

ENTERPRISE AND LIFELONG LEARNING COMMITTEE

Wednesday 28 November 2001
(Morning)

Session 1

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ENTERPRISE AND LIFELONG LEARNING COMMITTEE

27th 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)
*Brian Fitzpatrick (Strathkelvin and Bearsden) (Lab)
*Mr Duncan Hamilton (Highlands and Islands) (SNP)
*Marilyn Livingstone (Kirkcaldy) (Lab)
*Mr Kenny MacAskill (Lothians) (SNP)
*Mr Kenneth Macintosh (Eastwood) (Lab)
*David Mundell (South of Scotland) (Con)
*Tavish Scott (Shetland) (LD)
*Elaine Thomson (Aberdeen North) (Lab)

*attended

THE FOLLOWING ALSO ATTENDED:

Ann Scott (Scottish Executive Enterprise and Lifelong Learning Department)

WITNESSES

Sue Baldwin (Scottish Enterprise)
Dr George Callaghan (Open University in Scotland)
Robert Crawford (Scottish Enterprise)
Sandy Cumming (Highlands and Islands Enterprise)
Professor Judith George (Open University in Scotland)
Jim Hunter (Highlands and Islands Enterprise)
Alex Paterson (Highlands and Islands Enterprise)
Alan Sinclair (Scottish Enterprise)
Peter Syme (Open University in Scotland)

CLERK TO THE COMMITTEE

Simon Watkins

SENIOR ASSISTANT CLERK

Judith Evans

ASSISTANT CLERK

Linda Orton

LOCATION

The Hub

Scottish Parliament

Enterprise and Lifelong Learning Committee

Wednesday 28 November 2001

(Morning)

[THE CONVENER *opened the meeting at 09:35*]

The Convener (Alex Neil): Good morning and welcome to the 27th meeting in 2001 of the Enterprise and Lifelong Learning Committee. We have a tight timetable this morning, because Parliament will meet at noon to elect—or otherwise—the new ministerial team. We must get through our business quickly. I remind members to keep their questions tight and to the point. I ask the witnesses to do the same with their answers.

Subordinate Legislation

Northern College of Education (Closure) (Scotland) Order 2001 (SSI 2001/407)

The Convener: Item 1 is consideration of the Northern College of Education (Closure) (Scotland) Order 2001. We have with us Kevin Fulton and Ann Scott from the Scottish Executive enterprise and lifelong learning department. Before I ask members whether they have questions, are there particular points that the witnesses would like to raise?

Ann Scott (Scottish Executive Enterprise and Lifelong Learning Department): If members wish, I could run through the general purpose of the order.

The Convener: Please be quick.

Ann Scott: The order will affect the merger of Northern College by closing the college and transferring its obligations, assets, liabilities and rights to the University of Aberdeen and the University of Dundee. The order winds up and dissolves the governing body. The college is the sole remaining free-standing teacher education institution—since 1992, all other teacher education institutions have merged with various universities. The merger of the college with the two universities will ensure the continuation of teacher education in both Dundee and Aberdeen. When that happens, the tradition of free-standing colleges of education will end.

Ministers believe that the most successful mergers are those that take place between willing partners and in which the impetus to merge comes

from the institutions directly. In July 1999, Northern College and the two universities submitted proposals to the Scottish ministers to merge the college's Aberdeen campus with the University of Aberdeen and its Dundee campus with the University of Dundee. In considering merger proposals, ministers are advised by the Scottish Higher Education Funding Council. The council's advice was sought in October 1999; it assessed the merger proposal against criteria that were devised for that purpose. The council sought clarification on aspects of the proposal and that clarification was given in January 2001. The council's advice to ministers was tendered in March; ministers approved and announced the merger in June.

The principal reason for approving mergers is educational benefit—benefit to students, staff and the Scottish higher education sector as a whole. SHEFC was satisfied that such benefit would accrue and, to assist with the transitional costs of merger, SHEFC will, as usual, provide strategic change grant of about £4.9 million. Those funds will be offset in the medium to longer term from financial economies that arise from the merger.

The Convener: I see that members have no questions. As the order is subject to the negative procedure, all that we have to do is consider any issues that may arise. We have read the instrument and the Subordinate Legislation Committee's comments, which we hope the Executive will take into consideration in future. I thank the Executive witnesses for attending. Do members agree that we have no recommendations to make on the order?

Members indicated agreement.

Lifelong Learning Inquiry

The Convener: Agenda item 2 is reports on lifelong learning inquiry case studies. We will begin with Tavish Scott's report on the Scottish Council for Development and Industry.

Tavish Scott (Shetland) (LD): I will update the committee briefly on the seminar that the SCDI hosted for us last week. That was a useful exercise, although, as Alan Wilson of the SCDI said, if a different group of 30 businessmen and women had been in the room, we would have had another 30 views.

I will describe the overall points that were made on the need for a lifelong learning strategy. It was felt that lifelong learning lacked an objective. For example, a tension exists between increasing gross domestic product and personal fulfilment. That theme was evident throughout the morning in discussions on training and learning and how they interact. Many themes that we have heard in evidence in the past few months, such as parity of esteem between the academic path and the vocational path and having job-ready graduates, were mentioned.

People mentioned many problems in relation to volume training schemes, which reflected the evidence that the committee has heard. I need not go into those matters in detail, because they will be covered in the final paper that we will present to the committee. Examples of the problems are inconsistencies between local enterprise company areas and issues for small and medium-sized enterprises.

At the seminar, we heard loud and clear the small business sector's concerns about how volume training schemes work. I recall that staff of one business said that, given the organisation's size, it could not afford for some of their colleagues to leave for training; if those staff were away, the business would come to a grinding halt that day. Issues were raised with us about on-site, online training that can be made available in-house.

The employability of school leavers was a major issue for the business community. That, too, simply reflected evidence that we have heard. An important point was that the business sector feels that it has put considerable effort into surveying businesses and sectors on skills gaps. Businesses felt that they had been surveyed to death on the skills gaps. I had the distinct impression that businesses felt that the information that they had collated had not fed through to public policy and the way in which policy was devised. MSPs responded that Future Skills Scotland has been established and must be given time. All the same,

a significant point was made about the amount of available information and whether that could be used more effectively.

Points were made about the flexibility of training schemes. We have heard such points before and will no doubt hear them again this morning. For example, only level 2 Scottish vocational qualification training is supported by skillseekers, when level 3 would often be more appropriate. Some pluses and minuses of individual learning accounts were mentioned. Some pluses of the modern apprenticeships scheme were referred to; business generally likes the scheme and considers that it adds value, although it was felt that more joined-up work with further education colleges may be needed.

On what is perhaps the more interesting stuff—solutions and the way forward—many businesses at the seminar thought that the building blocks of the lifelong learning strategy were in place with careers Scotland, Future Skills Scotland and leardirect Scotland, but the SCDI's point concerned how they were being co-ordinated.

A considerable need for policy makers to engage with business was pointed out. Businesses considered the introduction of sector skills councils an opportunity, especially if businesses are greatly involved in them. On careers Scotland, the business community said that interaction with schools all the way through the system was a key to making that work—*[Interruption.]* No one's pager went off during the morning, either.

There was a strong general view that public policy needs to demystify lifelong learning, to break down the jargon and lose some of the acronyms and endless words that no one understands—or few people other than those closely involved—understand and to sweep away that element of the current framework as much as possible. The business community sought, above all, a commitment to work with the Parliament and the Executive in an attempt to improve the current set-up. I think that that broadly reflects the morning's findings.

09:45

The Convener: Thank you for that excellent report. If there are no questions to Tavish Scott, we will move on to Duncan Hamilton's report on the Real partnership in Glasgow. I ask Duncan to keep his remarks fairly brief.

Mr Duncan Hamilton (Highlands and Islands) (SNP): I will do so, convener—my timing will be, as ever, immaculate.

I stand to be corrected, but I think that the reporters were very impressed with what was

happening in Glasgow. Our day was broken down into two parts. First, we received briefings on the background to what had been achieved and the forward plan. Afterwards, we heard about some real-life experiences in the workplace and about the different access points, which was useful.

Members will have read the documents, but it is worth saying that the key lessons centred around the idea that strategy should come from the individual outwards. That was an enormously useful starting point—I think that the notion is a key part of any strategy. We were impressed by the scale of the partnership's ambitions. As members can see from the document, the partnership set a target of 100,000 additional learners. Regardless of whether that is achieved, I highlight the ambition and scale of what is planned, which came across well.

The partnership faces one or two problems. There is a particular problem in scaling up quickly. Given the infrastructure and facilities available, that will be difficult, which was one reason why, in promoting, marketing or advertising success stories, the partnership had to be careful not to extend itself. One point that became apparent in relation to a national strategy is that we have to consider how we facilitate the faster scaling-up of organisations such as the Real partnership and their facilities.

The rest of what we have to say is in the written report, which sets out a number of challenges. The question for the committee is whether those challenges are specific to the Real partnership or generic for the whole country.

The Convener: I was not on that case study visit, but I visited Glasgow Caledonian University's learning cafe yesterday. I thoroughly recommend a visit to any of those centres; I found my visit very stimulating.

If there are no questions to Duncan Hamilton, we should turn to the third report, from Marilyn Livingstone. However, as she has been delayed in traffic, I intend first to take evidence from the Open University in Scotland. Is that acceptable?

Mr Kenneth Macintosh (Eastwood) (Lab): I was ready to fill the breach, convener.

The Convener: Sorry, you wanted to fill the breach, Ken.

Mr Macintosh: No, I am delighted not to. I know that Marilyn would be disappointed not to be able to give her report.

The Convener: Aye.

Mr Macintosh: I want you to know that I was ready to step in, though.

The Convener: If you are prepared to take the risk instead of me, Ken, I am more than happy. I

will let you come in when Marilyn Livingstone gives her report, if that is okay.

Before we invite representatives of the Open University to give their evidence, I draw to the committee's attention the fact that David Mundell has asked to raise an issue arising from the evidence that we received recently from Universities Scotland and the subsequent comments in the press.

David Mundell (South of Scotland) (Con): I raise this issue because, as members will recall, when we heard evidence from Universities Scotland at our last meeting, I engaged in what I considered to be robust questioning, believing that to be the role of members of the committee. I was therefore surprised and disappointed when, the following day, I found in the national press unattributed comments from a Universities Scotland spokesman making a personal attack on me.

I have taken up the matter with Universities Scotland. Yesterday, I met David Caldwell and made it clear to him that I saw the committee's role as one that challenged people who put evidence before it. There is no point in the committee's accepting or hearing evidence if that evidence cannot be challenged.

