

# **ENTERPRISE AND LIFELONG LEARNING COMMITTEE**

Wednesday 20 March 2002  
*(Morning)*

Session 1

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### ENTERPRISE AND LIFELONG LEARNING COMMITTEE

#### † 12<sup>th</sup> Meeting 2002, Session 1

##### CONVENER

\*Alex Neil (Central Scotland) (SNP)

##### DEPUTY CONVENER

Miss Annabel Goldie (West of Scotland) (Con)

##### COMMITTEE MEMBERS

\*Rhona Brankin (Midlothian) (Lab)  
\*Brian Fitzpatrick (Strathkelvin and Bearsden) (Lab)  
Mr Adam Ingram (South of Scotland) (SNP)  
\*Marilyn Livingstone (Kirkcaldy) (Lab)  
\*Mr Kenneth Macintosh (Eastwood) (Lab)  
\*David Mundell (South of Scotland) (Con)  
Tavish Scott (Shetland) (LD)  
\*Andrew Wilson (Central Scotland) (SNP)

\*attended

##### THE FOLLOWING ALSO ATTENDED:

Ben Maguire (Scottish Executive Enterprise and Lifelong Learning Department)

##### WITNESSES

David Anderson (Dunbartonshire Local Economic Forum)  
John Corcoran (Dunbartonshire Local Economic Forum)  
John Gallacher (Glasgow Local Economic Forum)  
David Gass (Borders Local Economic Forum)  
Bob Kay (Borders Local Economic Forum)  
Brian Lister (Dunbartonshire Local Economic Forum)  
Jim McPhie (Glasgow Local Economic Forum)  
Sandra Stewart (Borders Local Economic Forum)  
Duncan Tannahill (Glasgow Chamber of Commerce)

##### CLERK TO THE COMMITTEE

Simon Watkins

##### SENIOR ASSISTANT CLERK

Judith Evans

##### ASSISTANT CLERK

Jane Sutherland

##### LOCATION

The Chamber

† 11<sup>th</sup> Meeting 2002, Session 1—held in private.



## Scottish Parliament

### Enterprise and Lifelong Learning Committee

Wednesday 20 March 2002

(Morning)

[THE CONVENER opened the meeting at 10:02]

**The Convener (Alex Neil):** Good morning. I welcome everyone to the 12<sup>th</sup> meeting this year of the Enterprise and Lifelong Learning Committee. I have received apologies from Annabel Goldie, Tavish Scott, and Adam Ingram, who is attending the Transport and the Environment Committee. Obviously Mr Ingram does not have the right priorities.

### Local Economic Forums

**The Convener:** The first item on the agenda concerns local economic forums. Three LEF areas will report back to us this morning. However, we have slightly changed the order of the witnesses to facilitate Brian Fitzpatrick, who has informed us that he will be late but that he wants to be here to question the witnesses from the Dunbartonshire LEF. The witnesses from the Glasgow LEF have kindly agreed to go first. I invite John Gallacher to make some introductory remarks, after which I will open the meeting up for questions.

**John Gallacher (Glasgow Local Economic Forum):** I work for the Cruden Group of companies and I am chairman of the Glasgow LEF. I am accompanied today by two other forum members: Duncan Tannahill, who is the chief executive of Glasgow Chamber of Commerce; and Jim McPhie of McPhie's Craft Bakers and the Federation of Small Businesses.

On behalf of the Glasgow LEF, I am grateful for this opportunity to discuss the forum's work over the past year. It is typical of the well-structured approach that the committee and the Executive have adopted that they should now be taking stock of last year's work to inform the way ahead.

There was initial scepticism in Glasgow about how, and particularly whether, the forum idea would work. However, I speak for every member of the Glasgow LEF when I say that we feel that the process has been a success so far. Without exception, we are all pleased to have been involved in the forum, as it is clearly making a real difference in Glasgow. The public agencies have done all in their power to make the forum work, and the private sector has weighed in effectively

alongside them to redesign the delivery of business services in the city.

So far, we have managed to implement a thoroughly radical action plan that has been strongly endorsed by local businesses and will mean more than £700,000 in efficiency savings. We also have a clear strategy that addresses Glasgow business customers' confusion about which organisation delivers which services. Where we previously had a complex patchwork of funders and deliverers, we now have a single partnership that co-ordinates all services across the city and a single contractor that is responsible for delivering many of those services. Not least, we have a LEF that is well into its stride and feels good about its achievements.

The year 1 task for the Glasgow forum has been particularly difficult, because the existing landscape of business support is complex and fragmented. Seventeen organisations deliver services to customers, which means that there are 17 different brand identities and 17 marketing programmes. Furthermore, many of those providers operate within non-contiguous geographic areas in the city.

Clearly the situation was ripe for change. However, with so many variables in the equation and with stakes so high, opting for a radical approach is not without risk, particularly when the time scale for delivery is so short and no additional resources have been made available to assist the process. That said, the prize is big for customers and the public purse, and the risks of being radical can be managed.

I want to pick out a few key points from our written submission. First, we think that a lighter touch might be appropriate in future. Although the Scottish Executive has handled the current process sensitively, the overall approach has been quite directive. For example, elements such as the forum's tasks, membership, prioritisation and pace of progress have all been defined for us.

Although the Glasgow LEF has willingly accepted the challenge, it has done so at the cost of disruption to the already pressured work loads of public agencies. It has required a heavy time commitment from the private sector representatives, who have provided that willingly. We would like to think that the committee will be sensitive to the pressures that exist around the forum process and that are likely to become more apparent as time wears on.

Secondly, we want to emphasise the importance to the LEF, and particularly to its private sector members, of implementing the action plan that we have produced. Our local business community expects that just as much as we do. We need the committee and the Scottish Executive to support

us in that process, especially in relation to the proposed business gateway. National policy on the business gateway must balance national consistency with local discretion. In Glasgow, we are keen to embrace consistent national products fully, but we are also committed to providing local products for local needs, and common sense dictates that that should happen within the single business gateway brand. The plan will work only if the LEF or local agencies have discretion in such matters, and such a step is vital to maintain the sense of shared purpose and partnership that we have generated.

I also stress the importance of dealing with customer confusion. As the Scottish Executive's decision to measure change in customers' perceptions over time demonstrates, the customer's viewpoint is critical. We now need a branding strategy that directly addresses the issue of confusion. We must ensure that all services, regardless of who delivers them, are delivered under a single brand that must therefore stand for local as well as national services. Using a highly centralised approach to communications that is similar to that which is used for the small business gateway will risk alienating some of the important local partners and services.

Finally, we commend the decision to allow forums to decide how to reinvest planned cost savings. That decision is useful to the forums' work and it emphasises the task force's support for local decision making.

**The Convener:** Thank you. Let me kick off with a couple of questions. What do the £700,000 savings represent as a percentage of total cost?

**John Gallacher:** To be perfectly honest, I do not know, but I am sure that we can provide that information.

**The Convener:** Obviously, savings of 1 per cent of total cost would be pretty marginal, whereas savings of 10 per cent would be quite significant. It would be helpful if we could have that information.

You made a fair point about the need to reinvest savings in front-line services. Should, for example, Glasgow's savings be reinvested in Glasgow or should they go into a central Scottish pot to be reinvested according to national priorities?

**John Gallacher:** To maintain momentum and to emphasise the whole approach to decision making, it would be useful if the savings were retained locally, at least initially.

**Duncan Tannahill (Glasgow Chamber of Commerce):** The scale of opportunity in Glasgow is big enough to use the money sensibly for the benefit of Glasgow's business community. One hopes that the reinvestment would make a meaningful contribution to the city. We would

certainly like the money to be retained locally.

**The Convener:** One of the driving forces behind the creation of the LEFs was to streamline not only service delivery but the number of organisations that are involved in business development. The principal business development agencies in Glasgow are Glasgow Chamber of Commerce, Scottish Enterprise Glasgow, Glasgow City Council, Glasgow Opportunities and the seven local development companies. That makes a total of 11 organisations. The proposals do not include a reduction in the number of organisations. Why do we need all those organisations?

**John Gallacher:** Two points need to be addressed. First, we counted about 17 organisations and the final outcome will result in nine. Secondly, we discovered that, in the eyes of the users of the service, the main problem is the lack of common branding and delivery of the service. The tender process for the delivery of the business gateway has now been completed, so one company will now be responsible for that delivery.

**The Convener:** If you have gone from 17 organisations to nine, which eight organisations no longer exist?

**Duncan Tannahill:** The eight local development companies will remain but, from April, the provision of the small business gateway, for which those eight local development companies in Glasgow Opportunities were previously responsible, will be carried out by a single contractor. The local development companies will still exist to carry on their local economic development work, but the business support functions will be provided by a new single contractor company.

**The Convener:** Are you saying that there are still 17 organisations, but that the relationship between them has changed?

**Duncan Tannahill:** Yes.

**The Convener:** What about the cost structure of those 17 organisations?

**Duncan Tannahill:** The cost structure of the organisations provides for a lot more than just business support functions. For example, social inclusion partnership areas exist side by side with the local development companies. The organisations provide other services in Glasgow that are still deemed to be of value and are outwith the scope and remit of pure business support services.

