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Official Report

ECONOMY, ENERGY AND TOURISM COMMITTEE

Wednesday 23 April 2014

Session 4

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ECONOMY, ENERGY AND TOURISM COMMITTEE
11th Meeting 2014, Session 4

CONVENER

*Murdo Fraser (Mid Scotland and Fife) (Con)

DEPUTY CONVENER

*Dennis Robertson (Aberdeenshire West) (SNP)

COMMITTEE MEMBERS

*Richard Baker (North East Scotland) (Lab)
*Marco Biagi (Edinburgh Central) (SNP)
*Chic Brodie (South Scotland) (SNP)
*Alison Johnstone (Lothian) (Green)
*Mike MacKenzie (Highlands and Islands) (SNP)
*Joan McAlpine (South Scotland) (SNP)
*Margaret McDougall (West Scotland) (Lab)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Councillor Neil Benny (Stirling Council)
Dr Mike Cantlay (VisitScotland)
Bruce Crawford (Stirling) (SNP)
David Eiser (University of Stirling)
Morag Gillespie (Glasgow Caledonian University)
Pete Irvine (Unique Events)
Peter Kelly (Poverty Alliance)
Dr Jim McCormick (Joseph Rowntree Foundation)
Caroline Packman (Event Scotland)
Kevin Robertson (Stirling Council)
Bill Scott (Inclusion Scotland)
Pete Selman (National Trust for Scotland)
Dr Katherine Trebeck (Oxfam GB)

CLERK TO THE COMMITTEE

Fergus Cochrane

LOCATION

The James Clerk Maxwell Room (CR4)

Scottish Parliament

Economy, Energy and Tourism Committee

Wednesday 23 April 2014

[The Convener *opened the meeting at 09:17*]

Interests

The Convener (Murdo Fraser): Good morning, ladies and gentlemen, and welcome to the 11th meeting in 2014 of the Economy, Energy and Tourism Committee. I welcome all members and witnesses—whom I will introduce shortly—and the guests who join us in the gallery. I remind everyone to please turn off, or at least to turn to silent, all mobile phones and other electronic devices, so that they do not interfere with the sound equipment.

Later in the meeting, we will be joined by an additional member—Bruce Crawford, who is the MSP for Stirling—for our agenda item on Bannockburn live.

We come to agenda item 1. I welcome Joan McAlpine, who is a new member of the committee, although she is a very familiar face, as she has been a substitute on the committee in the past. I also record the committee's thanks to Christian Allard for the contribution that he made to the committee's work over the months for which he was with us.

I invite Joan McAlpine to declare any relevant interests.

Joan McAlpine (South Scotland) (SNP): Thank you, convener.

I refer members to my entry in the register of members' interests. In particular, I refer to the fact that I am employed by the *Daily Record* newspaper to write a weekly column.

The Convener: Thank you very much.

Scotland's Economic Future Post-2014

09:18

The Convener: Agenda item 2 is continuation of our inquiry into Scotland's economic future post-2014. We will hear from two panels of witnesses. I welcome our first panel. We are joined by Bill Scott, who is director of policy at Inclusion Scotland; Dr Katherine Trebeck, who is policy and research adviser at Oxfam GB; and Peter Kelly, who is director of the Poverty Alliance. Thank you for joining us.

We are a little short of time this morning and have a lot to get through; we will probably allow this opening item to go on for about 75 minutes. Therefore, I remind members to keep their questions short and to the point. It would be helpful if members could direct questions at particular members of the panel rather than asking them of all three panellists. If panel members would like to respond to a question that has been addressed to someone else, they should catch my eye and I will bring them in, as time allows. If answers could be kept as short and focused as possible, that would be very helpful in allowing us to get through what I am sure will be a broad range of topics in the time available.

As we have had written submissions from some of the panellists, which have been useful in helping us to understand their position, instead of asking for opening statements, I will start with a general framing question, which I will put first to Katherine Trebeck.

In the debate on Scotland's constitutional future, there has been a great deal of debate about poverty and inequality. One of the claims that we often hear being made is that the United Kingdom is the fourth most unequal country in the world; sometimes the qualification is made that it is the fourth most unequal country in the developed world. John Rentoul, who writes for *The Independent*—I am sure that the panel will be familiar with his work—has written quite a lot about that. He says that the UK ranks 28th out of the 34 Organisation for Economic Co-operation and Development countries on income inequality, but 14th out of 34 on wealth inequality. Over the past decade, income inequality has been reducing, probably as a result of the recession.

I would be interested to get your take on that. Do you think that it is important that when we are having the debate we frame it with accurate information, rather than make fairly wild assumptions?

Dr Katherine Trebeck (Oxfam GB): Absolutely. I think that there are too many myths swirling around on welfare reform and poverty. The false dichotomy between "strivers and skivers" is a case in point. Sometimes, what we hear is blatant propaganda, so it is crucial that we stick to facts.