One can accept comments from one's political opponents, but if an organisation such as Universities Scotland puts unattributed comments into the media that personally attack a member of the committee, the committee's work will be undermined and an unfortunate message will be sent about that organisation's approach to the exercise. I made that clear to Mr Caldwell when I met him yesterday.

The Convener: I believe that the anonymous quotations were repeated in *The Times Higher Education Supplement* this week. The committee and I take a dim view of any organisation that launches an anonymous personal attack—or any kind of personal attack—on any member of the committee, irrespective of the party to which that member belongs.

The committee has a responsibility to scrutinise a budget of £2.5 billion to £3 billion of taxpayers' money every year to ensure that that money is spent in the way that Parliament has voted for it to be spent. Universities Scotland is one organisation that comes to the committee regularly to ask for more money and resources.

I totally endorse what David Mundell said. There should be a loud and clear message to Universities Scotland and other organisations that the committee questions them on political, not personal, issues. We are doing our job in scrutinising their spend of public money. We will not tolerate personal attacks on members of the

committee who have robustly questioned witnesses or made comments during evidence sessions. That is not the issue. We must ensure that the taxpayer gets the bang for the buck, as some say. I think that I speak on behalf of all members of the committee in saying that we take a dim view of the anonymous quotations from Universities Scotland.

I invite witnesses from the Open University in Scotland to give us evidence and warn them that questioning will be robust.

Peter Syme (Open University in Scotland): I thank the committee for giving us the opportunity to speak to it.

During their visits, some committee members met Professor Judith George, who has worked with learners and learning developments throughout Scotland for more than 25 years. She is currently leading our SHEFC-funded access work in Dumfries and Galloway. Dr George Callaghan is also here. He has experience as a tutor in the Open University and manages part of its academic programme in Scotland. He is an active researcher in labour economics and is working on call centres. He is well versed in the skills agenda.

We belong to an organisation that is passionate about learning. Learning is urgent; it matters and it changes lives. We see students' lives change all the time. It is inevitable that the committee will be involved in collective issues that underlie the lifelong learning agenda, but members should not forget the passion that drives our students and gets our tutors up in the morning. The people of Scotland must be given a purpose and good, strong, compelling and felt reasons to engage in learning.

We have read not quite all but many of the 100-odd submissions that have been made to the committee. They are a good read and are full of ideas, not least the submission from my predecessor, Professor John Cowan. In many submissions, there is an interesting paradox. People are happy to endorse the theories of flexibility, learner-centredness and diversity. However, when they consider practice, the models in their minds seem to revert almost inexorably to full-time and probably young students and bricks-and-mortar colleges or universities as we knew them. That is not the whole picture now and will be even less so in the future. Increasingly, learning will go to learners at work, at home, in communities or in learning centres. Eighteen to 24-year-olds are important people, but they represent only 11 per cent of the adult population—over the next decade, that proportion will decline. Perhaps we need collectively to spend a bit more time on the learning needs of the other 89 per cent.

In our evidence to the Cubie committee two years ago, we and other people pointed to inequity in the treatment of part-time students for funding and student support purposes. The system was and is complicated, confusing and unfair. That was further underlined in a report to the Executive earlier this year by a Universities Scotland working group, which I chaired. Some improvements have been made, such as the welcome extension of rights to distance-learning students, but they are only a start. If we are serious about lifelong learning, we need to show part-time students—who continue to pay tuition fees—that we are listening. We urge the committee to examine that alongside other issues that have been raised and, if you agree on its importance, to press for the Executive to return to the matter.

Of course, as we say in our submission, distinctions such as part-time and full-time are, like much of our current picture of further and higher education, becoming anachronistic on the ground. The ground is shifting under our feet. Individual learners are increasingly behaving as consumers. They are demanding flexibility, responsiveness and alignment with their lifestyles and they are impatient with bureaucratic or institutional constraints. Learners as consumers want provision to be there when it suits them, not the provider; they want to register online and at short notice; and they want to be able to talk to an adviser about what to do next. Providers need to be nimble of foot and to understand that their role is not only as providers, as I suspect that before long other agencies will feel the power of those learners as consumers, or consumers as learners.

I am aware that the committee will be examining social models as well as individual models of lifelong learning. The real test of whether learning reaches all the people of Scotland is our ability to get to those people who are least likely to engage with lifelong learning. We do not promise to have all the answers or anything like it, but we have some experience and there are some promising experiments. We repeat the point in our submission that the business is long term, involving sustained and consistent investment in advice and guidance, learning skills and learner support, without stop-go funding and what is sometimes called initiative-itis.

We did not come here to give a commercial for the Open University, but we need to make one point, which is linked to the cultural issues of breaking the mould of institutional thinking. In April last year, through SHEFC, the Scottish Parliament took on responsibility for funding the Open University's teaching activities in Scotland. We are part—and we think an indispensable part—of Scotland's lifelong learning system and we cannot be left out of the picture. To show how easy it is for that to happen, we examined Blake

Stevenson's admirable mapping exercise for the committee, which in general accounts well for the Open University in Scotland, although problems arise with the local picture.

I will illustrate that point with Mr Tavish Scott's territory in Shetland. The analysis shows the vitality of our friends in Shetland College in reaching 1.2 per cent of the adult population, which is about 250 people, but it leaves out the 192 people in Shetland who are studying with the Open University from Yell to Fair Isle and who are studying everything from access courses to MBAs. They are Shetlanders studying in Shetland, working and contributing to the economy as they go—classic lifelong learners. They are, in our view, an essential part of the equation and they must not be left out.

In our submission we raise a variety of other matters, some of which are based on our experience and some of which we raise speculatively as issues that the committee might want to examine. However, I will return to where I started, which is the need to put learners and their experiences first. One of the points that caught my eye in David Raffe's extraordinarily interesting submission to the committee was the statement that,

"Compared with European or OECD norms",

in

"Scotland ... more people complete higher education, but more people leave education by age 17 or 18."

A key question is what happens to the learning needs of those people—not just now, but throughout their lives. Linked with that is the tormenting question, which arises from our research and elsewhere, why there are more people in Scotland than in other parts of the UK who think that learning is not for the likes of them. How should we address that collectively?

The Convener: Thank you, Peter. We will move to questions, beginning with Annabel Goldie. I remind the committee and those giving evidence that we have a tight timetable, so I need short questions and short answers.

10:00

Miss Annabel Goldie (West of Scotland) (Con): Short and robust questions.

Peter Syme: Are we allowed robust responses?

Miss Goldie: Of course.

The Convener: Absolutely.

Miss Goldie: I find your submission extremely interesting. On page 6, there is a paragraph entitled "A 'seamless' system of learner-centred provision". I was taken by your comment that learners should

"have the opportunity to accumulate and have recorded learning that is completed in different institutions, but which is not delivered as a single programme".

Later on, you say:

"Open University has underway exploratory work on personal development portfolios and related issues."

Will you give us a little more information about that? At what stage is the exploratory work?

Professor Judith George (Open University in Scotland): Part of the exploratory provision is the work in Dumfries and Galloway on people who are severely disadvantaged. I hope that our work maps pathways for people who are in agencies such as Gingerbread, Women's Aid and various disability organisations, as well as the traditional male non-entrants to education who cluster round Queen of the South Football Club.

Miss Goldie: Is that bad?

Professor George: No, not at all. From the educational point of view, that is their environment—it is where they feel comfortable and safe.

Our mode of progression is not to go directly to the students, but to work with the agency staff—the people who are the gatekeepers. By working within an agency, we avoid asking students to jump the chasm and to come to university, which seems scary and alien and does not appear to offer them anything. They are two or three generations away from education and are totally alienated from it—they do not think that it provides anything for them.

Work with people within the agency on things that directly concern them—in Women's Aid, for example, on how to handle the stress and the immediate problems of life and how to manage time—gives them an appreciation that training, education or whatever it is called can give them a handle on their circumstances. They begin to audit their skills and gain confidence. Through working with a combination of agency staff and our tutors, they begin to mainstream, as the agency staff call it. They come out from their secure areas into mixed groups of students and begin to realise that perhaps they could control their circumstances and where they go to a greater extent.

That experience is showing us the importance of working with people who have the experience and expertise on the ground, rather than directly with the students. Following the process that I have described, we produce the pathways that will map on to the qualifications framework, which gives the students public and valued recognition of each step that they take, even if that step is fairly minimal.

Miss Goldie: That is helpful. How long has the pilot scheme been under way?

Professor George: The project lasts for two years, but it builds on previous Royal Bank of Scotland funding, which gave us the strategies for—

Miss Goldie: When did your project start?

Professor George: It started two years ago and still has two years' funding to run.

Peter Syme: I should add that another important piece of work—on electronically organised personal development portfolios—is being done within the Open University. If it would be helpful, we would be happy to provide a note on that.

The Convener: I am sure that that would be helpful.

Tavish Scott: I would like to ask about the passage on funding in your submission. You mention creating a consumer-led regime in the wider sense. I was interested that you say:

"higher education institutions should encourage flexibility and not be embedded in a single mode".

Will you expand on that? What do you consider to be the weaknesses in the current funding mechanism that underpin your comments?

Peter Syme: I am tempted to say that to answer that is to go where angels fear to tread.

Tavish Scott: Do not worry. There will be no unattributable briefing against you.

Peter Syme: In a previous part of my existence, I worked for some time on funding models for higher education, so I know that a balance has to be achieved between institutional funding that secures the position of the institution and funding that flows through the learner and is directed in various ways.

The Open University has two comments on funding models. I return to the evidence that we produced for the Cubie report two years ago. At that stage, we were considering forms of funding that were credit based, in that they built on the Scottish credit and qualifications framework. We are still interested in the work that is going on in that territory in Northern Ireland and elsewhere. We also want a funding system that encourages innovation, diversity, difference and experimentation, and which does not assume a single model of higher education institution.

Tavish Scott: Do you have concerns about a funding regime that is linked to public policy and which is driving more and more students through four-year degrees of whatever discipline? Is that how we should deliver people out of the education system to the workplace? Is a significant change needed in the way in which higher education policy is pursued?

Peter Syme: We are a higher education

institution. We are concerned with higher education. We work on a credit-based framework. We are not in a position to offer an overall view of the balance within the system. We want to be able to meet the demand for higher education of our sort through diverse means and we think that consumers will demand more diversity, not a single model.

Bill Butler (Glasgow Anniesland) (Lab): On page 5 of your submission, you suggest that many

"Open University students find e-learning can be a positive addition to existing learning methods rather than a substitute for them."

Will you outline in more detail what you consider to be the advantages and the disadvantages of e-learning?