**The Convener:** If we took a wider remit to look at the delivery of all those services, might there be scope for more substantial savings that could be further reinvested?

**John Gallacher:** Our specific remit was to examine the delivery of business support services.

**Marilyn Livingstone (Kirkcaldy) (Lab):** I thank John Gallacher for his evidence. I am one of the original committee members who carried out the investigation. One of the criticisms that was made was that we did not bite the bullet enough and that the forums might be talking shops, as they would not have teeth. What is your view on that? If the committee were to make one recommendation, what should it be to ensure that local economic forums have the teeth that they are requesting?

I am also interested in the question of central versus local branding. Could you expand on that point?

10:15

**John Gallacher:** The forum worked very hard to produce an action plan and we reached that stage in October 2001. However, we are still unable to implement that plan because we are awaiting a response. A recommendation on the timetable to feed guidance back to the forum would be very helpful. The status of the forum must be identified and confirmed. We are working on a co-operation and partnership basis. We have no power over the members of the forum and we rely entirely on their help and co-operation to deliver—as Marilyn Livingstone said, we have no teeth.

The question of local or central branding goes back to the issue of the small business gateway and how we deliver local products in the context of national decisions. Within Glasgow there are several bodies that contribute to delivery and we would like to retain that input.

**Duncan Tannahill:** The strength of a national brand, such as the small business gateway, is considerable because it allows the consumer to identify what a product or service delivers. The main issue is that the needs of Glasgow are different from the needs of Edinburgh and Aberdeen, so there should be enough latitude and flexibility in the scheme to deliver locally, using the resources and various partnerships in an area. For example, Glasgow has a strong chamber of commerce that can provide appropriate business support services to encourage Glasgow businesses in the local community. There should be flexibility to recognise that as part of the support mechanism.

The national brand is important and has much to contribute, provided that there is local discretion to provide the right solution for an area using local resources and making the most of current strengths.

**David Mundell (South of Scotland) (Con):** Previously, we had some feedback about business

involvement and the fact that forums were swamped with people from public agencies—a forum might have one business person and 17 public agency representatives. As Duncan Tannahill suggested, Glasgow has a strong chamber of commerce and business representative network. Has the fact that you have been able to put in place a structured business contribution been a factor in the more positive experience of the Glasgow forum?

**Duncan Tannahill:** There are two issues. First, when the local economic forums were set up, the public sector agencies from the different areas covered by the local enterprise company sought a place at the table. In Glasgow, Scottish Enterprise Glasgow, Glasgow City Council and Glasgow Chamber of Commerce cover the same area; we did not have multiple public sector agencies in one LEC area and that was a significant advantage. The involvement of the private sector in Glasgow has been exemplary. The different agencies left their baggage outside the door in advance of meetings so that we could get down to talk about the issues.

It has been established that the process is about delivering for the customer—the business user. It is clear from the minutes of our debates that that was the agenda that the public sector and the private sector established. That has been significant from the point of view of engagement with the business community.

We have also engaged with the business community at large as a forum, through a process of consultation, feedback and seeking the business community's views. That has helped to shape the decisions that we arrived at.

**David Mundell:** You work as a partnership. In the Parliament and in the Enterprise and Lifelong Learning Committee, we hear constantly about partnership. I am always of the view that many partnerships are forced in the sense that resources are spread and people have to become involved in partnership arrangements. Is there not still an argument that fewer organisations should be involved and that effort should be much more focused and responsibilities should be allocated clearly? Although your forum and others have an important role in the short term to sort out duplication and the other issues that were identified in the previous report, is the long-term solution not to have fewer organisations?

**Duncan Tannahill:** Partnerships are very complicated, as we discovered when we began examining the area. In the first trawl of that process we discovered hundreds of partnerships in Glasgow. We determined that partnerships could fall into different rankings, from core partnerships to loose affiliations of people or organisations that work together. That was an

important lesson to learn—it enabled us to identify where there needs to be key partnership activity in Glasgow.

The other feature of the forum output was the setting-up of a business services group. Its task as a sub-committee of the forum is to monitor the activity of the various areas, so that when we take decisions, we consider the most appropriate channels to market. In that way, we seek to avoid unnecessary overlap and duplication. In the future, the forum must work on bringing together some of the partnership bodies and perhaps having a smaller number of more effective partnership bodies. That is very much the point that you make.

**David Mundell:** You say that the issues within Glasgow are distinct. We have had various comparators of how the bodies are working. Do you agree that a one-size-fits-all approach is not required?

**Duncan Tannahill:** I will put my private sector hat on. The private sector's concern is always that the process is top down—the business community is the last area to feel the result of a process. In Glasgow we are determined that the process should be bottom up and that the business community should be the ultimate driver of what is delivered. In other words, we must recognise the needs of the business community in establishing a strong economy across the city.

**Rhona Brankin (Midlothian) (Lab):** You mentioned evaluation and receiving feedback. How do you ascertain the views of service users? How is that dialogue progressed?

**John Gallacher:** In the first instance, we used consultants to contact the business community directly to obtain its members' input on what was happening, what they felt could be improved and where we should go. All that information has been taken on board and incorporated in our thinking through the action plan. The process will involve returning to the business community to ensure that it feels that we are making progress and delivering in the way that it has requested.

**Jim McPhie (Glasgow Local Economic Forum):** The process is continuing. A telephone survey and various fax-back reply consultations have been initiated. We want to avoid the obvious accusation that we are just a talking shop. We are anxious not to be seen—especially by the private sector—to be wasting our time.

We feel that, at last, we have a measure of things and can gauge what will be good or bad for the future. We can all start from the same level playing field. That is extremely important from a customer perspective, because people expect the correct delivery of the outcome of our decisions.

**The Convener:** If I were a 35-year-old punter in

Easterhouse who was thinking of starting up in business, to whom would I go and how would I know where to go?

**John Gallacher:** Currently, a person could go to several places. However, we are trying to address that problem by arriving at a common branding and local delivery, which will mean that the punter in Easterhouse could go to his local development company for delivery of all available services.

**The Convener:** What will be different after the action plan is implemented?

**John Gallacher:** The difference will be that, as I stated, someone will be able to get all the available products in one place, as opposed to having to go round different shops for different products.

**The Convener:** Is that new provision in place? If not, will it be in place within the next few months?

**John Gallacher:** The tendering process has just been completed. We must put the company in place before we move on.

**Duncan Tannahill:** The key factor is that the 35-year-old punter should understand easily where to go. However, what is more important is that it does not matter where someone tries to enter the circle. They need to get the same answer and the same direction in order to get the right solution for them. That process is currently a confused landscape for the man in the street. Our research showed that the agencies that delivered a complicated set of programmes and processes did not clarify where each product sat and how people could access it. That situation presents a big challenge for us.

**David Mundell:** I have a final question. I looked at the diagram—the committee likes diagrams—on page 19 of the action plan. Many of the organisations that are identified in that strategic partnership diagram are heavily involved in the community planning process. What link do you have with that process? I am interested in whether there is dovetailing.

**Duncan Tannahill:** That area was arguably outwith the scope of the forum's initial work, but it is recognised as being an important part of the solution. Local development companies give us natural links into the community planning process in Glasgow. Developing those links might form further work for the Glasgow forum.

**The Convener:** I have a final couple of questions. First, can you inform us about the pooling of physical and staff resources and the potential pooling of other resources such as office space? In addition—I speak as someone who was in the business—how much did you spend on consultancy fees?



**John Gallacher:** The action plan has a programme for the delivery of common office space, the reallocation of bodies and so on. I reiterate that we have to await the outcome of the tendering process to ensure that we are on all fours with the company that will be responsible.

We initially agonised about consultancy fees which, as members will know, are not cheap. We spent about £40,000, which represents a comparatively small percentage of what tends to be spent on consultancy. However, we felt that the use of consultants was important for several reasons. I mentioned the pressures that were brought to bear on the public sector about the time scale for delivery of the process. Consultants were felt to be important for facilitating that delivery. There was also the independence aspect. As private sector members of the forum, we were keen to establish that what we were told was fair and reasonable and did not necessarily follow anyone else's agenda. We feel that it was worth while to spend what we did on consultancy.

**The Convener:** Do you think that there will be a time when the role of the local economic forum will come to an end, when it will have achieved its objective and can itself be wound up?

**John Gallacher:** That must be the aim of every organisation of that type. It is easy, however, for the process to roll on and address new areas. Indeed, the composition of the forum and the guidance that we got earlier identified that that is exactly the approach that we should be taking. As we move away from business support services and go into phase 2, whatever we decide that to be, it may well be that the membership of the forum should change in order to recognise that. The process should be an evolving one.

10:30

**The Convener:** Do you wish to make any closing comments, John?

**John Gallacher:** As I said earlier, the main point is that the process of feedback has to be that we're a bit quicker, and we need confirmation that we are doing the right thing. We do not like to get tripped up by national issues, as that has delayed the process in the past. A wee bit of early recognition of any problems that might be lurking further down the road would be helpful.

**The Convener:** Thank you very much.

We now move on to the Dunbartonshire local economic forum. I invite Brian Lister to introduce his team and to make some introductory remarks.