The point that you make about income inequality versus wealth inequality is crucial. A few weeks ago, Oxfam published a report that identified that five families in the UK own as much wealth as the entire bottom 20 per cent of the population. That shows the dire extremes of wealth inequality. I suspect that many people understand income inequality, but wealth can be hoarded to a much greater extent. It is important that we extend the discussion beyond income inequality to wealth inequality, because wealth opens up different mechanisms for taxation and policy activity.

I suspect that my colleagues will probably have comments to make on that.

Peter Kelly (Poverty Alliance): I agree with Katherine Trebeck that we must have accurate figures. Some figures will be interpreted in different ways, but we need to start with an accurate assessment of the levels of income inequality and wealth inequality.

I back up the point that Katherine Trebeck has just made; the issue is a fundamental one. Inequality has diminished to some extent over the period of the recession, but the extremes of wealth inequality and income inequality in the UK and Scotland are stark. It is not just the existence but the impact of those inequalities and what they mean for people in Scotland and the rest of the UK that are important.

The Convener: To pick up on that last point, David Eiser from the University of Stirling, whom I am sure you know, and who will be on the second panel, said in his submission:

"Income inequality in the UK is high relative to international comparators, but this is largely the result of a 'London-effect'."

Many extremely wealthy people live in London; it is a world city. He went on to say:

"Inequality in Scotland is roughly average compared to OECD countries".

Do you think that that is a fair analysis?

Peter Kelly: There is no doubt that London has a significant distorting effect on the UK and the UK economy, and that it has an impact on inequalities outside London, so that statement is accurate.

Dr Trebeck: Except that "average" is still quite bad when we remember that, over the past 20 or 30 years, inequalities have got worse across the developed world. In the report that we published last year called "Our Economy", we highlighted the fact that the wealthiest households in Scotland are 273 times richer than those at the bottom. The factor for the UK is 500, but a factor of 273 still suggests a pretty unequal picture. It is true that the position in Scotland might not be as bad as the situation that the UK is in as a result of the London effect, but it is still the case that we are an extremely unequal country. If we add to that the growing health inequalities, this stuff is translating into life-and-death situations.

The Convener: Do you want to say anything, Mr Scott?

Bill Scott (Inclusion Scotland): I have very little to add, except to say that, with regard to income inequality, disabled people are even worse off than the average person in the population. They are almost twice as likely to be living in poverty as an adult who is not disabled, and the disparities in Scotland that Katherine Trebeck has referred to expand again for disabled people. In short, the average disabled person is likely to be significantly worse off.

The Convener: Okay. I will hand over to Dennis Robertson.

Dennis Robertson (Aberdeenshire West) (SNP): Good morning. We are trying to establish the facts here. With regard to inequality, do you see the referendum as an opportunity for change? If so, where do you want that change to take us? What pathway should we be taking in order to redress inequality? As the Oxfam submission points out, we have been looking at this issue since 1975. Inequality exists, and every Government since that time has failed to address it. Does the referendum provide an opportunity for change?

Dr Trebeck: It will not surprise any of you to learn that Oxfam has no official position on the outcome of the referendum—

Dennis Robertson: I am not asking about the outcome—I am asking whether it provides an opportunity for change.

Dr Trebeck: We are in no doubt that we need a radical change in our approach to Scotland's economy. What is exciting about the referendum is that it has opened up a discussion across Scotland about the sort of country that we want it to be. You are probably aware of our humankind index, which has quite fortuitously fallen into that space and has contributed to the discussion on whether we want this country to continue to have the extremes of inequality that I have mentioned, and whether we want a country where the wealthiest households are 273 times better off than the poorest, where health inequalities are growing, where in-work poverty and the number of zero-hours contracts are on the rise, and where

we are seeing the dire rise of food banks. Indeed, there is no greater indictment of the broken nature of our economy and social safety net than the increase in food banks. Regardless of the outcome that one seeks, the debate that the referendum has spawned has been a really important and positive development, and I hope that we will be able to capitalise on that, whatever scenario we find ourselves in on 19 September.

Peter Kelly: Like a lot of civil society and voluntary organisations, we have for a long time now been having the debate about the kind of economy, social safety net and social security system that we need, and September's referendum has allowed a conversation that has, unfortunately, sometimes gone on between too few individuals and organisations, to spread out much wider. The Poverty Alliance's initial contribution to the referendum debate came out in, I think, September 2012, when we published a discussion paper that set out questions for all sides of the referendum debate, and since then we have taken part in many discussions. Indeed, last year, our Scottish assembly for tackling poverty quite heavily featured debates on constitutional change. Like Oxfam, we are not taking a position on the referendum itself, but it has presented an opportunity for discussions like this one to take place and for us to ask what needs to change in Scotland.

Dennis Robertson: Mr Scott, do you see the referendum as an opportunity for change in the world of people with disabilities?

Bill Scott: Yes. I think that everyone agrees that the debate surrounding the referendum provides an opportunity to work out the sort of Scotland we want to live in in the future—and perhaps even the sort of Scotland we would like to live in in the present or not so far into the future.

Dennis Robertson: I will not argue with that.

Bill Scott: We do not have a position on the referendum, because disabled people's views on the matter are as diverse as those of non-disabled people and we do not want to divide one from the other on the issue. We want to leave people to make up their own minds.