Peter Syme: That is an interesting subject and, as you will imagine, a matter of great discussion and controversy in the institution as well as externally. We have crossed the threshold. A couple of years ago, at the meetings of our Scottish committee, which includes student representatives, I was being hit over the head with requirements for computers in some courses. Computing was seen as a barrier. Now, when I go along to such meetings, I am asked why we cannot do more online. A switch has taken place.

Although something like four fifths, or perhaps more, of our students in Scotland—that is something like 10,000 students—are online and have access to personal computers for study purposes, we must not forget the 20 per cent who are not online and who do not have access to a computer. That is a continuing concern. Increasingly, the computer is a gateway and a component of a learning package. E-learning is one method in a portfolio of methods. It is one medium in a mix of media.

The Open University's approach to e-learning has always been demand led. Our approach is, "What do the students choose to do online once we give them access? Let's provide that first and then consider the rest." Our provision is diverse, from giving students the ability to handle their student record online, through an innovative learners guide, which provides information, advice and guidance for students online, to courses that are taught wholly online. There is a mix, which reflects how students use e-learning in practice and how it works. George Callaghan might like to comment on that from a social sciences perspective.

Dr George Callaghan (Open University in Scotland): Social scientists deal with a lot of contesting theories and debates. A problem with e-learning is that it does not offer a forum for people to have one-to-one or group discussions to try to tease out some of the nuances and

subtleties in debates. As an academic, I argue that we still need face-to-face tutorials.

Bill Butler: We should always have a balance.

Dr Callaghan: Yes. E-learning is crucial, but it does not replace traditional teaching.

Peter Syme: I recently read some interesting evidence from Germany on the experience of distance-learning organisations as they go online. It suggested that, by and large, the effect on the regular evening tutorial—one of the purposes of which is to keep people motivated—of the availability of online components is that attendance tends to decline because the online components serve the same purpose. However, attendance went up at events such as day schools, which offer students the chance to come together and have the type of discussion that George Callaghan mentioned.

Bill Butler: Social interaction is still essential.

Professor George: E-learning and face-to-face meetings are not the only choices. The telephone is undervalued—the interaction that George Callaghan mentioned can take place using it. During the past 20 years, a lot of our distant students have met through audioconferences. If one listens to recordings of audioconferences, one discovers that once people get used to the medium, they begin to bat arguments backwards and forwards. That refers back to Peter Syme's point about going to the learner, which means that people do not have to turn up at a particular place.

Peter Syme: One benefit of e-learning and online conferencing, which is a component of that, is that it links isolated students or groups of students in Scotland with a UK-wide or perhaps global community of learners. The benefit is that students talk not only to folk next door, but to folk all over the place.

Bill Butler: Is there evidence that national and global interaction is a positive development?

Peter Syme: Students think that it is—they use it like nothing on earth.

Mr Macintosh: I welcome the witnesses' comments in their submissions and their opening remarks about access, in particular the comment that current initiatives tend to favour existing learners. We should widen access to knowledge rather than target those who are more likely to take up the available learning opportunities. The Open University submission mentions the open entry that it practises and the lessons that have been learned. Will the witnesses expand on that, particularly on the openings programme, of which I was not aware? How can open entry be used more broadly in the higher and further education sectors?

Peter Syme: I have two points. Although we have open entry, it remains a radical, different and distinctive idea. We have learned the conditions that are necessary to sustain it, for example a high level of support and clear advice, guidance and signposting. The openings programme is an attempt to move entry into our form of supported learning one step back. The programme is still a pilot and is being evaluated, but we can show pretty convincingly that it aids retention among students who might otherwise have dropped out. However, we have a long way to go and I do not want to make exaggerated claims about it.

That raises an issue that is mentioned in the submission from the Universities Association for Continuing Education (Scotland), which is that there appears to be a funding black hole for access provision; it does not quite fit into higher education funding or further education funding. I am not an expert on the matter and other witnesses might want to pick up on that, but it is an issue.

Mr Macintosh: Whom does the openings programme target? Are we talking about community organisations or other institutions?

Peter Syme: The uniqueness of the programme is that it is taught in the OU way—distance education—but uses techniques such as telephone tuition, which Judith George mentioned, to bring communities of learners together. The programme focuses partly on preparation for specific areas of the curriculum—the arts, sciences or social sciences—and, increasingly, on personal skills development, preparing for change and that kind of thing. We would be delighted to supply information about the openings programme if that would be useful.

10:15

Mr Macintosh: Indeed. Could other higher education institutions use an open entry system, or would that be too difficult?

Peter Syme: I am afraid that I will have to retreat and say that that question is for other higher education institutions to answer. All I will say is that, if you go down that path, you have to supply the conditions that are necessary for it to succeed. You cannot simply open the doors and say that that is everything; you have to provide advice, guidance and support to go with the programme.

Dr Callaghan: It is not only advice and guidance that are required; it is also the teaching materials. We take two to three years and spend millions of pounds writing materials. Our teaching is in the books. The task is much more challenging than just stapling together our lecture notes and handing them out.

Peter Syme: You have to be prepared to invest up front.

Professor George: Training staff is also important. If you take staff from a conventional university and put them into a situation such as ours, it does not matter how well intentioned the people are, the programmes will not work until they have been retrained.

David Mundell: In your submission, you raise the issue of skills loans. You indicate that they have been piloted in the gas industry in England and highlight the issue of employer participation. Will you say a little more about skills loans and how they might work? What costs would there be?

Peter Syme: We would like to step back just a little and say that with skills loans, as with other proposals in our paper, we are simply suggesting things that could be considered. We are not experts in skills loans; we are just aware of experiments that have taken place. The Dearing-Garrick compact assumed a partnership between learner, state and employer. In some things that we have seen, the compact has not seemed entirely fair; it is not working quite as we would want it to. That must be addressed.

Dr Callaghan: I would like to raise a point, which the committee may want to bear in mind when it talks to other witnesses, although it is not really about funding. There has been a lot of talk about upskilling the work force, but less emphasis on how those skills are used when people are in work. Only one in four people use their skills in their work. It may be that policy research has to be done on how to release that creative energy in work to improve productivity.

Elaine Thomson (Aberdeen North) (Lab): I was pleased that your submission talked about diversity. It is important that people who are in work can have access to lifelong learning. The committee has heard in evidence that the UK does not score well when it comes to the participation in learning or skills development of people in their 20s and early 30s who are in work.

In addition to mentioning skills loans, your submission suggests that there should be a statutory right to time off for learning. That is an interesting idea. You say that the support offered by some employers for training is very poor, especially for part-time learners.

Tavish Scott reported earlier on our SCDI seminar, where we met a range of employers. Some of them have mixed views on the value of training and skills development. They say things such as, "Where does it impact on or improve our bottom line?" Do you have examples of working with employers to encourage them to become learning employers and support their work force?

Peter Syme: Seventy-five per cent of our students are in paid work. Of those, about 80 per cent say that study has benefited them in some way in their work—for example, they have been promoted or changed jobs. Study appears to work for them in all sorts of ways.

Dr Callaghan: What Elaine Thomson said reflects the short-term approach that is an aspect of British industry. There is the idea that if you train someone up, another company will poach them. There is an opportunity for some sort of policy. In Germany and other countries, there is a taxation training levy, which encourages companies to provide training. The Open University would be willing to take part in discussions on that.

The Convener: Thank you; that was helpful. I am sorry that we have to speed things along, but when we arranged the meeting we did not realise that new ministers would have to be voted in at 12 o'clock.

The next witnesses are from Highlands and Islands Enterprise. We have with us Jim Hunter, who is the chairman, Sandy Cumming, who is the chief executive, and Alex Paterson, who is the director of skills.

Jim Hunter (Highlands and Islands Enterprise): We welcome this opportunity. I want to say a few words by way of introduction. The first point I want to make strongly is that the Highlands and Islands is an area on the up and up. The population has increased by 20 per cent in the past 25 to 30 years. If that trend had been replicated throughout Scotland, this would be a nation of 6 million people rather than 5 million. We are experiencing a substantial population increase.

The number of people in work of one kind or another in the Highlands and Islands has gone up by an even more impressive 50 per cent or so in the same period. That has helped to engender a new self-confidence, which we see reflected in all sorts of ways: the on-going cultural regeneration; the rate of business start-ups, which is above the Scottish average; and the increasing eagerness of communities to take on the management of land and other assets.

Underpinning all of that we have an expanding and diversifying economy. That is reflected in our unemployment rates, which have been at an all-time record low this year. Even more interestingly, our rates have been below the rate for Scotland as a whole. That is without historical precedent. To take one example, the current unemployment rate in Lochaber—long an unemployment black spot—is 1.4 per cent. The situation means that we have a serious constraint on our onward economic and social expansion—a lack of labour and skills. That

makes the committee's agenda today very relevant to us.

I have talked positively, but I want to emphasise that there is still a big job to do in the Highlands and Islands. In certain geographical areas—Argyll, the Western Isles and so on—success is not as great as we would like it to be. Throughout the area as a whole, per capita gross domestic product is still well below both the UK and the European average. The same is true of wages. For the most part—with spectacular exceptions, notably Shetland—we still have a low-wage economy. We are very much into improving the quality of our economy, which takes us back to skills and so on.

Under that heading I refer specifically to one item on our agenda—the university of the Highlands and Islands, which is the most important project we have seen in the Highlands and Islands for a long time. International experience backs up the belief that we cannot have a successful, flourishing and quality economy without a higher education sector. The Highlands needs a university. We welcome the support that we have had from politicians of all parties for what we are doing.

The cautionary note that I sound—I am happy to come back to this if the committee wishes—is that we need appropriate funding mechanisms to be able to deliver the sort of university that we want to deliver. We are not convinced that the current funding mechanisms will deliver it—I am convinced that they will not. That is an issue for us.

Despite the difficulties that the UHI project has had, which the committee knows about, we are making progress. In the context of the committee's investigation, it is particularly important to stress that the UHI is emerging out of a strong and collaborative partnership among a range of further education colleges and other institutions. We are also considering partnerships with universities in the northern half of Scotland, particularly in Aberdeen. We are moving towards a situation, in principle, in which the UHI is one co-ordinated mechanism for delivering the bulk of post-school education throughout the northern half of Scotland. That might be of interest to the committee, in the sense that, ultimately, the university ought to help to eliminate overlap and unnecessary competition.

I thank the committee very much. We are happy to take such questions as members want to put to us.

The Convener: As you are probably aware, the UHI was part of a case study that we undertook. We had a fairly extensive visit up to Inverness, which involved a couple of useful sessions with

the people who are involved in the UHI.