**Brian Lister (Dunbartonshire Local Economic Forum):** Good morning, Alex. I welcome this opportunity to discuss the progress that Dunbartonshire local economic forum has made

over the past year. I have recently been appointed chairman of the forum, replacing Jim Duncan, the previous chair. Unfortunately, Jim, who is also chair of the Dunbartonshire LEC, could not manage to attend today. David Anderson is chief executive of Scottish Enterprise Dunbartonshire, the key economic development agency for the area and a major provider of the business services that are provided there. John Corcoran acts as chair when the four areas within Dunbartonshire pool together their work to present a unified approach to the local chambers of commerce.

Dunbartonshire is unique in that it covers three individual council areas: East Dunbartonshire Council, West Dunbartonshire Council and Argyll and Bute Council. That area is supported by the one LEC, although Argyll and Bute Council also has its own relationships with the tourist boards and with Highlands and Islands bodies. That mixture makes Dunbartonshire very different.

The areas within Dunbartonshire also differ. East Dunbartonshire is very different from West Dunbartonshire in its ability to deliver a variety of services and in its population mix. We all appreciate the importance of the issue of unemployment in West Dunbartonshire, and there is a whole regeneration programme based around Clydebank. East Dunbartonshire contains Bearsden and Milngavie and has a very rich population that is able to access job opportunities, particularly in Glasgow. In Argyll and Bute, the Helensburgh and Loch Lomond areas have their own particular flavour.

As an economic forum, Dunbartonshire has to look at a cross-ranging opportunity for all those areas. The forum has been able to take forward key opportunities in our area and I emphasise the fact that Scottish Enterprise Dunbartonshire has already made a move to address issues in relation to bringing about a reduced duplication or overlap. It has moved to a point at which a single agency delivers the business services in Dunbartonshire, bringing savings of £400K in its first year. That has shown a drive towards bringing interagency co-operation and a single approach to providing business services.

The aspect of streamlining the way in which we deliver in the Dunbartonshire context has been supported by the chambers of commerce, small business opportunities and the opportunity to engage with customers. The ability to rationalise has seen an approach that is collaborative and shows that partnership works in our area. The opportunity, over the past year, to work in an inclusive model, in which the action planning process has engaged with all the key stakeholders and customers and the public and private sectors, has produced a flavour in Dunbartonshire that is proactive and developmental. We regard the local

economic forum as a key agency to drive that agenda forward for Dunbartonshire.

Improving standards in services is a key aspect of the way in which we view the future of the economic forum and its relationship with its customers. Importantly, we also know that we must provide an infrastructure that is not based just on people, but on information and communications technology, which will allow efficiencies and effectiveness to be delivered in our area. There are various other aspects that allow Dunbartonshire readily to provide a good model of how an economic forum works. The forum will provide an opportunity to show a cohesive approach to business services.

I ask my colleagues to add to the comments that I have made.

**David Anderson (Dunbartonshire Local Economic Forum):** I do not wish to do so at this time.

**The Convener:** I shall kick off by asking you a question that is similar to the one that I asked Glasgow local economic forum. You mentioned potential savings to date—I do not think that yours are actual savings yet—of £440,000. What is that as a percentage of the total costs? You also mentioned a reduction of 2.5 full-time staff. What is that as a percentage of the total full-time staff involved in the delivery of the services?

**Brian Lister:** I will pass that question to David.

**David Anderson:** We rationalised our enterprise trust provision two years ago. It went out to a limited tender. We collapsed three enterprise trusts across the three council areas into a single organisation, the Lennox Partnership, which is now responsible for the delivery of all small business gateway and related services in Dunbartonshire. In doing that, we reduced a management structure of three chief executives and deputies to one chief executive. The overall spend on those small business services came down from about £1.25 million to just over £800,000.

On the total expenditure on services to business, we mapped 127 different programmes, including national Government programmes, seven on e-commerce, about eight equity funds, small firms merit awards for research and technology, support for products under research, and so on. The order of magnitude that we are talking about in Dunbartonshire is about £4 million, but it is a moveable picture, as European funding kicks in with additional funding for particular initiatives in certain areas. The £400,000 represents 10 per cent of the total spend on services to business. It represents a much bigger chunk if one looks at small business alone.

**The Convener:** When you talk about potential savings, over what period do you mean?

**David Anderson:** Those savings were achieved effectively before the economic forum came into existence. We are not starting from a point of having 17 local delivery organisations; we are talking about one delivery organisation for small businesses and the local enterprise company. We are trying to consider the customer perspective and effectiveness. There is limited scope for further efficiency, although we have talked about co-location of some of the enterprise trust services within the local enterprise company office as a further possible move. That is complicated, at present because of the lease arrangements.

**The Convener:** I have a follow-up question. The independent assessment that was carried out by the ministerial task force—the central assessment unit—was very complimentary about your action plan, but it had one query about that. The task force said:

“This plan is long in historical operation. It clearly states the brief to be addressed and identifies the *what*. However, it is short on the *how*.”

Can you elaborate on the how?

**David Anderson:** I am happy to do that. Our action plan sets out a number of actions. We perceive that the issue in Dunbartonshire is not so much one of structure as one of customer confusion. As I said, there are 127 different programmes. For that reason, we have rooted everything that we have done in issues that were raised through customer engagement. In the course of various meetings, we engaged with more than 200 customers.

We have taken action to produce a single guide to all our services, and such a guide has now been produced. We have agreed a customer advocacy model, to make possible not only a one-stop approach to the network but a degree of hand holding. Some customers may seek property assistance that requires the involvement both of the council and of the local enterprise company. We have an account management system that enables us to deal with such cases at one port of call.

We are focusing on joint marketing and are co-ordinating business events that take place in Dunbartonshire under one banner, so that we do not have the council running a master class one week and the local enterprise company doing so the next. Many of the measures that we are taking involve our operating as one virtual organisation, taking a common approach to client management and helping to make life easier for customers.

John Corcoran may want to add something about the work that is being done through the chambers of commerce to consult business users.

Part of our task is to extend our marketplace into those companies that did not come within the net of the enterprise system. John has gone out to about 200 businesses to tell them about the work of the economic forum and how they can access our services.

**John Corcoran (Dunbartonshire Local Economic Forum):** We have worked in partnership with the Employment Service on this issue. The chambers of commerce and the FSB in Dunbartonshire felt that there was a need to get back to grass roots. The chambers and the FSB are collaborating on this issue, which is new for Scotland.

The idea is to get down to grass roots—to speak to individual businesses to find out what they require and how we are going to provide it. Small and medium-sized enterprises have tended to regard aid as something that is available to bigger businesses. Because of the make-up of Dunbartonshire—which Brian Lister and David Anderson have already discussed—we had to ensure that the SMEs would be fully looked after. I am doing that in collaboration with the Employment Service, and it is proving very worth while. I believe that what I am doing will act as a catalyst for the future work of the economic forum.

**Marilyn Livingstone:** My first question to the witnesses will be the same as the first question that I put to the representatives of Glasgow local economic forum. The committee intends to make recommendations on how local economic forums should be developed. What one or two recommendations would you like us to make that would give the Dunbartonshire local economic forum more cohesion?

**Brian Lister:** I will kick off on that question, before passing it across to David Anderson.

First, as a forum in its initial stages we would like to develop our thoughts and opportunities. One year is a short time for people to gel and to develop a common approach that would enable the forum to make a real impact. Although business services are a key issue for Scotland in general and for Dunbartonshire in particular, we have found in the forum that there are many other opportunities for rationalisation. There is also an opportunity to consider how partnership works best. We need to understand that some partnerships do not work and need to be changed.

The issues raised in the economic forums—duplication, streamlining and rationalisation—have led to a number of other opportunities that will be good for Dunbartonshire and good for Scotland. We would like to drive forward the agenda from within the economic forums, to develop a base and gain the confidence of people throughout Dunbartonshire.

10:45

**David Anderson:** At one of our consultation workshops, one of our customers said that if the forum did not exist it would have to be invented because it provided a unique forum for a range of organisations—private, public and third sector—to come together to consider issues of joined-up government. There is undoubtedly support for the principle of the forum.

If I were to ask the Executive for one thing that would be helpful, it would be clarity on strategic frameworks. It had been expected that our next task would be to do with lifelong learning. However, the Enterprise and Lifelong Learning Committee has just produced its interim findings on that subject and there is not a lot of sense in our driving ahead until we have seen the way in which the policy framework will develop nationally. Our task will be to make sense of that framework at local level and to implement policy in a way that is in tune with our distinctive local needs. Despite the fact that they are only three miles apart, the needs of Clydebank are considerably different from the needs of Bearsden. We will have to customise the services that we deliver to individuals and to companies.

**Marilyn Livingstone:** Is there no scope for local flexibility at the moment?

**David Anderson:** There is scope for local flexibility but, as the Glasgow delegation said, until we get clarity on the business gateway model and its constituent parts, there is not a lot of sense in our progressing with investment in particular areas that may subsequently turn out to have been going in the wrong direction. I would argue that we need clarity on what the outcomes should be. If we knew what the end result should be in terms of service delivery to customers, we could interpret that in a way that gave us local flexibility.