However, we definitely have an opportunity here. Disabled people have been campaigning for independence longer than the party in government, because they want to live independently in the community and to be part of mainstream society. That goal can be highlighted during the referendum debate to find out how all sides respond to the question, "Are you in favour of disabled people playing a full part in society? If so, what sort of Scotland do we need to achieve that?" Whatever the referendum's outcome, those questions will remain, but if we are able to discuss them during the course of the referendum, we might find ourselves closer to an answer afterwards.

09:30

Dennis Robertson: What are the current barriers to progressing that change?

Bill Scott: There is still the massive barrier of the stigma that surrounds disability, which I think has become worse in recent years because of some of the "strivers versus skivers" rhetoric. A lot of disabled people have—wrongly—been described as not wanting to work when in fact there are many barriers to their being able to work. Not only are there all the physical barriers such as the fact that transport is not yet fully accessible and that many buildings, too, are not accessible, but many employers are not receptive to the idea of disabled people being in the workplace, so the referendum might create opportunities for a discussion with employers about the skills and experience that disabled people can bring to the workplace. Many of them simply do not get the chance to exercise the skills that they have acquired.

Dennis Robertson: Do any of the other witnesses wish to make any points about current barriers with regard to inequality?

Peter Kelly: If we are talking about barriers to economic change, I think that the way in which the labour market, which Bill Scott has just mentioned, currently functions, the way in which people can or cannot access it or remain in it, and the rewards that they receive for work, form significant barriers to reducing income inequality and addressing poverty. Members will know that, according to recent statistics, in-work poverty has become one of the key causes of overall poverty. How our labour market functions is itself a barrier. That will remain an issue regardless of the outcome of the referendum, and we need to think about the policies that are required to make our labour market work better for those who are currently at the bottom of it.

Dr Trebeck: I want to make just a brief point, because I could be taking us into huge uncharted territory. Another barrier is the extent of the current economic orthodoxy and the push towards economic recovery instead of building back a better economy. It is not good enough to go back to business as usual, because business as usual did not serve us well enough prior to the recession. Oxfam's mantra in aid situations—for example, after the Philippines typhoon and tsunami—has always been "Build back better", and we should be applying that to the economy instead of trying to recover the old model that did not serve us well enough before. That model did

not reduce poverty to the extent that we needed it to be reduced, and it certainly did not reduce inequality or bring down health inequalities. We need to move away from seeking faster recovery and faster economic growth and instead to think about building back better and creating a better economy that addresses those inequalities head-on.

The Convener: Thank you. I am sure that we will explore some of those issues in more detail.

Margaret McDougall (West Scotland) (Lab): Good morning. Peter Kelly mentioned in-work poverty, which, along with other issues, highlights the level of poverty and inequality in our society. Would the living wage assist in addressing that inequality?

Peter Kelly: Absolutely. The Poverty Alliance was one of the organisations that established the living wage campaign in 2007. We have been strong supporters of it for a long time. We adopted the living wage campaign because people who were living on low incomes and who were in work or out of work kept telling us that things were not working for them and that they could not make ends meet when they were in the labour market.

The work that is being done on the living wage undoubtedly helps individuals to lift themselves out of poverty, but it also sets out a different way for an economy to work. It begins to set a different agenda for the relationship between workers and employers and it points to a different role for employers in our economy—one that is not just about profit or growth but about social responsibility, which is expressed by employers paying the living wage.

Margaret McDougall: We should grasp every opportunity that we can to increase the use of the living wage. I feel that the Procurement Reform (Scotland) Bill provides a good opportunity to do that.

On equalities and what is happening on welfare reform, if there were an independent Scotland, what taxation levels would be required to support a welfare service that reduced poverty and inequalities?

Bill Scott: If in-work poverty was reduced, not as much would have to be spent on the welfare bill. That is one of the lessons that people should learn. A living wage reduces the amount that is spent on universal credit or housing benefit, because people get the money in their wage packet rather than from the state.

Margaret McDougall: So the living wage is crucial.

Bill Scott: There are a number of measures. Disabled people's organisations support the living wage because, although only two in five disabled people of working age in Scotland are in work—in comparison with four out of five non-disabled people of working age—those who are in work are often in entry-level jobs that pay the minimum wage. The living wage is an extremely important issue to those organisations.

A high level of taxation might be needed to fund the system. However, collecting uncollected taxes would go a long way towards creating a more supportive welfare system. We should also begin to think about how we spend social care money to support the welfare system. Does disabled people's life and limb cover enable them to participate in the labour market? I do not think so. It does not necessarily allow them to attend college. It does not allow them to volunteer and acquire skills and experience that they can take into the labour market in order to compete with non-disabled people.

We should think about a welfare system that is more than a safety net and which supports people to fulfil their potential. If it did that, less would be spent on healthcare, because people who have a good sense of wellbeing and feel that their lives are worth while tend to use the health service less. That fact is demonstrated in every study of health inequalities.