Tavish Scott: I want to ask about the UHI, but I start with the final point that you made about how you see the UHI Millennium Institute delivering what you described as post-school education throughout the area. The Millennium Institute is a terrible name; perhaps they could come up with something better.

Jim Hunter: I agree entirely.

Tavish Scott: It is not that long ago that I left fifth year at high school in Lerwick.

The Convener: We will not challenge that.

Tavish Scott: Be quiet. Many of my generation—and I know that the situation is the same in different parts of the Highlands and Islands—wanted to go to Glasgow, Edinburgh or other parts of Scotland for either FE or HE. Arguably, 30 per cent or more still want to travel and go to an institution in another part of Scotland or, indeed, England. I remember well that two colleagues in my year at school went to the University of Sussex, for example. What does that say about how a strategy in the Highlands and Islands should balance vocational work, employability and academic learning? Many of my generation went to the then North Atlantic Fisheries College to do fishing tickets. How will the strategy work out? Is not there still an issue with young people wanting to leave the area? We want to get them back, but will they continue to leave to obtain skills?

Jim Hunter: I agree with your point about the name. UHIMI produces an acronym that sounds to me like a Yiddish swear word. I try not to use it.

You are absolutely right. Many young people will continue to want to leave the area for all sorts of reasons to further their experience. You did that, I did that and many Highlanders in the future will want to do the same thing. However, we want to give an opportunity to the school leavers who would prefer to remain in their community to do so.

It is worth bearing in mind the fact that, although we take pride in the high rate—by both UK and international standards—of university entrants who are from the Highlands and Islands, the university drop-out rate among that group is also high. That suggests that there is an issue that the UHI might be able to help with.

More fundamentally, we are looking to attract students to the Highlands and Islands from other areas. More fundamentally still, the UHI already offers a portfolio of degree courses and it is interesting to note who is taking advantage of those courses. A large proportion of UHI higher education students are drawn from groups such as older people who—for one reason or another—did not have the opportunity of full-time higher

education in their youth.

10:30

Tavish Scott: You mentioned funding in your opening presentation. In response to question 3, your written submission to the committee says:

“academic excellence ... can often be at the expense of institutions becoming more in tune with the needs of industry both now and going forward.”

Where are the difficulties in the current funding mechanism? What fundamental changes could be made to improve the situation, both for the Highlands and Islands and more widely?

Jim Hunter: I will say a word or two by way of introduction. Then I will hand over to Alex Paterson.

I will highlight two difficulties for component bits, as it were, of the UHI. For example, Sabhal Mòr Ostaig, which is the Gaelic-medium college in Skye, is one of our runaway success stories. When Lord Forsyth was Secretary of State for Scotland, it was his visit to Sabhal Mòr Ostaig, more than anything else, that convinced him that the UHI project was well worth backing. However, because Sabhal Mòr Ostaig delivers its higher education courses through the medium of Gaelic—indeed, all its education and training courses are delivered in Gaelic—in the medium term, or even in the longer term, it will never, by definition, have large numbers of students. The funding arrangements are predicated on having substantial student numbers. I sometimes think that the funding arrangements are a little analogous to agricultural support systems, with headage payments and so on. Clearly, the number of headage payments that Sabhal Mòr Ostaig will attract will always be low. We would argue strongly that, for all sorts of developmental and cultural reasons, we need the capacity to deliver higher education through Gaelic. That difficulty must be recognised.

Another difficulty is geographical. Excellent work is being done to create Argyll College, which will cover a huge area of the Highlands and Islands in which further education provision was previously non-existent. However, one runs into the same difficulty—the present funding arrangements simply do not take account of the high overheads that are involved. Argyll College is beginning to take shape—it is doing a good job—but if we are to keep the momentum going, we must find other funding arrangements.

Perhaps Alex Paterson could reinforce those points and go into greater detail.

Alex Paterson (Highlands and Islands Enterprise): I agree entirely with Jim Hunter.

Given the student numbers that the UHI colleges are likely to attract, it will be difficult for them to achieve the level that is required before the funding mechanisms kick in. That also reflects the rural dimension to learning in the Highlands. As a result of our sparse population, there is a smaller number of training providers, many of which try to operate out of multiple centres. Such on-costs do not fit easily with the current funding mechanisms. That links to access to opportunities for learning. We are firmly of the view that we should deliver more learning in the community, through community-based learning routes that, in many cases, are linked to the colleges and through the use of technology, which was mentioned earlier. Those are all correct routes, but they are not easily delivered within the current funding mechanism, because there are additional costs with that sort of approach.

Tavish Scott: You mentioned in your written submission that there must be more political will behind the funding. When ministerial guidance is given by strategic direction to SHEFC, does there need to be specific recognition that Shetland College and other colleges in the Highlands and Islands should not have a zero figure for funding because of sparseness of numbers or for being rural, or however SHEFC wants to describe it?

Alex Paterson: Yes. The funding and its allocation at a strategic level should be considered. That is a particular issue for the Highlands and Islands.

Miss Goldie: In relation to workplace training in the Highlands and Islands, to what extent are small businesses engaging in the provision of VQ training? Is that an extensive part of training and provision?

Sandy Cumming (Highland and Islands Enterprise): I was moved by your opening report on the SCDI seminar. That situation classically typifies the sort of problem that we have in the Highlands, in which we have 90 inhabited islands. A problem and challenge that we have had is how to enable some of those microbusinesses to introduce training within the workplace. That has been extremely difficult to do, but technology has enabled us to do it.

We launched recently an online modern apprenticeship and hospitality qualification, which has been of immediate benefit to some tourism businesses in the north isles of Orkney, for example. It has enabled those businesses that could not release their staff to go to college on the mainland of Orkney to train their staff in the workplace. That has been a powerful opportunity.

Another incredibly important issue in the Highlands in the past 10 years has been the Investors in People framework. Highlands and

Islands Enterprise has encouraged more and more businesses—small, medium and large—to make use of IIP as a business development tool. That has stimulated demand for training. We must identify those businesses that need and want to have training and learning in the workplace and find innovative solutions that address business needs. Technology, at long last, is bringing us that opportunity. We regard addressing that training need as one of our big tasks now and in the future. There is a gap that we must do something about.

Alex Paterson: I agree with all of that. I have two other points. In very small businesses we need also to reinforce continually the message that learning nowadays need not be the way it was many years ago. There are different ways of learning. There is much more flexibility and a diversity of ways of undertaking learning. New technology is opening up even more of those. A point was made by one of the earlier witnesses that for small businesses time away from work can often be a major deterrent to investing in training. The more we can make training work-based and convenient the better.

My second point is simply to ask whether small businesses are engaging in learning. Undoubtedly, IIP has had a knock-on effect in companies that are involved in it. However, the fact that the numbers in skillseekers training and modern apprenticeships—the latter in particular—are increasing and that the proportion of those in employed status in skillseekers training is now more than 90 per cent suggests that very small businesses are engaging in learning. It is undoubtedly the case that more of those businesses need to get involved. As well as a level of engagement by them that was prompted by IIP, the uptake of some of our other training provision is providing evidence of such engagement.

Miss Goldie: I wonder if there has been an attempt to map or quantify the types of businesses that operate in remote communities, which might be unaware that they have a capacity to provide training. I wonder also what dialogue there is between Highlands and Islands Enterprise and such businesses.

Alex Paterson: An important aspect of that is the local communities and the voluntary sector, which deliver many of the services in rural areas. We are engaged also, through our strength in communities team, in assessing how we can make more of the existing infrastructure.

Jim Hunter: Sandy Cumming touched on IIP, which is particularly important in getting businesses of the sort that you mentioned to engage in the whole training agenda. Many of our local enterprise companies operate in very rural areas. For quite some time, I was involved in Skye and Lochalsh Enterprise, where we laid great

stress on IIP. There is no doubt that word of mouth was the key to our success in getting a high proportion of small businesses involved. We were able to engage the business community in the process so that people were able to convince those who had not participated—their peers and counterparts, so to speak—that training was a good thing. That has been helpful in getting many small businesses involved for the first time in formal training.

Sandy Cumming: In the Highlands and Islands, local economic forums have a critical role to play in terms of mapping. We mention that in our submission.

Miss Goldie: That is perhaps another issue.

Mr Hamilton: I have two questions. First, your submission says that remote learning centres are “vital important community learning facilities”

but that you are assessing whether they are sustainable in the longer term. That leaves a fairly large question mark hanging over those facilities. I would welcome more detail on your current thinking on that issue.

Linked to that, you say that the answer might come from more emphasis on online learning. What needs to happen to advance online learning? The Executive has published figures that show that, as far as access to online learning is concerned, Scotland is behind the rest of the UK and the Highlands and Islands is behind Scotland. The area that has the most to gain from online learning has the furthest to travel to get to a position of equality. If online learning is to be the answer to the additional costs, what can the committee or the Parliament do to try to level the playing field?

Alex Paterson: I will kick off. Perhaps Sandy Cumming will comment on telecoms and other infrastructure.

Community-based remote learning centres are important. We currently have 50-odd such centres in the Highlands. They have been set up in a number of ways: some by private individuals, but many through an adapt/learning in networked communities project. They come in various shapes and forms: some are what might be called shops that have been converted into learning centres; others are integrated into the community by being situated where the school or library is and are a focal point for the community.

There is an issue about which is the best model. In my view, we should look at learning centres as a front door through which as many services as possible might be delivered. That would spread the overhead costs. In conjunction with the UHI and the Scottish university for industry—all three of us are involved—we are about to look at those

issues. I do not know whether there is a model out there. I am not aware of any model that shows that the learning centres can stand on their own two feet. Perhaps that model has yet to be invented. That is why we make the point about funding mechanisms. Those local facilities are important if we are serious about making learning opportunities available across the Highlands.

Linked to that is the issue of online learning. I take the point that was made earlier that online learning is not simply about putting a course on the web. A different expertise is required to make online learning available. We need to have a network of learning access points that use the technology. Ideally, that network should be sustainably funded. I am not sure that we will get to the point of having something that is totally sustainable without public money.

Mr Hamilton: If we keep going down the current track, we will not have the infrastructure to achieve what you are talking about. What needs to be changed to get us up there?

Alex Paterson: Partly, the funding must change.

Sandy Cumming: We need to accelerate progress, which is slow at the moment—especially the provision of broadband. We currently have a number of initiatives out there, and rightly so, since, as you know, we are not backing one horse. We are working with the Scottish Executive on the pathfinder project for the aggregation of public sector demand. A satellite project has been launched in the Highlands with BT. We are looking at a variety of potential solutions.