**David Mundell:** In his initial remarks, Brian Lister said that you covered a diverse range of businesses. Are you satisfied with the involvement of businesses in the forum, and have you had feedback from businesses on whether they are satisfied? Earlier, I suggested that business people sometimes felt overwhelmed by being round the table with a large number of public sector organisations.

**Brian Lister:** I will ask John Corcoran to answer that on behalf of the chambers of commerce, before coming back to David Anderson.

**John Corcoran:** Are the businesses satisfied? At the moment, probably not. This is a new process, but we are now heading more towards business involvement. The chambers of commerce and the Federation of Small Businesses have arranged a series of meetings—each involving 10 or 12 people—with the business

population in Dunbartonshire. As you rightly suggest, if you have 40, 50 or 60 business people together, they can be overwhelmed. We are getting people together to get them more involved. We must all be involved, because the strength of the economic forum will come from the business fraternity.

Feedback on the economic forum has been excellent, but we have to be careful, because the success of the forum will stem from the grass-roots business people.

**David Anderson:** Originally, a number of public sector agencies were required to be at the table. Dunbartonshire has three councils, which increases the number. We had 12 forum members originally. Six were from the private sector and six from the public sector. It is interesting that three of the public sector members ran businesses in their own right. They just happened to be elected members, too. At the core of the forum, the private sector was well represented.

As part of our process of consulting local businesses, more than 200 local businesses participated in workshops, and the feedback from those workshops was excellent. However, Dunbartonshire has more than 4,000 businesses and 5,000 business units. John Corcoran is trying to extend the forum's influence to that wider group of companies.

Through the local enterprise company, we have a group of client-managed companies that are familiar with what we do. In the Scottish Enterprise customer satisfaction survey, the level of satisfaction with us was good. However, undoubtedly, a long tail of businesses has not been touched significantly by any enterprise agencies. As John Corcoran said, we are trying to reach those grass-roots organisations to enlighten them about the available services.

**Brian Lister:** The opportunity to set education and training alongside that agenda is important, as it provides some of the glue to join those aspects. That provides something that is a flavour of Dunbartonshire.

**David Mundell:** I will return to the general question about the number of partnership organisations. Scope for rationalisation must remain. David Anderson was clear about the number of organisations that the forum must deal with.

**David Anderson:** We have two tourist boards. If we set contiguous boundaries, people could deal with one. We have one enterprise trust that delivers all services to small businesses, but we also have a residual enterprise trust that did not become part of the merged trust. We have three councils. It could be argued that if they had contiguous boundaries, the number of

organisations involved could be reduced. We have one social inclusion partnership and one local enterprise company.

We are not like Glasgow, which has 17 local development agencies. We have a relatively small number of agencies. We are building closer relationships with the enterprise trusts, the chamber of commerce and the Federation of Small Businesses. The potential exists for closer collaboration. Dunbartonshire needs not to have more structural change, but to focus on the services that we provide to customers and to be guided by customer satisfaction levels.

**David Mundell:** Do the arrangements give you the flexibility to go in the way that you want, or is the forum constrained by a one-size-fits-all approach?

**David Anderson:** I will have to give that question a qualified response. In common with Glasgow, our experience has been that the process of action planning has been quite prescriptive. We await the outcome of the business gateway framework and we will see how flexible that framework proves. There is a trick in the balance between a universal floor of provision that is available throughout Scotland to consistent standards of quality, and sufficient flexibility locally. At the moment, the jury is out on the degree of local flexibility.

**Brian Fitzpatrick (Strathkelvin and Bearsden) (Lab):** I am obliged to the convener and everyone in the chamber for indulging me in my lateness. I apologise for any seeming discourtesy to the Glasgow delegation. The delay in my arriving had more to do with the current lack of an integrated transport system than anything else.

I am sure that Brian Lister will take the opportunity to invite the committee to visit the e-learning centre in Kirkintilloch. I am happy to extend that invitation on his behalf, because that is a formidable resource that will be made available locally.

Brian Lister and John Corcoran spoke about improving standards and services. I would like to hear a bit more from them about how they are targeting the customer perspective. David Anderson outlined the difficulties with having four smallish chambers. I suppose that half an authority cannot exist, but Scottish Enterprise Dunbartonshire covers two and a half authorities. The different complexions of that diverse area will be important to achieving delivery.

The witnesses mentioned the mapping of potential offerings. In my dealings with your organisation, I have come across the key accounts manager, who has a useful pathfinding and advocacy role, particularly for smaller and medium-sized enterprises that do not see

themselves as being served by the network. I am talking about the sort of company that might be just above the 20-employee level, but which is still considered to be an SME.

I echo what Marilyn Livingstone said about your input into the next steps for the forums and how you see the framework for the second year's tasks. We are aware of a tension in that area, which was mentioned by the representatives from Glasgow. Do we overprescribe what we want from the forums or should we be more flexible and let people tackle individual challenges, such as the effects of deprivation in Dumbarton or the effects of affluence in and around Bearsden? How much of a burden on the forums is the bureaucracy of reporting? I found the tick-box approach of the central team assessment unduly cumbersome. Do you have any views?

**Brian Lister:** I can pick up on two or three of those issues and I shall then ask David Anderson to comment on the mapping aspects. Creating an opportunity for the next steps agenda is important.

I endorse Brian Fitzpatrick's statement about the Kirkintilloch learning centre. We are already in the £2.5 million new-build facility on the banks of the canal, but the official launch will take place during adult learners week.

The equality agenda is also important. We feel that there are key elements to an equality agenda, the first of which must be communication. If we get the communication right, it embeds a whole range of equality, because then there are not a whole series of responses from different individuals. I therefore see a communication infrastructure in Dunbartonshire as a key aspect of equality that will allow the one-door approach to be fully advocated. Information and communications technology infrastructure will be a key element of that strategy. Already we have seen some good joint activity in Dunbartonshire to develop that agenda. We are working alongside the careers service to ensure that that takes place; that guidance element is key to the whole enterprise.

Developing the evaluation process to allow economic forums to function is also crucial. Again, some key issues connected to that process have been mentioned. Brian Fitzpatrick is right to say that there are prescriptive elements, which are important in the feedback mechanism. However, if we are to get the best out of any quality system, it must be developmental. The forums need to understand the key quality criteria and key quality indicators for each forum. That can drive our agendas at a local level. Although there is a pervasive quality agenda, we must also develop a quality aspect in the work of the forums.

Perhaps John Corcoran would like to comment further on that point, before David Anderson talks

about mapping.

**John Corcoran:** I would like to address the issue relating to the chambers. There are four chambers in Dunbartonshire, as you know, and they are all very small. That is why we had the idea of the four chambers getting together with the FSB to have a stronger body and a stronger voice. That is how we plan to continue. We have to liaise regularly with businesses and we see the process developing further as we go along.

The convener asked whether there is one particular point that could be examined to assist us in that process. I believe that there is. We are talking specifically about Dunbartonshire today, and the issue of funding should be considered. There is a tremendous amount of good will from the chambers, the FSB and other public agencies that work outwith normal business hours, but for how long can we ask for that good will to continue? Perhaps economic forums could have a little funding for that.

I am on a two-day secondment from the University of Glasgow to carry out my work. The university has tremendous foresight in understanding that that will be valuable to the economic forum, but what will happen after six months? I cannot expect the university to give those two days for ever. Funding should be considered.

11:00

**David Anderson:** I want to pick up several points. There is a quality improvement cycle: plan, do, review, learn and improve. The difference that we make is in involving customers in the design of new products and the redesign of existing services—that is a step forward. The history of the UK and the 127 different services that are available are testimony to a supply-led approach to programmes for business. We are engaging customers and looking at improvement.

On the next steps to be taken, the feedback that I consistently receive at the regular customer forums that we hold with companies in Dunbartonshire shows that the skills agenda is the biggest single agenda that confronts us, particularly in West Dunbartonshire. As the lifelong learning review concludes, it is timely to begin to tackle that agenda significantly. We lack a high-quality skills infrastructure in Dunbartonshire. Clydebank College has seen better days. We are working actively with Clydebank College and Cumbernauld College to improve access to vocational education, but much needs to be done. That is a priority agenda item.

On bureaucracy, the balance between accountability and flexibility must be right for people to get on with the job. In the forum, each

participating agency has performance targets and lines of accountability in the existing structures. The forum has overlaid additional reporting requirements onto the existing ones. I would like an alignment so that we can proceed with forum agendas more as business as usual than as a separate, additional task that requires the voluntary participation of many people from the private sector and the public agencies, which John Corcoran mentioned.

I missed Brian Fitzpatrick's point on mapping—I am afraid that I was not listening. It was a lawyer's question.

**Brian Fitzpatrick:** I hope that it was not a lawyer's question—I am trying to avoid such questions. I was interested in the advocacy role that you identified. I think that I have come across the "key accounts manager".

**David Anderson:** Thank you. Across the Scottish Enterprise network, enterprise companies operate a key account management system that is based on a customer segmentation model. That model identifies companies that we think have the greatest growth potential. They get a dedicated, customised, one-to-one service with the business development executive. As we extend to other companies, the level of customisation diminishes.

