I expect a professionally qualified person to stand up for what he or she is trained to deliver. The second strand will be the measurement and monitoring systems at various levels, which should ensure that guidance is impartial. For example, it would be inappropriate to set a target of the number of jobs that are to be filled, because that would not provide impartiality.

More complex measures would be: whether employability is being improved; whether individuals are happier with the advice that they are getting; whether the guidance is sensible; whether schools are happy; whether NTOs are happy that advice is getting out to people in a way that it is not at the moment. Impartiality comes from those measurements and the professionalism of those who are delivering the guidance. I would expect the careers service supervisory board to play a key role in checking on impartiality.

Marilyn Livingstone: Yes. Whatever the board

is called, the structure of one third: one third: one third will play a key role in delivering impartiality.

Barbara Duffner: Yes.

Mr Macintosh: You mentioned the Executive response. What do you think about the model of careers Scotland being under the financial control of Scottish Enterprise and Highlands and Islands Enterprise?

You mention in your submission that the proposed

"Careers Service Supervisory Board . . . will ensure a much higher profile for and enable better access to careers guidance".

Would that be your ideal model, or is there downside as well?

15:15

Barbara Duffner: We could not—even over dinner—produce an ideal model for the committee: there are so many ways of addressing the same issue. Any model will be 80:20 satisfactory. The attractiveness of the model that we have is in the senior director post, which links guidance and learning opportunities with knowledge about the labour market. That is potentially quite powerful.

We need to balance that against the push from businesses. Businesspeople might say, "I want a hundred of that sort of person." That is where the checks and balances will come in. The proposed board should help to deliver, provided that we have the right measurement systems and the right professional people are involved.

Mr Macintosh: Might there be any problems with that? Effectively, we have line management coming down through Scottish Enterprise and Highlands and Islands Enterprise, but the policy control comes through the supervisory board. Is that a problem, or is the structure satisfactory?

Barbara Duffner: That should not present a major problem. If we take the health service, policy comes down one line but delivery is through some other mechanism. The structure is not unusual, although some healthy tensions may emerge.

Mr MacAskill: I will raise with you the point that I raised with the minister. I appreciate that we are dealing with an individual right, but this is a national responsibility. There has to be some national interest in this, given the significant skills shortages in Scotland.

Do you see any opportunity for careers Scotland to be proactive in addressing the key, core shortages that we will face in various areas after five or 10 years, not just at present? What structure would that take?

Barbara Duffner: Progress on that will come

through careers Scotland giving informed guidance. If its staff are talking with a mother returning to work, they should be able to tell her where the jobs will occur and what skills she will need for them. She will be able to make an informed choice about how to develop her skills.

That is not so much what could be described as a push but, if there are to be jobs in one sector but nothing in another, the careers guidance role will be required to ensure that people are aware of the required skills so that they can then make that choice. It is a difficult balance. It is not about pushing somebody into one particular sector.

Mr MacAskill: Will the structure involve the labour market information unit? What role will there be for organisations such as the United Kingdom Offshore Operators Association and Electronics Scotland, which are two major players in areas where there are significant skills shortages at present? What mechanism will there be for those organisations to factor in?

Barbara Duffner: I do not know the detail of how that would work, but one of the things that we are concerned about with regard to our principles and goals is how the information will feed through. I mentioned the NTOs. It is clear that several professional organisations are not happy with the information that is flowing through—and they have good national access. I would expect the supervisory careers board and the careers Scotland directorate to ensure that that information is being received. One of our objectives is for that to happen. It is a national observation of the labour market, not just a look at the local labour markets, and it concerns the organisations that will be expanding.

Bill Butler: One of the gaps in the market that we have heard about in evidence is customised information and advice on the financial implications—possibly negative implications—of people taking up the available learning opportunities and support. That could include advice on benefits. Will the new structure be able to deliver such person-specific advice?

Barbara Duffner: I recognise that as a gap: it is not an area that we had thought through when considering the overall role of careers Scotland. I am not sure whether such advice should come from careers Scotland or from the Employment Service and the Benefits Agency. I am talking off the top of my head, but I would expect the careers guidance people to enable people to find the advice—not necessarily to give it—because it is quite a complex world. That is very much a personal view, but it is what I would prefer them to do.

Mr Duncan Hamilton (Highlands and Islands) (SNP): I want to ask a question that was raised

with me by Highland careers service which, in its submission, welcomes the report but says that

"The main concern of the company directors and staff is for the retention of a Highland area which can deliver to 5/6 LEC areas with all the benefits of increased effectiveness and efficiency which our organisation structure and size can bring – this makes delivery to exacting standards achievable in even the most remote areas (especially with the use of new information technology)."

The Highland careers service is slightly concerned about what the funding through LECs might mean. Are you in a position to comment on the unified structure that it is talking about?

Barbara Duffner: I do not think that I can. I know that Highlands and Islands Enterprise is in discussion with the Executive about how that arrangement is managed.

Mr Hamilton: Have you a view on whether its comment is fair?