At the moment, I am impatient. I would like more results and much greater acceleration of development. I do not have a shopping list to offer the committee today about what needs to be done. All I can say is that we shall continue to work closely with the committee by bringing any clear gaps to the committee's attention and asking for support in bringing things forward.

10:45

The Convener: I should point out that the official reporters think that somebody in the room may have a mobile phone on. If anyone has a mobile phone on, please switch it off. That is what is creating the buzzing sound. This is not the best building in Edinburgh for acoustics, as you may have gathered, but Mr Mundell is acoustically well equipped himself.

Brian Fitzpatrick (Strathkelvin and Bearsden) (Lab): Merely acoustically?

David Mundell: Merely acoustically, Mr Fitzpatrick.

What are your thoughts on taking the process forward, Mr Hunter? You expanded on a number of points in your paper, but I did not feel that you said specifically what needs to be done or where you see things going with the delivery of lifelong learning in the Highlands and Islands or, more generally, within Scotland. I would be interested in hearing more about how you see things developing and how you see your relationship with the universities and further education sector changing. Surely everything is not hunky-dory.

Jim Hunter: No. As I tried to indicate, it clearly is not hunky-dory. A lot of good things are happening, but more needs to happen. You mentioned partnerships with other universities. The major route for such partnerships with universities outside the Highlands and Islands—all other universities are currently outside the Highlands and Islands—is clearly through the UHI. The UHI has been in discussions and has made various agreements with a number of universities. We are focusing particularly on the University of Aberdeen to create the sort of partnership that will enable us to expedite the progress of the UHI.

In principle, the UHI could do its own thing at its own hand indefinitely, but that would be a slow way forward. There is a lot to be gained by the UHI having an existing higher education deliverer as an intimate partner. For geographic and historical reasons, and because of the interest in the Highlands and Islands of its current principal, Duncan Rice, the University of Aberdeen is an obvious partner. I shall ask Sandy Cumming and Alex Paterson to say more about that.

Sandy Cumming: I support what Jim Hunter says. There is much to be done and we are ready for that challenge. We need to progress quickly with the new directions that careers Scotland and Future Skills Scotland indicate. We need to build on that and bed down those new organisations. You are right to say that one of the challenges facing the Highlands is the fact that the local training and learning industry tends to be firefighting. Developmental work is very difficult when some institutions in the training industry face an annual crisis. Funding long-term solutions for problem areas would immediately help those institutions to get on to the front foot and be more proactive and development minded.

The other great concern is to do with geography. We have 50 per cent of the landmass of Scotland, but only 8 per cent of its population. However, Highlands and Islands Enterprise exists to serve the needs of people whether they live in Unst or Arran. Meeting the skills and lifelong learning ambitions of those people challenges us. A committee member has already mentioned technology. Technology can accelerate some of the current developments.

I do not know whether that answers your question. I apologise if I have waffled. I did not intend to do so. We face a big developmental challenge at the moment and we do not have all the answers.

Jim Hunter: Mr Mundell said that not everything was hunky-dory, and I am not here to give you the impression that it is. I have majored on some positive items from the outset because it is important to get over to the committee, other members of the Parliament and the political media establishment in the central belt the message that the Highlands and Islands is not a problem area where everything is forever on the slide and where the situation is difficult and intractable. I freely confess that that is a hobby-horse of mine. A lot of very good things are happening in the Highlands and Islands. Much more could happen and we are in the business of endeavouring to accelerate what forward momentum there is.

The learning centres that Sandy Cumming and Mr Hamilton touched on are extremely important. It is heartening to visit those learning centres on the islands and in remote locations to see what they are doing for the individuals in those localities in terms of giving them opportunities and liberating them personally and intellectually. We have to find a mechanism by which to keep them going actively.

David Mundell: Our mapping exercise indicated that there was not a problem with resources so much as with the way in which they were being used. How would you redistribute the resources that are being deployed in lifelong learning? Is the way in which they are split between the various organisations achieving the objective?

Alex Paterson: That is an interesting question. The previous responses that have been given would suggest that the arrangements are not optimum. What is needed to create the learning centres and consolidate the UHI is more money rather than a redistribution of money.

The point that Jim Hunter made about the remote learning centres is absolutely correct. Yesterday, I was in Skye where, as part of a previous initiative, 29 people were engaged in learning through the local learning centres and now more than 420 are engaged in learning. The evidence is that the system works.

We have work to do in relation to engaging individuals in learning, whether they are young, unemployed or in work—the notion of work force development is evident in our submission. There is no uniform approach to the delivery of training. Our approach must be tailored and geared to the needs of various sectors of the market.

There is an increasing need for the provision that we make available to be relevant. The work of

Future Skills Scotland and the new sector skills councils and work that we do will be important in helping us to get a good understanding of the demand side of the equation.

I mentioned the need to ensure that learning is not perceived as something that ends when one leaves school. We have to communicate the fact that there is much more flexibility and diversity to learning. To engage the public in our area, which is rural and remote, we have to use the methods that are to hand in a more effective way than we have done.

Jim Hunter: One of the people from the Open University said that many people who are in employment are not using all the skills at their disposal. Although we are focusing on the upskilling of the work force in rural areas, it is important for us to remember that, because there has been a lot of immigration into localities such as the islands for lifestyle and other reasons, we have a huge untapped resource of people who are in work but are operating in economies wherein they cannot use the tremendous skills that many of them have. We must focus on enhancing the quality of the economies of such areas. Those people are a resource that we should tap. As well as providing opportunities for those who have not had them, we must provide ways of unleashing the skills and abilities that are not being used to anything like their full potential.

Sandy Cumming: We have been a major beneficiary of European funding for a lot of the innovative skills and lifelong learning work that has gone on in the Highlands in the past several years. One of the things that will challenge our organisation is the fact that, as we move to 2006 and the question of future support from Europe, the question will be begged of prioritisation and how we allocate our resources to developing skills and lifelong learning.

The Convener: In our case study on the UHI, everybody to whom we spoke said that one of the major problems—which you have reiterated more than once this morning—has been the funding mechanisms, in particular the division between the higher education funding stream and the further education funding stream. That has created major problems not just in the Highlands but for the Crichton campus and other areas. Yet in your evidence, under the subheading “Facilitating Delivery”, you say:

“However, we do not believe the creation of a third Council, sometimes referred to as a Tertiary Council, would be beneficial.”

You are saying that having the two funding councils and the two funding streams has created major headaches for you, yet you want to keep things as they are. Is that not contradictory?

Jim Hunter: That is a hard question, which I shall pass to the chief executive.

Sandy Cumming: It is a difficulty of terminology and the way in which we have interpreted the phrase "tertiary council". We remain of the view that we want the Highlands and Islands to be able to influence the allocation of FE and HE spending in Scotland. That is crucial. We have not made an impact on that to date, and we are looking for new approaches to take account of rural problem areas in Scotland. I want to ensure that that point gets over. We accept that it has not worked well to date; it needs to work better. We were of the view that a tertiary council would be slightly more than just the amalgamation of FE and HE. By our definition, it was something different. Perhaps we have misinterpreted the term.

The Convener: Is this a defence mechanism? Are you worried that you might lose responsibility for your training budget?

Sandy Cumming: No, not at all. We thought that a tertiary council would be involved with the lifelong learning agenda, beyond higher education and FE—the other areas of activity. We have obviously misinterpreted the definition of tertiary that you have been hinting at.

Jim Hunter: However we get to the goal that we want to reach in terms of institutional arrangements, the fundamental difficulty that we face is that the present arrangements—I speak in general terms and I am not an expert on the technicalities of them—seem to be geared to keeping in existence that which already exists. They are not nearly so effective in coping with the need to create something from scratch, which is the difficulty that we face with the UHI.

We had the huge benefit of a major injection—in excess of £30 million—of millennium fund money into the UHI. However, by the nature of such funding, that money was earmarked almost entirely for capital spend. The money was very useful, but it was of no help in developing courses and the curriculum or in training and recruiting new staff. The present arrangements do not seem to facilitate the kind of step change that we need to make.

The Convener: What we are looking for from you is not just a restatement of the problem, but your views on how the situation can be improved. In the case study discussions in Inverness, we were told that it will be 10 to 15 years before the UHI will become a fully fledged university capable of achieving the vision that has been laid out for it. What we are looking for from you, as the economic development agency for the Highlands and Islands, is some beef on the bone as to what needs to be done, in your view, to get us from where we are to where we want to be.

Sandy Cumming: We would be happy to give the committee a written document on that subject. We are close to preparing a paper for our board. Can we come back to you with such a written statement?

The Convener: Yes, that is fine.

Sandy Cumming: We are delighted to do so.

Alex Paterson: We are happy to do that.

The Convener: Finally, I have a couple of specific questions. In your paper, you mentioned unemployment. In the Highlands and Islands, unemployment has improved dramatically—the level has dropped. One of the big issues that was not mentioned in your paper was underemployment. What are you doing about that? It is clear that that is a major problem and that it relates to lifelong learning.

As you know, the individual learning accounts were suspended at, I think it was, one minute after midnight on Sunday morning. That was an unusual time for such a thing to be done. What impact will that suspension have on your operation in the Highlands and Islands?

11:00

Jim Hunter: In general terms, we recognise the difficulties that are caused by underemployment. I said earlier that there was underemployment of different kinds. I mentioned people in employment who are often not utilising the full potential of the skills and training that they have received. There are wider aspects to underemployment in our island communities. A big job has to be done on that front. We have to create more economic activity in areas where underemployment is a feature. It boils down to that, but we have had some success on that front.

On the more developmental front of our agenda, although the two things overlap, we operate a system that gives a higher priority in the way that we distribute, spend and invest our funding in areas where we perceive the need to be greatest. At the moment, it is clear that the major such areas are the Western Isles followed by many parts of Argyll, including its islands.

I will ask Sandy Cumming and Alex Paterson to come in on the specifics.

Sandy Cumming: Alex Paterson will cover the ILAs.

In the Highlands, we are seeing the growth of industries including the call centre industry. One of the challenges we face, as the economic development agency, is to demonstrate that there is a local labour pool to meet the needs of those industries. We have done a lot of pre-employment training where we have been able to go into the

marketplace and try to flush out people in employment whose skills are not utilised or unemployed people who are not registered unemployed but who want to get back into the marketplace. We find that that type of flushing-out technique works well.

We hold community days, at which we invite anyone in the local community who wants the opportunity to go into customer contact centres to come forward. In places such as Aviemore and Fort William, the response was dramatic. Ahead of the developer coming in to the area, we try to give local people important training opportunities so that they can hit the deck running. That has been successful.