I am not a tax expert, but I suppose that a higher-tax regime would be needed. However, there are ways to reduce the overall health and welfare budget through investing in people rather than just having a safety net to catch people when they fall out of or are prevented from entering the labour market.

Whether or not we are in an independent Scotland, we need to think creatively about what sort of society we want. If we want people to participate and to have feelings of self-worth, we have to allow them to take on the roles and responsibilities that they want to take on but are currently prevented from doing because the state does not support such activity.

If someone who is unemployed does too much voluntary work, they are told that they are not fulfilling their job-seeking conditions. I have worked in the voluntary sector for 25 years, and colleagues whom I started with and who were volunteers are now directors of voluntary organisations. Voluntary work is a tremendous route into employment, yet we are not supporting people to do it. We need to rethink what we are about so that we can give people the support that they need to succeed and to enable our society to succeed.

Dr Trebeck: I will build on Bill Scott's point. The issue is not so much the outright levels of taxation, although we should certainly collect all the taxes that are due and introduce things such as the

Robin Hood tax to undermine speculation and raise tons of money for welfare here and to support people around the world. That should go without saying, but the discussion goes beyond outright levels of taxation.

Unfortunately, I do not carry many statistics around in my head, but one of the few statistics that sticks in my head is from the Christie commission—it is that 40 per cent of local government spending is due to what it called failure demand. It is remedial spending because, due to inequality, we have failed to fix people's lives in the first place.

If we track through to a logical conclusion the idea of creating a healthy society and an economy that we can build back better, and if we create an economy that supports people in the first place, we could have lower levels of tax, because we would keep people healthy in communities, so we would not need to expend lots of money in accident and emergency departments, the court system and so on. I urge the committee to broaden the discussion to what sort of economy we require to help people to live good, healthy and fulfilling lives, so that they do not require failure-demand spending at the end stage. That spending is always more expensive, because it involves judges and highly paid consultants in hospitals and so on rather than the perhaps less glamorous work of community health workers and so on.

Alison Johnstone (Lothian) (Green): I will direct my questions to Mr Scott and then to Dr Trebeck. To date, the economic arguments for and against independence have mainly focused on the prosperity of the nation as a whole. Do we still have an opportunity to influence undecided people by looking at more specific aims?

Mr Scott's submission suggests that inequalities can

"increase whilst overall improvement occurs".

Your submission gives the example that we can

"'increase the proportion of young people in learning, training or work'",

but that might have no impact whatever—or perhaps even a negative impact—on young people with disabilities.

Your submission also refers to care charging. I was fairly astonished to read that

"although millionaires are only required to pay tax at 45p in the pound the marginal tax rate imposed on disabled people by this 'Care Tax' can exceed 90% of their income".

Do you think that, if more attention was given to those issues and more awareness was raised as part of the debate, we might see—who knows?—some change in the polls?

Bill Scott: I honestly do. It is a great unknown that care charges have grown over the years and are increasing at a faster rate than inflation. I know disabled people who pay out in charges more than 90 per cent of the income that comes into their house. People who medically retired from work in their 50s and have a significant pension can find that it is practically all taken back by their local authority in charges.

We do not have a debate in society about that level of taxation—such charges are taxation to a disabled person. A disabled person pays their normal income tax, council tax and so on, and an additional charge is placed on them for their daily care needs. If that person went into hospital, we would think it an obscenity if they were charged for their daily care needs in that way.

09:45

I see the referendum as an opportunity to debate why disabled people are placed in that position in our society, how much it would cost to change that and how we could operate more effectively. Care charges do not raise a lot of revenue in comparison with local authorities' total care budgets, but they are seen as a way of generating at least some revenue when other options are closed—as they are at the moment, because council tax is frozen.

We could get into a debate about what forms of local taxation might be less regressive and might provide services that we really need. One problem is that the council tax freeze can be regressive, because lower-income people rely on council services more. On the other hand, if the council tax is raised, that will be a barrier to people going into employment because, as soon as they step into employment, they will be asked to pay more.

We have to look at how we can come around to a form of local taxation that is less regressive and does not penalise people who are on low incomes as much. The current ratchet effect for the council tax means that, if it is raised at all, people who are on low incomes pay significantly more as a proportion of their incomes than do those who are on higher incomes.

Alison Johnstone: Mr Scott, your submission says that

"the UK welfare system is geared to one outcome, placement in the labour market."

Dr Trebeck's submission picks up on the fact that

"Work is no longer a guaranteed route out of poverty."

Her submission points out that 700,000 people are in poverty in Scotland, and 280,000 of them are working.

Are you surprised that the issue is not receiving more attention as part of the debate? My colleague Margaret McDougall mentioned the living wage. Surely that should have a much higher profile, because it could be transformational in terms of taxes collected and in lifting people out of poverty. Why has the debate focused on several issues fairly narrowly to this point?

Dr Trebeck: I do not have strong views about interpreting why the debate has gone in one particular direction. To answer your question about whether I am surprised, I am devastated that the debate has not talked more about the quality of work.