However, as we develop the Dunbartonshire approach, we are trying to ensure that we operate the principles of customer care across all the agencies by appointing a customer advocate to ensure that client account management training is available to people from the councils, the enterprise trust and the enterprise company. They can guide companies through the system and open doors for them rather than say, "We need to talk to X, Y and Z in three different organisations to deal with your issue."

**Brian Fitzpatrick:** I am particularly interested in what John Corcoran said about support for participation in forums. I am conscious that there is substantial private sector involvement, particularly around Dunbartonshire by Jim Duncan, Ann Rushworth, Ian Robertson and you. Are there difficulties in engaging people because of the commitment that is required and the need for an amenable university employer? Do you encounter difficulties in obtaining willing recruits?

**David Anderson:** The situation has been exacerbated by Scottish Enterprise's going through a demanning exercise. We have had to take one of our senior executives off front-line company development work to support the business services review, so there has been a challenge. The point about resources is well made. We need to think through the implications of carrying out activities, and to think about what that means in terms of taking resource away from

existing public agencies or encouraging the private sector to give up free time.

**The Convener:** Brian Fitzpatrick wants to ask another question, but he is pushing it a bit. I am running out of time on Dunbartonshire, and I want to bring in Rhona Brankin and Ken Macintosh. I am trying to be fair and to let everyone in.

**Rhona Brankin:** I am interested in rurality, given that Dunbartonshire has diverse areas. You are seeking to develop a more integrated approach. How will you maintain a focus on rurality, given the often specific needs of many businesses in rural areas, most of which are SMEs? How can you reach out to non-traditional customers, for example the agriculture sector? What steps have you taken to address those issues?

**David Anderson:** There are some good examples of action that we have taken. We have introduced an out-of-hours business development adviser service in the evenings and at weekends, so that businesses can contact us outwith nine to five. We have worked closely in partnership.

For example, in Helensburgh we have used a library as a base for the provision of business services to people in that part of Argyll and Bute. We have issues to deal with in places such as Arrochar, which is at the extremity of our patch, because the nearest physical presence is in the Vale of Leven. We have worked with the three local councils on a modernising government fund bid to provide ICT-based solutions. Scottish Enterprise is investing heavily at the moment in ICT, so there will be web-based contact through the small business gateway, and presumably also through the business gateway if it develops.

We have a relatively small agriculture presence, because more than 80 per cent of Dunbartonshire is above 200m. We have some hill farmers, and last year we were active on a small scale on foot-and-mouth-related issues, but I cannot honestly say that we have taken much action with regard to the farming community.

**Rhona Brankin:** Yet many members of the farming community have an interest or a potential interest in diversification, so you might wish to engage more with the agriculture sector in future. You might wish to do the same with fishing communities.

**David Anderson:** That is the case. We have been active with diversification into tourism in particular. We have the website [www.stayatlochlomond.com](http://www.stayatlochlomond.com), which lists bed-and-breakfasts, many of which are farm based. We are active with rural tourism businesses.

**Rhona Brankin:** Obviously, the development of the national park is of interest.

**David Anderson:** Yes.

**Brian Lister:** National park status and the development of tourism generally are of interest. Scottish Enterprise Dunbartonshire has taken a proactive approach recently. The training and education agenda can bring people on board. Rhona Brankin is correct to say that there are competing pressures. The West Dunbartonshire issue of high unemployment is raised at every single forum meeting and within Scottish Enterprise Dunbartonshire. We have to take account of a range of factors, which is challenging but interesting.

**Mr Kenneth Macintosh (Eastwood) (Lab):** I am interested in the role of local authorities in the Dunbartonshire local economic forum. The Glasgow and Dunbartonshire local economic forums are successful examples. Glasgow gives the impression of being dominated or led by the private sector slightly more than you do. You give the impression, whether it is true or not, that local enterprise companies are in the lead. As Brian Fitzpatrick described it, you have the difficulty of dealing with two and a half local authorities, unlike the Glasgow local economic forum, which has a single, big, clearly identifiable local authority in the lead. How are your relations with the local authorities? Are they signed up to the work of the forum?

For example, I notice that the savings that have been made so far seem to have come through the local enterprise companies rather than through local authorities. Has there been any tension there? Are they all signed up? Do you have mechanisms to resolve that? Are they full partners? Is it possible to have more explanation of that?

**Brian Lister:** That is an interesting question. I pass it to David Anderson.

**David Anderson:** We have a good relationship with all three authorities despite the fact that all three have changed administration in the past two years. There is a close relationship at officer level. I was fortunate enough to inherit the Beyond 2000 strategy for Dunbartonshire when I took up the post in 1998. There has been a history of collaboration.

The councils in Dunbartonshire have very few people dedicated to economic development, and even fewer who are involved in the delivery of services to businesses. We are talking about five individuals. In the case of Argyll and Bute, there is only one individual who spends part of his time in the Helensburgh and Lomond areas. There is not a huge, pre-existing economic development cadre of people, unlike in former regional council areas such as Fife.

We have agreed to give up things that were

being done separately. For example, West Dunbartonshire Council previously kept a database of all its available properties and, at one time, was disinclined to share that information. We have now agreed that we will operate with one common property database so that we can provide a seamless service to businesses.

**Brian Lister:** I want pick up on another aspect. I have engaged with the Dunbartonshire agenda over the past two and a half years, and seen the relationship between and different emphases of East and West Dunbartonshire, as well as engaging with the Argyll and Bute agenda. I have found all aspects to be co-operative. David Anderson is right. There is a serious will for individuals to work collectively towards a whole Dunbartonshire agenda.

That was interesting because it was commerce, the customers and the stakeholders who emphasised that the key issue was not East or West Dunbartonshire or Argyll and Bute. The key issue was Dunbartonshire generally. Because the agenda was inclusive at an early stage and everyone bought into it, including the chief executive and key officials from each area, we found the next stage to be proactive.

We will develop over the next year and see whether any interactions occur that take our focus away. At this stage, however, there has been a common approach to Dunbartonshire, which is a key issue for the future.

**Mr Macintosh:** I am delighted to hear that, but obviously the local authorities have the advantage of their elected mandate. However, it is good that you are working consensually. Obviously not many officers are employed in economic planning. Are you not interested in issues such as land development and infrastructure, where they would have a key role?

**David Anderson:** That is clearly a big issue in Dunbartonshire. When the forum was composed, we went to the members who could contribute most effectively to the first year's task—the review of services to business.

Land-use and planning issues are possible agenda items for the future. For example, there are 15 brownfield sites on a 5km stretch of the river in Clydebank that require to be redeveloped. However, there is a host of issues around access and decontamination of the sites before we can bring them back into productive use.

The enterprise company engages with the planning departments all the time, but the forum is focused on the task of improving services to business.

**The Convener:** Thank you. That is extremely helpful.

We move on to take evidence from the Borders local economic forum. I welcome Robert Kay. Will you introduce your team and make some introductory remarks?

11:15

**Bob Kay (Borders Local Economic Forum):** I will lead off. I am a bit fazed by being called Robert because I have been called Bob for years.

I thank the committee for giving the Borders local economic forum the opportunity to be here and to answer questions. I have been a member of the forum since its inception. I am chair of Borders College and of the Eyemouth East Berwickshire economic forum. David Gass is the chief executive of Scottish Enterprise Borders and chair of the new ways project management group; until October, he was leader of our thriving organisations group, which is charged with developing the business services element of our economic strategy. Sandra Stewart is chair of the Borders professional forum and a member of our organisations advisory group, which provides input and guidance on streamlining business services.

There has been an economic forum in the Borders since 1999. It is firmly rooted in the joint economic strategy for the region, which was developed as a response to redundancies and other issues that the Borders economy faces. Our forum is tied firmly to a vision and plan, which has been jointly agreed by the many organisations, agencies, businesses and individuals who took part—and continue to take part—in its development across all the interrelated aspects of economic development.

Since the inception of the forum, a key focus has been on streamlining support to businesses. The Borders has three main agencies with coterminous boundaries that are involved in the delivery of business services: the local enterprise company, the local authority and the area tourist board. Unlike many other areas, we have no enterprise trust and no chamber of commerce to deliver services, although in our area 90 per cent of businesses employ fewer than 10 people.

As a support service to business, we have created a single small business gateway that co-ordinates all our business services, which include comprehensive and free business training programmes from a combined team of advisers, a single access point and a client relationship management system. We have achieved significant efficiencies and increased effectiveness in the business support service in terms of time, money and customer responsiveness. Since 2000, we have worked together to bring in an additional £11 million of European income for business support. There were 37 successful applicants to

our south of Scotland European initiative.

In 2001-02, we mapped the products and services on offer to businesses in the Borders, the effectiveness of those services and any duplication of services. Feedback from business customers and other customer groups was incorporated into the action plan that we submitted to the Scottish Executive. All the actions that we highlighted are being progressed.

In 2000-01, the results on the ground that the Scottish Borders achieved included the highest business start-up rate per head of population in Scotland and one of the highest survival rates for start-up businesses after three years. The joined-up approach of Borders local economic forum and the key agencies was instrumental in dealing effectively with the impact of foot-and-mouth on the Borders business community. Borders forum led the submission of a regional recovery plan to the Scottish Executive, which is now being implemented. It is to the credit of the small business gateway in the Borders, which provided the front-line response to business communities that were affected by foot-and-mouth disease, that the Borders will achieve the highest start-up rate per head of population for this year.