Alex Paterson: I have one final comment on underemployment. One of the characteristics of the region is that there is underemployment in some areas. However, it is not easy to move people to places where there are employment opportunities. In the Highlands, issues to do with housing, transport and labour market availability impinge on our ability to do that. Businesses that never place an ad or notify the vacancy have a latent demand for people. When we try to match the two together, it is surprising how many matches can be effected.

I understand that it is the payment of ILAs that has been suspended and not the ILA scheme. I also understand that that systems issue will be resolved. The suspension is therefore a short-term measure. We hope that ILAs remain in Scotland as, in the Highlands, we have had a high uptake rate. Our activation rate is about 40 per cent, which is not bad. We hope that ILAs continue, as they are important. The LECs and others, including training providers that have marketed ILAs, have shown that ILAs are effective.

The Convener: Thank you. That is fine—

Mr Macintosh: Excuse me. Did I not catch the convener's eye earlier?

The Convener: No—I am sorry, but you did not. Please make your question fairly quick.

Mr Macintosh: I thought that I had caught your eye.

Mr Hamilton: Perhaps Kenny Macintosh was winking.

Mr Macintosh: I am obviously optically challenged as well as acoustically challenged.

I want to follow on from the questions that were asked by David Mundell and Alex Neil. I am unclear about what might be referred to as the institutional architecture of lifelong learning in the Highlands.

The committee will be considering the possibility of creating a tertiary education funding council or

whatever. The Highlands and Islands obviously has specific needs and you suggest that the UHI will be a one-stop shop that might cover the whole of the Highlands and Islands. However, I am unsure about what, if a university of the Highlands and Islands is created, Highlands and Islands Enterprise's role will be both at the time of the UHI's establishment and in the period until then. Will HIE have a strategic role, or will you act as a business development and support service?

Jim Hunter: I stress that such development into a one-stop shop might happen; I think that we should consider that seriously. It is worth emphasising and reiterating that, as it is currently constituted, the UHI is a partnership of further education colleges and other institutions, which deliver higher education under the UHI banner. In their work in further education, however, they are still autonomous institutions and each pursues its own agenda. The fact that they are in partnership for other reasons is clearly beneficial, but the UHI is some distance away from being a one-stop shop. I do not want to be seen as dragooning the institutions down that road, as it were, but I think that that route would offer interesting possibilities. At the moment, however, the further education sector in the Highlands and Islands is still in principle a set of autonomous institutions, as it is elsewhere.

Sandy Cumming: The short answer is that Highlands and Islands Enterprise would have a strategic role and a role in operational and support activity. If Mr Macintosh's specific request is for us to give the committee clarity on the institutional architecture, that is what we should provide, along with the submission on how we see the UHI developing and on the added value that we can bring to it. We would be happy to supply that clarification in addition to our submission.

The Convener: I see that Brian Fitzpatrick wishes to ask a question, but I ask him to make his question very quick; I need to leave time for the Scottish Enterprise witnesses and for members to get to the chamber in time for the start of business at 12.00.

Brian Fitzpatrick: I will leave it. If I may, I will ask the question in written form.

The Convener: In that case, I thank the witnesses from Highlands and Islands Enterprise for their evidence, which was very helpful.

Our final evidence this morning comes from Scottish Enterprise, which is represented by Robert Crawford, who is its chief executive; Alan Sinclair, who is senior director of skills and learning; and Sue Baldwin, who is director of skills development. I invite Robert to lead.

Robert Crawford (Scottish Enterprise): Good morning. I thank the committee for the opportunity

and the courtesy of allowing us to give evidence this morning. Before I introduce my colleagues, I will make a short statement. Recently, Scottish Enterprise has been examining in great detail the major areas of its business. I categorise those areas as follows. First is the matter of how we engage internationally, using global connections. It is perfectly clear that we in Scotland need to adopt a new way of dealing with the world, with diminishing dependence on foreign investment and greater engagement from our business sector, our corporate sector, our small and medium-sized enterprises and so on, while being viewed internationally as a distinctive place to do business.

That is a matter of trying to position Scotland credibly as a clever country. It is also a matter of getting people to recognise that there are bodies of knowledge and skill in Scotland that are disproportionate to the country's size and of our making the most of the opportunity that that presents. That is not a small challenge, but it is an important one. In that regard, many areas of the country's economy are in transition, but that is particularly so for manufacturing and inward investment. The Minister for Enterprise and Lifelong Learning recently announced a new approach to that.

The second major overlapping question is about how we support small businesses, which is a profoundly important consideration. Members will know that we published some months ago a detailed critique of our approach to small business. We have in the interim had a wide-ranging consultation. Our response to that consultation and a way forward from it will be published in early December.

I must say that I do not believe that the categories that I mentioned are separate. The overlap between the three is so great that it is almost arbitrary to consider them as separate components. They overlap in important ways.

The third major area is schools and training, which represents a major proportion of our spend—about £120 million in total. We would have moved to review that earlier but for three main reasons. First, we had been considering the issue in detail for some time. I believe—the committee seems to share my view—that it is important not to pre-empt the work of the committee and where its thinking and recommendations are going. We have been conscious of that, which is why we welcome the opportunity to work alongside the committee.

Secondly, earlier this year the formation of careers Scotland was announced. I support that initiative because it is very important to the country. It became clear to me then that we need to ensure that the opportunity that will be

presented by careers Scotland and the creation of Future Skills Scotland is welded to the overall opportunity that is presented by our skills and training agenda.

The third reason was the creation of the right team. I am delighted to be joined today by two members of what I regard as a strong team. Alan Sinclair will head up our approach to skills training and careers Scotland. He comes with the important credentials of experience and knowledge and a great deal of understanding of the dynamics of the issue. Sue Baldwin is going to run skills and training for us. She is also experienced in that area, having worked in Scottish Enterprise and elsewhere. Christina Allen, who will run careers Scotland, came to the team from Grampian Careers where she ran an exemplary set of programmes. Stephen Boyle came from Royal Bank of Scotland; he will run Future Skills Scotland. The components of our team are very important.

I welcome the opportunity to speak to the committee and, with members' agreement, I will hand over to Alan Sinclair, who will say a few words.

Alan Sinclair (Scottish Enterprise): I thank the committee for the opportunity to give evidence. I have been in Scottish Enterprise for just over two months. It is wonderful for me to be able to bring together the experience that I have gained over many years working in the front line of getting long-term unemployed people into work. It is good to be able to enter a dialogue with the committee about how to get the policy right so that it complements the process and helps us to improve employment prospects for more people.

In the next few minutes, I want to take the committee through what is distinctive about Scottish Enterprise's role. I will then talk about areas for improvement. Scottish Enterprise is unique in that it is concerned with Scotland's economic development, which means business growth and the creation of opportunities for people to contribute to that economic and business growth and to benefit from it.

The one message that I would like the committee to take away from my evidence is that we have a fundamental job to do in creating an equation that adds up. One side of that equation is about meeting the present and future needs of individuals. The other side is about meeting the needs of employers, industries and sectors. How do we get that equation to balance year after year and decade after decade? That is an area in which SE has a distinct role to play.

The vast majority of the training programmes that Scottish Enterprise is charged with administering involve people being trained in work

environments. That is the case for youth and adult programmes. The trainees are either on a wage or have employee status and are working while they receive formal training.

Approximately two thirds of the training budget is spent on youth programmes, for example on people who are making the transition out of school. One third of the budget is spent on adults over the age of 25. That has recently been complemented by bringing together Future Skills Scotland—to try to understand supply and demand—and careers Scotland, through which we are trying to improve guidance of, experience for, knowledge about and motivation of young people. We are trying to improve those standards throughout the country and we are opening up careers advice to make it available to adults and not only to young people who are making the transition from school.

11:15

The Convener: I apologise for interrupting you, but for how long will you continue? I must leave time for committee members to ask questions and we need to leave the meeting at 11.55 am, as you know.

Alan Sinclair: I will speak briefly to the committee about areas for improvement. Modern apprenticeships provide an opportunity to create a strong vocational base for people, which has been missing from Scotland for many years. Modern apprenticeships score highly for individuals and employers and are an unsung success that must be built upon.

We must tackle two problems that are related to the segment below that—at vocational level 2, approximately. We must make that segment more suited to employers' needs, especially to the needs of the smaller employers to whom we referred. We must also close the gap for younger people who find it hard to take part in programmes at that level—the committee might want to address that issue.

I ask the committee to address the matter of what is referred to in legislation as the guarantee group, and what it provides. I am not sure whether it helps to meet the intention behind the legislation.

We need to extend provision to focus on adults who are unemployed and adults who are in danger of becoming unemployed. Such people must be in redundancy programmes and their minds must be focused. There must be transitional steps that they can take while they are still in companies and registered so that they can move on or be retrained to help that industry or company. We must work with many partners over many years, because the spokes that create such programmes take us into different areas of the economy and

different institutions.

The Convener: I kick off by saying that I am disappointed by all three Scottish Enterprise documents. There is a lack of strategic vision in them, despite the many briefings that were given to the organisation. We asked for its views as the national economic development agency on such matters as higher and further education. We asked where, to be competitive, we should be in five to 10 years' time and we asked how to tackle population trends in Scotland. There is no mention of the new deal and how it fits in with the future. There is no mention of the reorganisation of the national training organisations or other issues. I am extremely disappointed by the quality of the evidence.

I will quote from the evidence. On page 11 of the second supplement, under the heading "People in Work"—which is a major issue—the conclusion is:

"We submit to the committee that we urgently need to develop a systematic approach to the development of people in work."

We want the national economic development agency to come to the inquiry and tell us what that approach should be.

Page 13 of the same document states:

"We would submit that the Committee recommends the Executive should be charged with establishing the lifelong learning strategy".

The Executive will establish the lifelong learning strategy—that is the position. Where is the beef?

Robert Crawford: Convener, you will understand if I do not agree with your assessment. There are two issues. We have made a series of clear recommendations in our evidence. We also accept that the committee will wish to reflect on the evidence that it hears from others. I think that I said in my opening remarks that, if we go so far ahead as to make a series of fixed recommendations, the opportunity for the committee to influence our thinking is lost.

We have tried to address the issues as we view them. We have tried to address the issues that are important, to outline what has worked and what needs improvement, but also to leave leeway for dialogue with the committee and others on what we need to do to change the areas in which there is significant room for improvement. That is what our submission attempts to do.

The Convener: How can a strategy for lifelong learning not mention higher and further education?