Several years ago, I had a conversation with your colleagues on the equivalent committee then about how we measure employment and unemployment. The message from the humankind index is that we need to dig beneath the fairly bland figures to look at the quality of the jobs that are being created. It is not good enough to say that more people are in work if they are working on zero-hours contracts or if their jobs are insecure.

We know from conversations that we had around the country when we were talking about the humankind index that people do not necessarily want loads and loads of money. They want sufficiency and security of income and a suitable job that is very different from the precarious work that is emerging at the moment. We need to have a much richer and more nuanced conversation about the type of work and perhaps to turn our attention to creating a measure of decent work. Perhaps there is a conversation to be had about what such decent work would entail.

Around the office, I constantly use the phrase "the tyranny of averages". If we are looking only at the mean levels of per capita gross domestic product and the prosperity of the nation as a whole, we will not dig beneath that to see who is being left behind, what conversations we need to have, what policy prescriptions we need to put in place, what changes we need to ask of business behaviour and so on.

I guess that we are going back to the original question that opened today's meeting, which was about the evidence that we need. We need to dig below the headlines. The issue is not just about bland employment figures and GDP per capita; ultimately, it is about what sort of country we want.

I know that members are all familiar with the humankind index. While the index tracked up very slowly at a national level, when we compared deprived communities with Scotland as a whole, there were gaps in a range of aspects of people's lives. That is what politics is about. It is messy and hard work, but it is about delving deeper and having the conversation. That goes back to the original question about finding the appropriate facts and not just settling for bland headline figures or being misled by averages.

Richard Baker (North East Scotland) (Lab): I have a supplementary to Alison Johnstone's questions. She referred to care charges for people with disabilities, which Mr Scott highlighted in the Inclusion Scotland submission. That issue relates to local government funding and taxation. As part of the referendum campaign, we could debate our approach to the funding of key local services that are already within this Parliament's bailiwick. However, should we not be debating that anyway, whatever the context?

Bill Scott: I cannot disagree with that. The Parliament has powers that could address some of those issues. Unfortunately, there are other issues—such as the interaction of various welfare benefits with earned income and so on—that are outwith the Parliament's powers. It would be difficult for the Parliament to address some of the barriers at the moment.

Richard Baker: What about care charges and local authority taxation?

Bill Scott: They definitely could be addressed.

Chic Brodie (South Scotland) (SNP): For three days last week I was in London and the Thames valley. I echo Dr Trebeck's comment that nothing has changed. House prices in London rose by 70 per cent in 18 months, and always in particular areas. There are pockets of poverty in London. However, it appears that nothing has changed.

We talked earlier about the fact that the UK ranks 28th out of 34 nations in the OECD on the measure of overall inequality. Does the panel believe that inequality has been properly addressed by Westminster Governments? If there is a no vote, will it be addressed in future?

Peter Kelly: On the question whether Westminster Governments have addressed inequality effectively before now, the answer is no. You also asked whether the Westminster Government would address it if there was a no vote in September. I remind members that the Poverty Alliance does not have a position on the referendum. However, I would say that there would be nothing to prevent the Westminster Government from addressing inequality post a no vote. These things can be addressed. The Poverty Alliance has been around for more than 20 years—prior to the establishment of the Scottish Parliament—and we have always argued that we need to do more to tackle inequality. That is not a new argument for us. Wherever powers sit in future, we will argue that choices need to be made to address inequality effectively.

Dr Trebeck: My answer to the first question is no, too. Inequality has certainly not been sufficiently addressed by the current configuration, whichever party has been in power in Westminster, here and at local authority level, because they all have a role to play. The received wisdom seems to be that in the early part of this century, inequality was held back slightly because of policy changes, which shows that policy does work and is important. However, some of those policies are now being eroded.

The target in the national performance framework—I also keep a copy of that on my desk—to reduce income inequality is an example of what changes could be made. From memory, and I am a little bit rusty because I have changed jobs since I last paid deep attention to the issue, that largely focuses on the bottom end of the income spectrum. We urge that that focus be changed in order to cast the gaze across the whole income spectrum.

The communities that we work with are constantly saying to us that poverty is about wealth and riches, and that it is not just about people at the bottom of the income spectrum but about people across the whole of society. In our written evidence, we have suggested that, for example, a maximum wage or earnings ratio should sit alongside the work that the living wage would do to raise people up from the bottom. The living wage is life changing and vital, but it is only the first step and we need to go beyond that.

Bill Scott: Neither we nor Westminster has done enough to tackle inequality in Scotland. I was originally trained in statistics, as anyone who reads my submissions would be able to tell. We sometimes face, to steal Katherine Trebeck's phrase, "the tyranny of averages." When we see an improving trend we think that we have tackled the problem. For example, life expectancy has risen for the past two decades, but we have also had rising health inequalities. People do not understand how that can be possible. The fact is that that happens because the life expectancy of those at the top is improving faster than that of those at the bottom. The same applies to employment.