The Borders still has major issues to face, but the forum provides a long-term strategy and structure to address those issues, which include the continuing recovery from foot-and-mouth, the challenge of the forecast skills shortage and the major infrastructure issues of transport, ICT and property provision. We remain firmly committed to the concept of economic forums, but their focus must be on delivering results on the ground. Too much time spent on justifying the process must be avoided. Although we fully support an overall framework for forums, it is vital that national agendas take account of local issues and accordingly build in flexibility to address them. That point has come through in other presentations this morning.

We firmly believe that our forum is working well. We are delivering results, streamlining services and avoiding duplication. We must continue to listen to and learn from feedback from our customer base and continue to improve our services and delivery of support. We are committed to achieving that.

Working within the framework of our economic strategy, the Borders forum is beginning to bring about the change that we all signed up to when the strategy was launched three years ago. We look forward to working with the Parliament in the future, to ensure continuation of that change and progress.

**The Convener:** Thank you, Bob.



**David Mundell:** Obviously, you have seen the central assessment, which seemed to cast what went on in the Borders in a poor light compared to other forums. In the context of the Borders—or neighbouring Dumfries and Galloway—where the local authority, tourist board and health service have coterminous boundaries, is the forum an irrelevant add-on to other mechanisms that could do the same thing? Unlike the two previous forums that gave presentations, in which specific multi-agency and multi-council issues arose, the Borders forum does not serve any useful purpose that could not be done under another heading, such as community planning.

**Bob Kay:** I cannot agree with those comments. I believe that we have demonstrated that although all the existing agencies work within a common area they were not previously communicating with one another to the extent that they do now. That process has been helpful. It would be wise to ask my colleagues whether they want to comment.

**Sandra Stewart (Borders Local Economic Forum):** I would like to comment, from the private sector point of view. The change that has come about as a result of the local forum is that businesses know that there is one point of contact from which to get business support or any other help. Prior to the creation of the forum, businesses could go to the council, the local enterprise company and voluntary organisations. We are getting the message across that the forum is a one-stop shop. That can only improve businesses, which do not have time to run round three or four different public or voluntary bodies.

**David Gass (Borders Local Economic Forum):** The forum has added value in the Borders because, since its inception, it has speeded up change in how the partners work together, in the delivery of services and in improved customer input.

One example of that is the small business gateway, which has been mentioned. The gateway encompasses the council business advisers, the tourist board business advisers, two farm business diversification advisers and all the LEC business advisers under one operating structure and one contract management system. Agreement and sign-on is required from the top of the organisations involved for some of the processes to happen, particularly in relation to sharing information and ensuring that access is taken forward into provision of the service. I have seen the forum play a key role in speeding up that change.

The other example is the response to foot-and-mouth disease. The outbreak clearly had a huge impact on the Borders, but from day one the agencies were clear about their respective roles. The business gateway acted as the point of

contact for any business, without exception, which required assistance. The tourist board considered the marketing and remarketing of the area during and post foot-and-mouth, and the council dealt with the clear-up operation.

Those are both good examples of where we have been able to do things more quickly and effectively because of the existence of the forum.

**David Mundell:** If I went to a business anywhere in the Borders, would that business know that the forum exists and how to feed into it? I state on the record that I am sure that businesses throughout Dumfries and Galloway have no idea that such a forum exists.

In an earlier question, Rhona Brankin touched on the difficulty that, in rural areas, there are thousands of one-person businesses. Do those businesses know what is going on, and how are they being involved in the process?

**Sandra Stewart:** The message is getting out there. However, continuing improvement of communication with the business sector must be one of our key aims. We are trying to work with organisations such as the FSB not only in the forum but outwith the forum to get the message out to as many members as possible. Unfortunately, in the Borders, we do not have a chamber of commerce or a chamber of trade to act as a communication link, and membership of the FSB and other organisations is very small. As a result, we have had to raise the issue through a wider public awareness campaign. Moreover, anyone who comes into the small business gateway is informed about the whole network of services. I am sure that David Gass will be able to provide more details about the campaign that we will launch this year.

**David Mundell:** Perhaps Bob Kay and David Gass can tell us how the business sector can contribute to the process as well as acting as the customer.

**David Gass:** There are a number of advisory groups and business forums, such as the textile forum and the land-based advisory group. The latter is significant because there are 1,500 businesses in the land-based industry sector. Those groups have informed the forum's agenda and other areas such as the delivery of products and services.

We are seeking to improve communication and to reach our customers. For example, we have mailed out information about the forum's activity to all households and businesses in the Borders. Unfortunately, although information and communications technology would be an excellent way of improving communication, one of the longer-term infrastructure problems in the Borders is the number of businesses that can access

broadband high-speed ICT at a competitive price.

Most important, we are taking the forum and its activities out to communities. The rural area of the Borders is fairly well spread. Our action plan mentions the Eyemouth and East Berwickshire partnership—which Bob Kay chairs—and the Hawick partnership. Both forums provide one point of access and one office that is shared by the council, the tourist board and the enterprise company as resource partners. That makes it easy for end consumers to have initial face-to-face contact, if that is what they prefer. It is a mix of both channels of communication.

**Bob Kay:** As far as the Eyemouth and East Berwickshire partnership is concerned, having a shop front in the middle of the town encourages people to walk in and ask “What are you here for? What can you do for me?” Such a focal point has not just helped industry and commerce, but has acted as a very important social link. People have undertaken a certain amount of self-motivated training in IT and other subjects, and such links are important in communities that are, by any standards, fairly deprived.

We have already mentioned the farming community; we also have a group that considers forestry issues and products. Moreover, tourism is incredibly important. The message is getting out to a wide range of people through contacts and representatives who sit on our forum, but it takes time. I am the first person to say that the one thing that can always improve in any organisation is communication. We have to work at that.

**Rhona Brankin:** I thank the witnesses for attending the meeting. You have obviously gone through a very difficult time in the past year and a half. It is interesting to examine areas such as the Borders and Dumfries and Galloway because of the ground-breaking work with non-traditional sectors and farming communities that is being carried out there.

It would be interesting to receive feedback on any contact that you have with the fishing sector, given the difficulties that the white fish sector has experienced recently. In light of the importance of the transport infrastructure, it would be useful if you told us about how you liaise with other forums on issues such as the Waverley line, which is of importance to the Borders and to my constituency, Midlothian.

11:30

**Bob Kay:** I will deal with fishing. There is a training problem with the white fish trade in Eyemouth. We do not have enough filleters. The nearest place in which training can be given is somewhere down in Northumberland. A training programme has to be put together, which will

involve working across boundaries, including national boundaries. We hope that we can improve the training situation.

We have been working hard on creating a better market for shellfish and on cutting out some of the stages that take profit out of the process. We had a recent trade trip to Spain, as a result of which we formed some interesting contacts. The forum has added value—add-on things happen around it. We need to get across the message that our role is to help and that if we cannot help, we always know somebody who can.

**David Gass:** We are tasked on behalf of the Scottish Enterprise network with examining the piloting of business advice on farming through the business gateway network. Whether it was fortunate or unfortunate, the two advisers that we employed took up their posts one month before foot-and-mouth disease came into the area. They acted as a front-line point of response for the farming community. The original project is back on track—we are considering how we offer advice on farm businesses, as opposed to more general business advice. Once the pilot has been evaluated, the project will be spread out across the network through the small business gateway. That is an example of how the business gateway model will work—by taking examples of best practice from pilots that have been shown to work and extending them elsewhere.

David Mundell asked about co-operation with other forums and bodies, particularly on transport and wider issues. In the Waverley railway partnership, we are involved primarily with Scottish Borders Council, Midlothian Council and the City of Edinburgh Council. Our role in the partnership as an economic development agency and a forum is to assess and build up the economic case for that transport link.

Similarly, the Borders local economic forum has worked closely with the Dumfries and Galloway local economic forum, primarily through the councils and the LECs. A south of Scotland alliance was launched in January, which will add value. The agenda of that alliance is to position better the south of Scotland in Europe, in terms of common agricultural policy reform and post-2006 European funding. The two areas have common issues and together they have a much stronger voice.

There are other major issues, such as ICT infrastructure, in which the two forums are involved across their boundaries with the Scottish Executive in the broadband pathfinder project.

**Brian Fitzpatrick:** David Mundell makes a challenging point. Any partnership must work out whether it is achieving its strategic ambitions, and a decision must be taken on whether to sustain or

to dissolve that partnership.

I am interested in your method of ensuring a full complement of private sector and public sector participation in the forum. I notice that your submission suggests rather cryptically that

"Private sector membership of the Forum is by selected individuals."

One might be tempted to think that the forum is one of those organisations that one does not know about until one is invited to join. How does that mechanism work in practice? How do you ensure public sector and private sector engagement? In Dunbartonshire there was a guiding coalition on the action plan, which tried to draw people in. There is a customer panel. How are you managing on that front?