Barbara Duffner: I think that it is a comment that has to be addressed and I can see no reason why the issue of ensuring the necessary funding to those areas should not be addressed. Our funding formula recommendation is linked to factors such as head count, geography and what we might call deprivation. I should have thought that that was deliverable, but it will have to be worked through.

Des McNulty: I want to ask about the performance measures of the organisation. There is a view that higher-level measures should be introduced to reflect the social, economic and educational impact of the careers service. We probably need to move away from process measures towards outcome measures. We particularly need to consider qualitative measures rather than skull counts. Do you agree with that? How might it be advanced?

Barbara Duffner: I agree with that diagnosis. We want measures that are relevant to what we are trying to achieve, which do not cost a fortune to collect, which let us know whether careers Scotland is achieving what it should be achieving and which let us learn best practice from other companies. Some measures will have to be fairly soft, such as those relating to how satisfied the clients and organisations are with the information.

We are struggling to find a way to measure the socio-economic impact of what careers guidance is able to do, especially in areas dealt with by the Beattie recommendations. How can we measure employability, for example? We share your aspirations but do not have the solutions. We have, however, identified some areas in which comparative measures could be established.

Des McNulty: Do you think that there would be some advantage in considering differing environmental aspects across Scotland?

Barbara Duffner: Yes.

Des McNulty: Should what might be called criteria of client need or criteria of levels of support that might be given to various kinds of client also be examined?

Barbara Duffner: Yes. Our funding comments suggested that that area should be part of the funding formula. If employability was being measured—which is probably easier said than done—it would be a good idea to measure the steps up the employability ladder for members of disadvantaged groups.

Des McNulty: I appreciate that doing that would be difficult. The danger is that having decided that it is difficult, we return to doing skull counts.

Barbara Duffner: One must avoid going back to doing skull counts or a count of the number of interviews or whatever. More sophisticated measures are needed. We need measures that encourage the right activities.

The Convener: EBPs have been partially covered. We have received written evidence from Iain MacKintosh, who is the chair of EBP Scotland. He makes two important points. The first page of the report says that

"a review of EBPs was not carried out and it is evident that the work of EBPs was not generally understood."

Would you like to comment on that comment?

Barbara Duffner: The first point is correct—we did not consider EBPs. Saying that we do not understand their work is a bit unkind—Alex Blackwood spent a long time explaining it to us and convincing us that EBPs are valuable, although patchy across Scotland. We understand the difference: EBPs are about developing skills for the world of work as opposed to helping people choose their careers.

The Convener: Did you visit any EBPs or take evidence from them?

Barbara Duffner: I did not, although some members of the committee did and Alex Blackwood was on the committee.

The Convener: Are you satisfied that there was an understanding of EBPs?

Barbara Duffner: Alex Blackwood put a lot of effort into ensuring that we understood the idea.

The Convener: The other point that EBP Scotland makes is that

"EBPs have estimated that the leverage ratio is currently a minimum of 4/1 resulting in business contributing about £10m across Scotland."

Assuming that that is correct, do you think that business will be as willing to put that kind of leverage ratio into supporting the new careers

structure, to do the job that was formerly done by EBPs?

Barbara Duffner: I would hope so. If the Scottish Enterprise and Highlands and Islands Enterprise structure is good and we get the business involvement that we would like, I would hope that we could link up with businesses to provide the development that education business partnerships currently provide. However, there is still quite a bit of work to be done on the new structure and how those elements will interrelate.

The Convener: That is the key point. We are not sure whether that will happen. We have covered the management and organisation arrangements in relation Scottish Enterprise and Highlands and Islands Enterprise, but is the minister's proposal that the funding will come via Scottish Enterprise and HIE to careers Scotland and from there to its subsidiaries? How would you see the funding working? Might there be a need for some ring-fencing to ensure that the money ends up in the careers service?

Barbara Duffner: I do not know what the plans are. Our funding formula indicates that the money would need to be ring-fenced to deliver what we have recommended in the report. The formula will drive how much money needs to be provided to deliver in specific areas.

The Convener: No specific funds are set aside to support the establishment or running of careers Scotland. The money—about £25 million a year—will have to come out of existing budgets. How large would you envisage the two—one for the Highlands and Islands, the other for lowland Scotland—central units being? What sort of budget would they require?

Barbara Duffner: I have not thought that through. Again, with rough scoping, we expect that some money could be saved from the current organisations through having a consistent website, consistent communications material and better integration of products. There might be £1 million or £2 million in that, which could be released to a centralised body.

The Convener: That would be a saving of about 5 per cent.

Barbara Duffner: Yes, although I would not like to have to prove that. Looking across the board, people felt that that might not be an unreasonable aspiration.

The Convener: Is there anything that you would like to add?

Barbara Duffner: No. Thank you for allowing me the opportunity to speak to the committee.

The Convener: On behalf of the committee I thank you for your evidence, which has been very helpful.

15:28

Meeting continued in private until 16:46.

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