The Scottish Government has a lot to be proud of by keeping unemployment rates relatively low in Scotland compared with the levels in other parts of the UK. Unfortunately, at the same time as relatively high employment levels have been maintained in Scotland, the rate of disabled people's employment has fallen. That fact is missed in the average figures. We are worried that, even in the economy that is being created, there seems to be less place for disabled people in the workplace. We need to examine why that is occurring. Is the move to more digital forms of service economy acting as more of a barrier than before? Is the loss of places such as Remploy being felt? The idea is that we move people out of such organisations into mainstream employment, but are they moving into mainstream employment? In other words, we need to dig deeper than the headline figures on, for example, how many people are in work if we are to understand and tackle inequality.

Chic Brodie: I agree. Unfortunately, we do not have the time to drill down and look at some of the issues that I want to talk about, such as quotas and the involvement of young people.

You clearly agree that we are where we are because those who controlled the funding and the policy have failed. In Oxfam's response to the UK budget, Dr Trebeck says that the welfare cap is

"hardly something to be applauded."

and that the chancellor's

"commitment to helping the poorest in the UK is questionable."

All the main Westminster parties are agreed that there should be a welfare cap. If we were to assume a no vote, what would be the long-term impact of the UK Government's welfare spending cap, particularly on low-income families? Does the cap not, in effect, lock in the UK Government's welfare cuts?

10:00

Dr Trebeck: I think that it is better for Bill Scott to respond to questions about the long-term impact of the cut, but my gut reaction is that it replaces delivery according to people's needs with delivery according to some spurious political priority, and that is a sad indictment of where we are at the moment. Sometimes people's needs might cost a little bit more, but we need to be prepared as a society to help them with that.

Bill Scott will have tracked through the modelling further than I have, but for Oxfam it is a matter of principle that, if people need support, we should stand ready—as the sixth or seventh richest country in the world—to support them as needed.

Bill Scott: We are spending less now on welfare as a proportion of GDP than we were spending in 1992. It is not that it has become unaffordable because we are spending more on it but that a political group in society has decided that we are spending too much on it and that we should spend it on something else. In other words, choices have been made about the level of spend.

I am worried about the welfare cap. Once you create a cap, it can be lowered as well as raised. In other words, the principle that is being introduced is a dangerous thing, and I completely

agree with Katherine Trebeck that the problem is that billions of pounds of benefits are unclaimed every year. If, as a response to the welfare cuts that are taking place, the Scottish Government and local authorities invest in welfare advice and manage to get more people to claim the benefits that they are entitled to, the cap will act as a barrier above which spending cannot rise, and there will have to be cuts to benefits. It does not make a great deal of sense, because it will deprive those in most need of support of the support that they need, and that is just morally wrong.

Chic Brodie: The briefing paper, which looks at the reasons for growing inequality, refers to the research by David Eiser and Professor David Bell that found the main drivers of inequality to be disparities in pre-tax income or market earnings. In the case of a yes vote, does having a new Government, a new constitution and new policy making not give us the opportunity to create one tax and welfare system to which credits can apply, so that we do not have that multifarious mechanism of trying to balance welfare credits against tax revenues? Would it not provide us with the opportunity to create one cohesive tax and welfare system?

Dr Trebeck: Maybe. Potentially, but the fact remains that there is a lot that can be done now. I suspect that that is not the discussion that you want to get into, but there are lots of levers that are currently available. The idea of simplifying the tax and welfare system is exciting, but we would urge the Westminster Government to do that right away. If we are looking at pre-tax earnings, we come back to issues such as the living wage, the types of jobs that are available, who is getting them and how inclusive they are, and whether people who have been out of work for a while are included. All those are things for which levers are currently available, so there is a lot that can be done.

Chic Brodie: I am sorry to interrupt, but one of the things that your excellent paper says in relation to fiscal policy is to do with the application and enforcement of tax and tax avoidance, which is not yet under the will of the Scottish Government. The proposals are surely outwith the remit and control of the Scottish Government. Between £32 billion and £100 billion is lost in tax evasion in the UK, and that is appalling given what we are talking about today.

Dr Trebeck: I do not want to make up Oxfam policy on the hoof, because I would get into deep trouble when I got back to the office if I did, but Margaret McDougall mentioned procurement, and perhaps we could start saying that Scotland will not procure from any company that is found to be avoiding or evading tax. Perhaps we are not going to support certain businesses. I will not mention any names, but there is one that starts with an A and ends in N that we know is a blatant culprit when it comes to tax evasion and avoidance. I return to my point that there are levers that can be used to address issues now.

Chic Brodie: Can I ask a very brief question?

The Convener: You should be very brief, as you have had a fair crack of the whip.

Chic Brodie: Personal independence payments were referred to. Have they been a positive step, Mr Scott? What has been disabled people's experience of their implementation so far?

Bill Scott: They have not been a positive step so far, and they are not likely to be. The approach was always designed to achieve a 20 per cent reduction in the amount that is spent on supporting disabled people. As a consequence, many disabled people of working age—pensioners and children are exempt from the new assessment process—will lose their entitlement either entirely or partially. Tens of thousands of people have not yet had an assessment. The introduction of PIPs has been very badly handled by the companies that were given the contracts to deliver them, Capita and Atos. They simply do not have enough people in place to do the assessments.