Robert Crawford: We have tried to address the fundamental issues for which Scottish Enterprise is responsible. Our relationships with the further and higher education sectors are good and are improving. We are operating a series of

programmes with those sectors right now. I do not wish to sound complacent, but those sectors are better than they have ever been.

From our side of the fence, it is important that we address the issues for which we have direct responsibility. That is what our submission attempts to do.

The Convener: Surely part of your function as a national economic development agency is to tell us what is needed from higher and further education five years or 10 years from now in order to achieve objectives such as those in "A Smart, Successful Scotland: Ambitions for the Enterprise Networks". There is nothing of that in your submission.

Robert Crawford: We are working on that on a number of fronts. We have created a series of deeper relationships with, for example, the Scottish Higher Education Funding Council and the Scottish Further Education Funding Council. In those relationships we seek to influence the way in which those bodies fund universities and colleges. That flows directly from "A Smart, Successful Scotland". I repeat that it is clearly not our responsibility to tell SHEFC, for example, how it should fund its programmes. Our job is to try to influence that in ways that try to address the concerns of "A Smart, Successful Scotland". Our submission is a genuine attempt to address matters for which Scottish Enterprise has direct responsibility.

The Convener: Even in the areas for which you are responsible, it strikes me that there is no strategy. Has the board of Scottish Enterprise approved the paper?

Robert Crawford: The board of Scottish Enterprise has seen a series of papers on what we are seeking to do to change our approach to skills and learning. Alan Sinclair recently gave the board a presentation.

The Convener: Has the board approved the paper that you submitted to us?

Robert Crawford: It approved the core components of the paper.

The Convener: Has the board approved the paper?

Robert Crawford: It has not approved the paper itself in its entirety. The paper has been subject to change.

Miss Goldie: It is not for me to be adversarial with you and your colleagues, but I find your submission extremely difficult to deal with. Be that as it may, I will ask you specific questions about matters that I thought might be covered in the submission. What, in Scottish Enterprise's experience as one of the principal enterprise

agencies in Scotland, do we know is not working at the moment? Take business, for example. Does business find that provision of training to employers—which is driven by programmes and delivered via, let us say, a further education college—works, or does business prefer to be the training provider and to use that further education college as a facilitator? Can you tell us anything about that?

Robert Crawford: I will make a brief comment on that and then hand over to Alan Sinclair. The situation varies. It is important to consider the question in a broad context. Some businesses or sectors say that they want from colleges—and from schools, for that matter—people who have broad skills sets, for example people who are good at softer skills, such as communication. The financial services sector comes to mind in that regard. Other sectors say that they want specific skills—the electronics sector, for example, has said consistently that it would like people who have skills in A, B and C. Individual businesses have their own experiences. I do not think that we can generalise at the level of individual businesses. With the financial services sector and, more recently, the electronics sector, we have sought to come up with specific programmes that are led and defined by the industry and we have supported those programmes.

Alan Sinclair: Companies tell us that they want largely work-based vocational experience. How that is delivered is a different matter. The largest component of that is rooted in the company and it reflects the intrinsically different needs that the company has.

Miss Goldie: Yes, but at the moment that training is being delivered extensively via the business itself, which might be the training provider. I must say in defence of the local enterprise companies that there are some very good examples of LECs working with local business in that context. I am trying to find out whether that is an area that you have identified as valuable and worthy of expansion? Alternatively, do you think that it does not work?

Alan Sinclair: We are talking about young people. We are finding that the vocational aspect must be expanded upon for modern apprenticeships. That framework works well. I am trying to break down the categories. It is more difficult for the vocational qualification level 2 category to reflect the occupational and industrial needs of companies. That issue needs to be broken down slightly differently.

Miss Goldie: Is that happening, or is it an outstanding issue?

Alan Sinclair: It is an outstanding issue. I will supply a little bit of context. Many of the

programmes that Scottish Enterprise is delivering have, until recently, been part of UK national programmes. Those strings have been cut comparatively recently.

Miss Goldie: The Open University suggested that to facilitate workplace training and learning there should be some form of obligation on employers to release staff for training and learning. What is your reaction to that suggestion?

Alan Sinclair: I like always to think of carrots and sticks. I welcome the news that was trailed yesterday about more tax credits for companies that carry out training.

The question whether we can force people into training is interesting. Many companies want to retrain, but minds are more focused where there is a redundancy situation or where a company must make a transition. Electronics companies are doing that at the moment by moving out of assembly and into provision of services. Employers and employees engage and learn in that atmosphere. We can best use public resources in those instances to help with those changes.

Robert Crawford: We must demonstrate the productivity gains and significance of training for whatever purpose. The danger of a wholly mandatory approach is that instead of demonstrating the effect of training on the bottom line of a business, we simply alienate people who might be prepared to listen to the reasons for the importance of work-based training and other forms of training.

Miss Goldie: Is there a more practical problem in that some businesses cannot afford to lose staff?

Robert Crawford: There is a series of practical problems of which that is one. There are other concerns, not least of which is the question of the capacity of small businesses to pay for training, given the disproportionate importance in Scotland of small businesses.

Brian Fitzpatrick: I arrived tardily courtesy of the train connections. We might raise that problem with the Minister for Transport and Planning at some stage. I apologise to the witnesses who were here previously for any seeming discourtesy on my part. I imagine that the same problem arose for my colleague Marilyn Livingstone.

The Convener: It might be that the Enterprise and Lifelong Learning Committee gets responsibility for transport, so we will perhaps be able to sort it out.

Brian Fitzpatrick: Some robustness on your part might be required, convener. We shall see.

I welcome what Robert Crawford and Scottish

Enterprise had to say about where we sit in relation to influencing policy and about working with the committee on policy outcomes in tandem with the Minister for Enterprise and Lifelong Learning. As far as I am concerned, Scottish Enterprise has the schematic of that right.

Secondly, I welcome what was said about modern apprenticeships and a coherent vocational route. If the past 20 or 30 years has taught us anything it is that we need strong vocational routes.

I turn to some particularly difficult groups that I am interested in exploring with Scottish Enterprise. First, what work is going on at the hand of Scottish Enterprise and what is contemplated?

Robert Crawford mentioned electronics assembly, which throws up some opportunistic or defensive situations for us in terms of how we might intervene usefully. We know that there are difficulties in intervening immediately. The Motorola situation is a good example of that, as is the BP situation in Grangemouth. So many of our initiatives and actions, which seem to be producing results, are targeted at individuals. There are areas in my constituency in which everybody in some households is in work. There are other areas in which nobody in some households is in work. Unemployment runs in households. I am interested in what the witnesses have to say about that.

The third group I am interested in was mentioned earlier. We might call that group the working poor—people who are not threatened with redundancy but who enjoy only marginal benefits. They are usually the first to get cut in any shaking out. I would be interested to hear what is going on in relation to those three groups.

11:30

Robert Crawford: I will speak on the first group and then hand over to Alan Sinclair and Sue Baldwin to speak on the other two. When, for example, large-scale redundancies occur, ideally we will have had a lot of prior notice and we would work hard to try to understand where the problems are in the system. Almost weekly I see a list of companies that might be in difficulties for whatever reasons. We try to pursue those companies directly or through the enterprise companies. However, in some cases that is impossible because, for reasons of commercial confidentiality or related reasons, a company will not tell us that it is in difficulties.

One thing that we are getting better at—I suspect that it is important, given the scale of the difficulties that some industries are in—is prior understanding of where redundancies are likely to occur and how to address such situations. Alan

Sinclair referred to that in his comments.

Alan Sinclair: We have signalled something that would be a significant policy shift. At the moment, the money that is voted to Scottish Enterprise for adults can be spent only on long-term unemployed adults. We are asking the committee to consider a process whereby we can start targeting that money at people who are already in work, but who are threatened with unemployment and who therefore have a transition to go through. I commend another programme called return to learn, which helps the working poor who are frequently at risk. We wish dearly to give it more support but we cannot do so while adult funds are constrained to funding only people who are unemployed.

The Convener: Thank you.

I apologise for the light—this room is appalling for evidence giving. I will not crack a joke about shedding light on subjects.

Robert Crawford: I would never complain about sunshine in Scotland.

Marilyn Livingstone (Kirkcaldy) (Lab): I am a bit disappointed by the evidence. Some issues that I have raised in the committee for two years have not been picked up, and I would have liked it if they had been. I hear what Alan Sinclair says about business and workplace learning, but one of the things that I have been concerned about is the lack of flexibility in some of the programmes that are run by the Scottish Enterprise network, in particular in relation to VQs.

Being a bit of an anorak, I searched back through some of the evidence-taking sessions so that I was clear about what I had said. It appears that we are still sitting here, two years down the line, having made no progress on the things that our evidence has shown are important. The first of those things is the change that is required to the funding of places, so that rather than the programmes being driven by funding, the needs of individuals and of business will drive the funding. I see no change to that, which frustrates me.

Secondly, we have been told that auditing is a nightmare for business. We took evidence from somebody who, in one year, had been audited eight times for all sorts of different reasons. Thirdly, there is the portability of qualifications. What is the point of having a Scottish qualifications framework if we discriminate against a whole sector? We have taken evidence time and time again on that. One of the things that I noted down was that many employers have called for greater flexibility of qualifications on Scottish Enterprise programmes. However, two weeks ago, when we heard about cases in Fife and Dundee, we heard of a young girl who wanted to do a higher national certificate in accounting but was

not allowed to. We also heard about a young boy who wanted to do janitorial studies but was forced to study to SVQ level 2 to be a hospital porter, because janitorial studies was not available. Crazy anomalies such as those were being driven by programmes and funding, and that worried me.

The committee has been told that the system is becoming more rigid, not less rigid. Milestones—or “millstones”, as they have been described to us—drive people to deliver training in a fixed way. To reach a milestone, a learning outcome must be completed. That is probably not the way in which the training would otherwise be delivered. I raised that point at a committee meeting, when I said:

“I know that target setting is important, particularly for small businesses, but I am interested in the soft indicators that underlie target setting, mainly in vocational education”.

I talked about added value and how we could consider the needs of the individual. On those issues, Sue Baldwin—who is present today—said:

“It might be worth saying that we are currently engaged in training colleagues in the Scottish Executive to find better ways of measuring success, so that we are not measuring training and employability”.—[*Official Report, Enterprise and Lifelong Learning Committee*, 29 September 1999; c 110-12.]

The discussion goes on and on.

We discussed those matters all that time ago and I am frustrated about the present position. How will we ensure that young people are given proper guidance and support and that they are afforded the same choice that adults who are returning to education and people who are returning to further and higher education colleges are given? How will we measure what is important to young people?