We would probably envy your position—Scottish Enterprise Borders, Scottish Borders Council, Scottish Borders Tourist Board, Borders NHS Board and Borders College all sit within the borders of the Borders.

Under the "current actions" section I noted other advantages of co-location, including co-ordination of European Union objective 3 activity and the development of the small business gateway. What do you see as being the benefits of sustaining that partnership activity, in terms of your next steps?

**David Gass:** The private sector and public sector complement of the economic forum has existed since the forum's inception. From day one, the economic forum has addressed wider economic issues, not only business development support. In light of the action plan, we established a thriving organisations advisory group, which captured all the business support services work. We invited people, including representatives from the Federation of Small Businesses, the Borders professional forum and all the key sectors in the Borders, to come on to that body, which exists to act as a sounding board and advisory panel.

At the same time, it has been interesting for us that the main feedback from the customers has not been about duplication of products and services—if I am honest, our budgets probably do not stretch to allow us to duplicate and provide many other products—but about the quality of their experience when they have been in touch with the gateway. That is about issues such as response times and ownership of an inquiry, and whether the customer leaves feeling that that inquiry—whether it is by phone, by visiting the office or at another point of the transaction—has added value and has been relevant. Many of the evaluation forms and feedback on the training programmes that we run through the gateway, and the ongoing telephone questionnaire for all gateway clients and all Borders business clients, address those areas because they matter to customers in the Borders.

**Sandra Stewart:** We have the added advantage in the Borders of working in a small geographical area. As well as the formal economic forum, much informal working is going on and there is partnership working between the members of the forum. The main problem that the private sector must address is in getting the true representative views of the Borders business community back on to the table at the local economic forum, so that we can address the real issues in regeneration of the Borders, rather than potted versions from certain parts of the community. There must be true partnership working in order for us to succeed.

**Brian Fitzpatrick:** That suggests that for you, year 2 will be about better engagement. I would have thought that that would have been a year 1 task.

**Bob Kay:** Improving engagement is bound to be an ongoing task, is it not? I touched on that when I talked about communication. One starts at one moment in time and moves forward from it, and it is to be hoped that one makes progress all the time. I would be the first to admit that we are not there yet, but we are engaging more people and more businesses all the time. Our record on business start-ups supports that. Our customers are getting the positive, practical help that they want. They are our customers and we serve them.

**Brian Fitzpatrick:** What are the forum's next steps? What are your year 2 tasks?

**Bob Kay:** One of the most important areas for next year is to cover skills and labour requirements in our area. We are a big rural community and, as you know, our traditional industries—which now includes electronics—have been under pressure. Getting to grips with what is needed in the immediate future is our No 1 priority.

There are other priorities. We would benefit from and would welcome examples of best practice from the other forums. It would be great if we could learn from such examples and put them into practice in our area. We would also welcome greater involvement by the Scottish Executive, which could give us indications and priorities and so on. We might also feel that there was greater interest being taken by the Executive. However, we must always bear in mind our firm belief that, although somebody else might set priorities, we must be flexible enough to address issues that sometimes, to be frank, come out of the sun. Those things hit us, and when that happens we have quite a good track record in addressing them and in helping people and businesses through difficult times.

**David Gass:** Given the year that we have had and the fact that some of our problems will not be solvable during the next year or two, a key issue for us is to rebuild confidence in the economy. The

forum is ideally suited to lead on that. We will have to take action to develop our qualitative responses on business support services. We have got the first point of advisory contact about right and we must develop that, based on what our customers tell us. We have to maximise the budgets to get more products that are relevant to customers' needs.

As David Mundell suggested, the forum allows us to bring in a broad church—or body of people—to discuss specific issues. We are doing that more and more on issues such as ICT infrastructure in areas such as property market failure. In the forum, the work is divided among various groups with the relevant expertise.

**Marilyn Livingstone:** I represent a Fife constituency, which also has coterminous boundaries. The issues within those boundaries are just the same, and local economic forums have to take those issues on and drive them forward. The issue is not coterminous boundaries; it is how to deal with problems. I was glad to hear that you think that education, training and skills are big issues. The committee thinks that they are big issues too.

On three occasions, I think, you have mentioned how local priorities can be ensured within a national agenda. How can the committee ensure that its recommendations lead to your wishes being granted?

My second question is my main question. How do you see the area tourist board working within the forum? How effective has it been and what benefits has it brought to the Borders?

**Bob Kay:** I will answer the second question first. There is no doubt that the tourist board in the Borders has had its problems. It certainly had its problems last year, because the whole industry suffered terribly from foot-and-mouth. It has recovered from that to a certain extent.

A lot of good work has been done on identifying the social groups who want to come to the Borders to enjoy the facilities that we can offer. Efforts are also being made to stretch the season, because everybody comes in the summer. There have been some very good initiatives in that regard. They have not been part of the work of the forum but they have been part of the whole thrust of the work that has gone on in the Borders. There is the Borders walking festival in the autumn, for example, and there have been initiatives to extend the season at this time of year, with Easter coming up. There have also been cultural events in mid-winter. The tourist board has worked very hard. It has also helped a lot of people who suffered last year because of the outbreak of foot-and-mouth disease. Sandra Stewart will be able to talk about training initiatives that have helped with that.

**Marilyn Livingstone:** I have no doubt that the tourist board is working really well, but I am asking about the added value that it brings and about the way in which it works within the forum. What benefits does the area tourist board get from working within the forum?

**Bob Kay:** I am sorry if I misunderstood.

**Marilyn Livingstone:** No; that is okay.

**The Convener:** May I ask the witnesses to keep their answers brief because another member wants to ask questions?

**David Gass:** I can give one practical example on the tourist board. Its primary remit is to market the area and it has had a very successful initiative on short breaks and marketing the area as a leading Scottish destination. If all the business advice on quality and business intervention works in partnership with that and matches the marketing message that is going out, the product that is offered is much stronger. The forum has allowed us to bring in the wider agenda and focus on what we are trying to achieve. We benefit from having the tourist board's wider perspective alongside the one-to-one advice.

**Marilyn Livingstone:** My first question was about what recommendations the committee can make to ensure that you have local flexibility within the national agenda.

11:45

**David Gass:** I gather that the Scottish Executive and the task force will take time to visit the forum areas, to understand the issues and the way in which the forums work. I welcome that. That has not happened to date. Over the past year, we have been involved in written correspondence. Part of the fault possibly lies in our not getting the message across about what was going on in the area.

I echo what the other two forums have said about the need for flexibility to identify the issues that come from our customer base. In our area, the labour market and young people are key issues for the future. We must work on how we can best prioritise and address those issues and how we can benefit from a national framework to allow us to do that.

**The Convener:** Are all three of you members of the forum?

**Bob Kay:** Yes.

**David Gass:** Actually, we are not. Bob Kay is a representative of the forum members, I led the work on business advisory support services and Sandra Stewart is a representative of the private sector. Given today's agenda, we thought that it might be useful to have people from outwith the

closed circle of the forum's membership.

**The Convener:** You are obviously here as the chief executive of Scottish Enterprise Borders and Sandra and Bob are here as members of the forum.

**Bob Kay:** Yes.

**Sandra Stewart:** Yes.

**The Convener:** Brian Fitzpatrick asked how someone becomes a private sector member of the forum. We are all still mystified by the answer to that question. Will you tell us, please?

**Sandra Stewart:** I echo what Brian Fitzpatrick said. I was invited to take part in the forum in my role as the chair of the Borders professional forum, which is a mini chamber of commerce and does not provide the same level of services and support. We are a mini chamber from the point of view that we are a group of professionals and organisations in the Borders who get together for the common good of working in the Borders.

**The Convener:** Who invited you to join and who are the other private sector members of the forum?

**Sandra Stewart:** I was invited by Scottish Enterprise Borders. We are going through a period of change. The make-up of the forum is changing because of the different agenda and the different sectors that we are addressing. We have representatives from the agricultural sector, the textiles sector, the manufacturing sector, the FSB and the education sector.

**The Convener:** Are they all hand picked by Scottish Enterprise Borders?

**Sandra Stewart:** No.

**David Gass:** Bar the representatives from the FSB and the Employment Service, they are all original members of the forum. I was not involved at that stage, but more than 100 private sector individuals put in time and a number of them stepped in and engaged with the forum. The exercise that we were asked to go through showed that we did not have the forum representation to address business support services, hence the thriving organisations advisory group and other customer consultation.

**The Convener:** Has anyone who wanted to be a private sector member of the forum been turned down?

**David Gass:** Not to my knowledge.

**Bob Kay:** They would have been welcomed with open arms, but they are not giving themselves up at the moment.

**The Convener:** We had to clarify that.

**Mr Macintosh:** That is an interesting point, which needed clarification. The question of the selection of the membership of the forum—not just in your area, but in other areas—occurred to me earlier in the year. I am interested to hear how it works in the Borders.

I have a brief question on savings. As David Mundell suggested, the Executive's report was quite critical. I would like to clarify that the point of the forums is not to make savings, although that may be one of their benefits. Both Dunbartonshire local economic forum and Glasgow local economic forum made that point earlier. Did you make savings when new ways—or whatever it was called—was set up in 1999 and, if so, how much and in what areas?