We are exceptionally worried about people in remote and rural areas of Scotland, who have basically been told that they will not get an assessment until there are sufficient people in their area to merit somebody going out to see them. I imagine that that could be quite a while for people who live on Skye or the Western Isles. Thousands of people have been waiting for over six months. There are many problems.

The implementation of new benefits is always difficult and always more difficult than Governments imagine. Peter Kelly, Katherine Trebeck and I probably all agree that there are a number of things about the universal credit that represent simplification. The system could achieve benefits, but the problem is that, to achieve them, many people on low incomes will see a reduction in benefit rather than an increase. To make work pay is to make not being in work even worse than it currently is. We can go for a better system, but we need to think through the consequences of what we hope to achieve.

The Convener: We need to move on. We are a bit behind the clock.

Mike MacKenzie (Highlands and Islands) (SNP): In reading your written submissions, I was struck by the fact that you described long-term, deep-rooted and profound structural problems. Given the realpolitik, which is that George Osborne is promising continuing austerity—austerity plus—Ed Miliband is promising to match

that but just to do things slightly differently, and the whole political geography down south has moved to the right because of the resurgence of the UK Independence Party, how optimistic are you that we will see any real change to the awful situations that you have described?

Peter Kelly: I am not a political commentator and I will not give the committee estimations of what I think election outcomes will be in the future, because anyone who knows me will know that I am notoriously bad at guessing election outcomes.

Mike MacKenzie: With the greatest respect, I did not ask you to guess that. I described a scenario that few people, I think, would disagree with. I am not asking you to call the result of the next UK election in 2015. Whatever the outcome of that election, do you see there being any change in the circumstances that you have described in your written submissions?

Peter Kelly: On the policies that the current Government has enacted, if we look only at the welfare changes, we would say that they do not address the structural, systemic problems that we see in our welfare system. I do not know whether that will change in 2015, and I cannot really guess the prospects. We are a non-political organisation, so I will not comment on what I think political changes in other parts of the UK might mean. However, the UK Government's current policy direction is not addressing some of the issues to which you referred.

I will come back on the welfare cap, because I did not get a chance to comment on it. Colleagues have already criticised it and it is possibly the worst of the policy choices that have been made. Bill Scott just mentioned that we could possibly be supportive of universal credit because it is a simplification and is about easing the transition back into work. Many of the welfare changes are predicated on getting people back into work and making the system work more effectively. The welfare cap does not do that and is not even intended to do it. Not a single person will be helped back into the labour market because of it. Such policy choices are the wrong ones. At the moment, the policy direction that Mr Osborne has set out for us is on the wrong course.

Mike MacKenzie: Do any of the other witnesses want to comment?

Bill Scott: As somebody who has looked at history quite a bit, I would just say that things can change rapidly. Somebody better than me once said that a week is a long time in politics; a year or more can be a long time in politics as well. Rapid change can come about.

Sometimes, social movements bring about rapid change. In Scotland at the moment, there is quite a movement around the referendum. Whichever side of the debate you are on, there are people who are interested in politics again for the first time in many years. That is quite hopeful, because it will be a step forward if politicians listen to the sort of society that the people who have been disengaged and are now re-engaged in politics want. That can be transformative only within Scotland, but it could have a wider, knock-on effect throughout the rest of the UK in terms of re-engagement with a group in society that has largely been written off—the people on low incomes, who political parties have assumed would vote for one party for ever, which is turning out not to be the case.

I am not a political commentator either, but things happen, movements occur and things change more rapidly than people sometimes imagine. I am hopeful that things can change for the better. I agree with Peter Kelly that, if the current policy direction is pursued, the structural problems will not be addressed and we will be in the same place, but I think that there are possibilities.

Dr Trebeck: I am a bit anxious about commenting. The reality is that there is no articulation of a wholesale change to an economic model that I would describe as offering us the idea of building back better.

I have not read the white paper in depth, but a quick scan of it suggests that it is a similar type of low road that is all about faster economic growth and exploiting the oilfields when our environment will not be able to handle that. I have yet to see a fully articulated radical alternative. If we are looking at the scenario in the white paper, we need to do a lot more work. What opportunities independence offers is open for another conversation.

Part of the background to Mike MacKenzie's question was short-termism. I completely share the discomfort about that. Many of our problems today stem from undue focus on the short term, whether by business or politicians. On the way over, I was talking to Peter Kelly about the innovative work on 10-year budget cycles that has been done in the state of Oregon in the United States. That is where we start to get Government departments joining up. We start to get out of the panic over attribution and year-to-year budget pots.

There are a lot of lessons around the idea of preventive spending. In the UK, Scotland has pioneered it and has made its mark in that regard. I constantly refer colleagues down south to the work that is being done on preventive spending here. That is a basis from which we can go a lot further if we are serious about upstream prevention, which prevents the harm from happening in the first place.