Two weeks ago, we took evidence from a young person who was meant to have been in training for 18 months, but who had received no training and had only been observed on the job. I believe passionately that young people need to develop not only their vocational skills, but their life skills. Like the rest of the committee, I am very interested in that. We must get right the fundamentals of how we deliver training, how we fund places, what our priorities are, how we audit training for business and how we simplify the system. I would like that to be addressed.

Robert Crawford: As an accountable officer, I assure Marilyn Livingstone that one of the most important issues—if not the most important—that I, and colleagues who are in the same position, face is the necessary and correct calling to account for the expenditure of public funds. I can give chapter and verse from my short time on the job—although that time is becoming longer—on concerns that committees in Westminster and in the Scottish Parliament have expressed about

audit. That matter will always be difficult. One person's inflexibility is another person's information flow. Balancing those two issues is a constant and necessary dilemma for Scottish Enterprise, as I am sure that it is for other public agencies. I accept that some people feel that the system is too inflexible.

One of my organisation's deficiencies over the years has been an inadequate management information system. We need to improve that. People always tend to ask for more information than someone wants to give. I accept that that creates difficulty. I wish that I had an easy solution, but I do not.

Marilyn Livingstone made a comment that reflected the convener's concerns. If we had approached the committee with a series of outcomes and proposals, we would have been running ahead and that would have been discourteous and conceited. I tried to learn from experience, because I think that some members thought that we introduced the business gateway too quickly, without sufficient reflection by the committee. We have tried to address concerns but not to propose solutions that pre-empt what the committee may wish to recommend.

Marilyn Livingstone: I also mentioned audit. One small business representative who appeared before the committee said that his business had been audited 48 times in one year. I am not suggesting that audits should not be conducted—of course they should be—but our system should be sensible.

Robert Crawford: I am sorry; I meant to pick up on that point, which you or others have mentioned before. I accept what you say. The network needs to become much better at sharing management information and best practice. The unfortunate circumstance that you described is an outcome of not having improved.

Sue Baldwin (Scottish Enterprise): I want to highlight some details about auditing. People are audited through financing, as well as on the back of the Scottish Quality Management System. That is nonsense. Then we have to take into account programmes such as the Investors in People initiative. After we have mapped all the auditing procedures to work out where the overlaps occur in our own organisations, the next trick will be to find out the connections into other organisations that also have to follow audit trails. We take your point that this matter should have been dealt with a couple of years ago. Although movement might have come a bit late, we have started to examine the overlap in auditing procedures.

You quoted a remark that I made two and a half years ago, when I was previously with Scottish Enterprise, about what we should be measuring.

Although core and behavioural skills are extremely important and have been taken into account fully in programmes for people with additional support needs—what used to be called special training needs—and for modern apprenticeships, they are not covered consistently in the level 2 mainstream skillseekers programme. We discussed that matter with the Executive only four weeks ago and said that such aspects needed to be measured. I do not know whether that gives any comfort that there has been movement to bring core skills into the equation.

Marilyn Livingstone: I will be brief, because the convener is telling me to hurry up.

The committee has been asking for flexibility, qualifications, good guidance and a choice for young people. The issue is not just about young people who undertake a skillseekers programme. If that is the right course for those young people, obviously we support it, but the issue is about giving people choice.

Sue Baldwin: An earlier witness talked about demystifying things. The mainstream skillseekers programme needs to be demystified quickly. Evidence shows that even our staff do not understand its flexibility. If we cannot understand the programme and cannot make it work, we have really got to make—

Marilyn Livingstone: I am talking not about flexibility within the programme, but about flexibility that would allow people to take a Scottish framework qualification, whether that be a national certificate, highers or whatever.

Sue Baldwin: Or vendors' certificates, such as those offered by Microsoft, which have a big uptake.

Marilyn Livingstone: But my point is that if an SVQ is in place, young people are not permitted to take another qualification in the qualifications framework. Young people need to have a choice; they should not be discriminated against. Instead of simply waiting for a report to come out, I want progress to be made on that issue.

The Convener: Three other members want to ask questions, and I want to get them all in. However, I remind everyone that we have to be out of here at 11.55 am to approve the new ministers.

Tavish Scott: I share my colleagues' concerns about your evidence, which was a very heavy read. Furthermore, it was made up of three different submissions from three different people. Frankly, you guys need to raise your game. The evidence that we have received from organisations has, on the whole, been pretty good, and your submissions did not match up. You still have some way to go.

I have two specific questions. First, how does the memorandum of understanding involving you, Highlands and Islands Enterprise and the funding councils operate, how has it developed and why is SUFI not involved in it? Perhaps it is; perhaps you are going to change the arrangements. I could not gather from your third submission how everything fits together.

My second question is about the links between businesses and your organisation. When three of us took evidence at a seminar with the SCDI the other week, we did not get the clear view that there was a hunky-dory relationship between the Scottish Enterprise network and the business sector or even individual businesses. Indeed, the SCDI stated very clearly the need for a much closer relationship, particularly in the SME sector. What are you doing to address those significant business concerns, particularly in relation to the on-site delivery of training provision? Business simply cannot afford to lose people to off-site volume training programmes.

Robert Crawford: I will take the third question first. In common with all agencies, our relationship with business could be better. However, the relationship is better than it has been for a long time, as most of the intermediaries and business organisations that we deal with would confirm. That said, we constantly need to improve the situation and we work very hard to do so.

Alan Sinclair: I have a point about our memorandum of understanding with SUFI. We decided that, as we work on many similar areas, such as skills, the careers services and guidance, we should do more together and turn that into a memorandum of understanding rather than the reverse.

11:45

Tavish Scott: I am not clear what you mean by that. Do you mean that SUFI will not be part of it?

Alan Sinclair: SUFI has not existed for long and careers Scotland and Future Skills Scotland are only a few weeks old. Rather than sitting down as if we are in a medieval battle and working out the two sides, we are trying to do things together to understand what the area will look like. From doing that, we will draw up a memorandum of understanding.

Sue Baldwin: That memorandum will be between the Scottish Enterprise network and SUFI. A separate memorandum of understanding came out of the joint lifelong learning group that was established between the network and the funding councils. It started to consider the learning relationship, but the role of further education and higher education goes beyond learning to economic development. The memorandum of

understanding is being extended to cover the full relationship. However, there are two memoranda.

Tavish Scott: Thank you for that clarification.

Sue Baldwin: I have a point about small businesses accessing learning. I do not know whether the members who went to see the Real partnership in Glasgow were introduced to the idea of a business in a box. That idea is worth considering for us, because it is about connecting small businesses quickly into learning writ large.

Mr Macintosh: I have a question that follows on from Tavish Scott's point. Where will Scottish Enterprise fit strategically with other institutions in the future? A lot of the evidence that has been given to the committee recommends a move to a single funding body. I do not know whether that recommendation will be accepted, but a lot of evidence has gone in that direction and has highlighted the difficulties that arise from having a number of different funding bodies. Individually, those bodies do not seem to overlap or cover the whole area of lifelong learning. Where does Scottish Enterprise fit strategically in that? At the moment I cannot work that out, although there are several comments in your submission about your strategic role. You have a practical role in the delivery of learning and business support, but where is your strategic role in increasing the economic impact of lifelong learning, in allowing individuals to access lifelong learning and in improving the funding mechanisms? That might be too much to answer now.

Robert Crawford: I view economic development agencies throughout the world, particularly in areas that are going through significant economic transition, as being primarily about identifying where the competitive challenges will be in those countries or regions in two to five years. Beyond that, such agencies get into difficult territory. In doing that, they say which industries are likely to face a major competitive threat and they analyse the nature of that threat and try to tackle it. That will often be done in the area of skills; in other cases, it will be done with electronic or physical infrastructure or at the level of businesses.

At a strategic guidance level, Scottish Enterprise's obligation and duty is to say what the opportunities and threats are for Scotland in the future and what response is necessary from the private and public sector to help to tackle the problems. For example, the responses might be in the area of electronics infrastructure or changes to the electronics sector. Foreign investment is changing significantly and we must effect a response to deal with that.

The Convener: We all agree with that, but your submission does not do that.

Robert Crawford: I come back to the point that we do not agree with the reason for the submission, but I take your comments seriously. We sought to identify the areas for which we have responsibility and what needs to be done to improve or change them, rather than to speak about what we must do without reference to what the committee, in its wisdom, might decide needs to be done at the end of the inquiry. We approached our submission on the basis of a necessary dialogue with the committee.

The Convener: I am sorry, but we will have to disagree. We do not think that you have understood the remit or all the briefings that Scottish Enterprise has had.

David Mundell: As we are constrained by time, I shall ask my questions and perhaps the witnesses could respond in writing.

First, I am concerned at what is happening to the skilling of employees in the public sector. You will know that, in Dumfries and Galloway, 40 per cent of people are employed in the public sector. Where is the strategic upskilling there?

Secondly, education is clearly big business in Scotland. I have heard you, and other people in Scottish Enterprise, say that education is one of the biggest businesses in Scotland. How are we reconciling the inevitable tension between education as a business, bringing people into Scotland, and the education of our populace?

Thirdly, I would like you to set out for us what you think would be done if you had at your disposal the entire budget for lifelong learning. How would that budget be deployed in your ideal world, and how would the responsibilities pan out between yourselves, further and higher education institutions and all the other organisations? I do not wish to prejudge our work, but I think that we would find that information extremely helpful.

Robert Crawford: All right.

The Convener: If you channel your reply through the clerk, Simon Watkins, it will go to every member of the committee.

Robert Crawford: I am happy to do that.

The Convener: As you have received some criticism today, I offer you a final opportunity to make any comments that you want to make before we wind up.

Robert Crawford: I shall be quick. I acknowledge the committee's criticisms about the submission of evidence. However, it is important for us to impart to you the significance that we attach to schools and to a broader agenda of change in relation to training—in the small business community, the larger corporates, the way in which we engage internationally and, in

particular, the impact at the individual level. Our thinking is moving towards addressing individual requirements, but at the same time setting them in the strategic direction in which we believe that Scotland needs to go. I have mentioned some of those requirements during my responses to questions.

The evidence that we submitted is a reflection of what we think needs to be improved on, but I take on board the committee's request—as just expressed by David Mundell—for us to set that in a broader context of strategic change in Scotland. We will seek to do that and come back with a response.

The Convener: The committee will look forward to visiting Scottish Enterprise at its new premises. We were supposed to make a visit today, but that has been rescheduled to January.

Robert Crawford: We look forward to seeing you then.

The Convener: We will postpone our consideration of the case study report from Dundee and Fife until either next week or the following week.

Meeting closed at 11:52.

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