**Bob Kay:** We calculated that the sum saved was £175,000, or 5 per cent. The money was recycled back into services.

**Mr Macintosh:** Where were those savings made? Were they made in staffing in Scottish Enterprise Borders or Scottish Borders Council?

**Bob Kay:** David Gass can answer that question better than I can.

**David Gass:** Most of the savings were probably found when we recontracted the small business gateway. We went out to tender and brought a lot of the service providers in-house. Savings in shared office costs, for example, are on-going—all the partners now share offices in Hawick and Eyemouth. The savings are smaller now, but more money is being reinvested to maximise European funding for particular products.

**The Convener:** Thank you for your extremely helpful evidence.

## Local Government Covenant

**The Convener:** Agenda item 2 is the draft covenant between local government and the Scottish Parliament. We have been asked to consider the covenant and to pass on to the Local Government Committee any points that members might raise.

I will make two points. First, we need to address the position of councils that are not members of the Convention of Scottish Local Authorities, of which the most notable is Glasgow City Council. The Parliament must cover all local authorities, not just those that are members of COSLA. For example, we should bear in mind the importance of Glasgow to the Scottish economy. Secondly, last year I was invited, as convener, to attend a meeting of COSLA's economic development and planning committee, which is chaired by Willie Dunn. Since he became the chair of that committee, he has co-operated and interacted with the Enterprise and Lifelong Learning Committee. The covenant simply formalises what is already—I hope—a good relationship between the Enterprise and Lifelong Learning Committee and the relevant COSLA committee. Do members have comments?

**Brian Fitzpatrick:** Are you proposing an accretion to the proposed framework in the fourth bullet point on page 4 of the draft covenant? I note that COSLA will produce a co-ordinated response, but the consultation will presumably take place with individual councils. The draft covenant goes on to say:

“On certain specialised topics some councils will have an interest”—

such as economic regeneration of the Clyde or housing. It strikes me that that is a commitment to consult both councils that are members of COSLA and those that are not. Do we need to add anything further to that?

**The Convener:** I am simply suggesting that, in our response to the Local Government Committee, we should emphasise the fact that the covenant should cover all local authorities, not just those that are members of COSLA. In later sections of the draft covenant, such as the bullet points under section 16, which deals with consultation, the emphasis seems to be on COSLA, for obvious reasons. We should underline the point that we would have to consult the other councils as well. We have always done so when we have requested evidence and so on. My suggestion is not that we make textual changes, but that we note that point.

**Brian Fitzpatrick:** A conjunction is always helpful when it is there.

**Mr Macintosh:** I would welcome further explanation of the “Review and Renew” section, which is under the heading of “Monitoring the Agreements”. I was not quite sure how the standing joint conference would be elected or selected, although its functions are clear. Paragraph 22 begins:

“The Conference will develop its own set of agreed working practices”.

The document also talks about membership of the conference, but it does not explain how the membership will be drawn up.

**The Convener:** I understand that the draft covenant is about the principles. If the Parliament as a whole agrees to the covenant, it would be up to the Parliament, through its normal procedures, to agree how representation from the Parliament would be established. I suppose that the situation is similar to the way in which the Parliament has procedures for establishing representation on outside bodies such as the Commonwealth Parliamentary Association. The matter would be dealt with under the Parliament's internal procedures, once it had been agreed in principle.

**Mr Macintosh:** I would welcome further explanation of that at some point. It is important to establish how a formal body such as this should be represented in Parliament, what powers it should have, and what its relationship with the Parliament and local government should be.

I welcome the document and what the Local Government Committee and local authorities have produced. I am very aware of the creative tension that exists between the Local Government Committee and local authorities. It is useful to have mechanisms that ensure that both sides have the opportunity to express concerns about the relationship.

**The Convener:** We all endorse the comments that Kenneth Macintosh has made.

Do members agree with the suggested response?

**Members indicated agreement.**

## Subordinate Legislation

### **Electricity from Non-Fossil Fuel Sources (Locational Flexibility) (Scotland) Order 2002 (SSI 2002/92)**

### **Electricity from Non-Fossil Fuel Sources (Scotland) Saving Arrangements (Modification) Order 2002 (SSI 2002/93)**

### **Fossil Fuel Levy (Scotland) Amendment Regulations 2002 (SSI 2002/94)**

**The Convener:** Agenda item 3 is consideration of three statutory instruments, on which we will take evidence from Ben Maguire, whose face is becoming familiar to the committee. I invite him to introduce the instruments.

**Ben Maguire (Scottish Executive Enterprise and Lifelong Learning Department):** The three statutory instruments are closely related. The first, the Electricity from Non-Fossil Fuel Sources (Locational Flexibility) (Scotland) Order 2002 (SSI 2002/92), provides some flexibility within the existing Scottish renewables obligation mechanism. The SRO obliged the two Scottish electricity companies, Scottish Power and Scottish and Southern Energy, to enter into contracts with renewables generators. Those contracts were specific to sites and renewables generation was limited to such sites. Although there has been considerable success in commissioning SRO projects, there is evidence that some improvement could be achieved by allowing contractors to relocate their sites to places where they could, for example, obtain planning permission.

The purpose of the order is to enable projects to be relocated within Scotland. It will have two benefits. First, it will improve the liquidity of the renewable obligation certificate markets that are to be introduced when the renewables obligation (Scotland) comes into force on 1 April. Secondly, it will generate additional funds to offset the fossil fuel levy. I will return to the matter in a minute or two.

The other two orders—the Electricity from Non-Fossil Fuel Sources (Scotland) Saving Arrangements (Modification) Order 2002 (SSI 2002/93) and the Fossil Fuel Levy (Scotland) Amendment Regulations 2002 (SSI 2002/94)—come as a pair and are also related to the Scottish renewables obligation. Under the SRO, the extra cost to Scottish Power and Scottish and Southern Energy of purchasing the output from the contracted renewables generators is met by a levy—the fossil fuel levy—that is raised on every electricity consumer in Scotland. From 1 April, the

Scottish renewables obligation contracts—or most of them—will be eligible for the new renewables obligation. If we did nothing, Scottish Power and Scottish and Southern Energy would be in receipt of a substantial windfall—something in the order of £100 million a year—because the certificates would be tied to the electricity that they purchase under the Scottish renewables obligation contracts.

We had two options, the first of which was to exclude the Scottish renewables obligation contracts from the new obligation. The second option was to make arrangements to capture the benefit of the certificates and to use it to offset the cost to the consumer of the fossil fuel levy. The two orders are intended to put in place the second option, which is much more attractive as it would help provide liquidity within the ROC market as of 1 April 2002. It would also reduce the rate of the fossil fuel levy, which currently accounts for 1.2 per cent of Scottish electricity bills in Scotland. As of 1 April 2002, the Office of Gas and Electricity Markets has set the rate to be 0.6 per cent. As a result of the auction arrangements that are being put in place, that 0.6 per cent is likely to disappear altogether in the course of the coming year. The saving will mean that Scottish electricity consumers will not in effect be paying twice for the same renewables obligation.

12:00

**The Convener:** Thank you. Do members have any questions?

**Mr Macintosh:** I take it that the certificate is issued for a fixed place. Instead of allowing the companies to move, why not just allow the certificate to be flexible or simply issue a new certificate quickly? Is that not possible?

**Ben Maguire:** The original order made provision for contracts to be entered into against projects in specific locations. We had the choice of either introducing an order to allow some flexibility in the original order or making orders for each case that came our way. We thought that the method that we chose was the more appropriate.

**Mr Macintosh:** Of the 109 contracts, are there many that would require that flexibility?

**Ben Maguire:** One hundred and nine contracts were awarded under the three SRO orders, of which 33 have been commissioned and a further seven are in the process of construction. That is quite a good uptake. We are aware of only one project that has a crying need for flexibility to be introduced. The biomass project on the island of Arran has obtained planning permission for a location other than that which was specified in the contract. It is possible that one or two other projects could take advantage of the relaxation of

the provisions, but we do not expect people to be banging at our doors to do so.

**Mr Macintosh:** Will the minister have the power to decide whether the flexibility should be exercised?

**Ben Maguire:** Yes.

**The Convener:** I understand that the Subordinate Legislation Committee made no comments on the orders. As they are negative instruments, we are asked only to consider them, not to vote on them. Does anyone have any comments that they want to be recorded?

**Brian Fitzpatrick:** I was intrigued by the cover note's cryptic reference to a number of points that you were going to elaborate on.

**The Convener:** First, that was a mistake, as it should have said "the clerk" rather than "the convener". Secondly, that cover note was simply a proviso because the Subordinate Legislation Committee did not discuss the instruments until yesterday. As the Subordinate Legislation Committee, which is under the convenership of my good colleague Margo MacDonald, decided not to make any comments or observations, that paragraph is now redundant.

**Brian Fitzpatrick:** I am content again.

**The Convener:** Is everyone happy with the instruments?

**Members** *indicated agreement.*

**The Convener:** Before I close the meeting, I remind members that there will be no formal meeting in the next three weeks, which must be a record for the past 18 months. The convention takes place on 15 April. I remind members that the next committee meeting is on 17 April, when we will take evidence from the minister.

*Meeting closed at 12:04.*



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