10:15

Mike MacKenzie: That neatly leads me to my final question. I ask you to end on an aspirational note. I ask each of you to be aspirational and to imagine—assuming that the people of Scotland vote yes, whichever way you feel we ought to vote—that you are in charge of the new Scotland, with all the levers of power at your control. Assuming that you do not just want to put sticking plasters over the problems or to paper over the cracks and that you want us to move in a better direction of travel, what would you do? Be aspirational. Give us some advice.

The Convener: If you want to answer that question, please do so very briefly.

Dr Trebeck: If you want us to point to a top three of policy changes, we are in an incredibly complex situation, and that is always very difficult to do. In terms of favourite policy ideas, which are perhaps not the same as the key ones, I am compelled by the idea of earnings ratios, in whatever institution. I am excited by the idea of pro-social business models—although that is a rather ugly term—beyond purely extractive, for-profit, faster and faster short-term shareholder value. I am referring to things such as co-operatives, social enterprises, benefit corporations and so on. Those are two, for a start.

Bill Scott: Invest in people. They are the greatest riches that we have in our society. I say that at a UK level and a Scottish level. I see the wasted potential of so many people in our society, not just disabled people but those living in our poorest communities. If we could unleash that potential, we would have a genuinely rich society, which anybody would want to live in. That would be my aspiration: to begin to invest in those people and to unleash their potential.

Peter Kelly: In a similar vein, I think that we should devolve power to communities and genuinely empower people to take control over their lives and their communities so as to bring about change. That is how real change happens, and that is the kind of change that we would want to see.

Marco Biagi (Edinburgh Central) (SNP): Dr Trebeck, how familiar are you with the collective bargaining approaches that are taken in some European countries as an alternative to the formal minimum wage? In all the talking about the living wage, it struck me that there are different ways of getting it. Either we have legislation that sets it out or we have the system that I think is present in seven of the nine western European countries with a lower level of inequality, whereby there are national collective bargaining agreements that are enforced through law. Have you considered that in your international studies? If so, do you have a view?

Dr Trebeck: I am not an expert, but I know that those agreements are part and parcel of a much wider system of partnership between businesses, trade unions and government bodies. That is quite a different way of doing things. There is boundless scope for Scotland to learn from that. However, the sort of economy that we have in Scotland is not particularly conducive to that. We have an atomisation of the labour market, people on insecure zero-hour contracts and a huge rise in the level of self-employed people—people who used to be part of a labour force, working for an employer, who are now branching out on their own because they are not getting those paid jobs. There are serious challenges in getting to that stage and being able to undertake such wide-scale collective bargaining.

As for the idea of the living wage, it is a terrible situation when the state is subsidising employers who are paying chief executives in the millions but who are apparently too tight to be able to pay their staff a living wage. We need to start looking at those businesses, such as supermarkets, that have been identified as clearly having enough money to pay their chief executives massive amounts of money but apparently do not have enough to pay their staff.

Again, the lever of procurement is an obvious tool, but there are all sorts of other mechanisms. I understand that Ecuador has something called a dignity wage. I do not know loads about it, but I understand that they say to businesses, "We're not going to force you to pay the living wage, but you are not going to be allowed to pay dividends to your shareholders until you do."

It comes back to the idea of what is affordable. The Resolution Foundation has done a lot of work on this. Are we going to say that it is okay for the staff of businesses that say that they cannot afford to pay the living wage to continue to live on poverty wages? I do not think that that is good enough. We must come up with a collective solution, if we want that particular business to stay in operation.

Peter Kelly is much more of an expert on that issue, so I will hand over to him.

Peter Kelly: A couple of years ago, Unite the Union had a proposal on sectoral bargaining, which concerned the ways of spreading the living wage by different means—in that, it was not dissimilar to the procurement approach. We are part of the European anti-poverty network, which is doing some work on different approaches to the establishment of living wages in different countries.

Katherine Trebeck mentioned the importance of tripartite arrangements, which is a tradition that we do not have here. In these debates, we often look to the Scandinavian countries, where tripartite approaches are well established and are part of the cultural way of doing business and of reaching negotiated agreements. If we want to transform the way our economy works, we have to understand that it is not only business leaders that make economies work; it is also organised labour, unorganised labour, the third sector and so on.

Marco Biagi: It is interesting that the countries that adopt that model include Germany and Austria, which have not only prospered in terms of equality but have, in the face of the challenges over the past 10 years, done the best in orthodox economic terms as well.

On a slightly adjacent issue, one of the hallmarks of those economies is the level of gender participation and the ability of women to enter the workforce, especially compared to the situation in the UK. Could that have a material impact on poverty? Is childcare one of the things that would be a useful step in that direction?

Dr Trebeck: The sooner that we start seeing childcare as part of an active labour market policy regime, the better. It must be one of the most simple solutions for employment creation and employment enabling. We are talking about good quality childcare, so the issue of how we pay the staff who provide the care is important, as are issues such as the location of the facilities and the creativity that is involved in their establishment. I am not an expert on childcare, but I think that, if there are any easy wins, childcare has to be one of them.

Peter Kelly: I agree. This is slightly off topic, but we have to remember that the transformation of our economy is not simply about employment. Today, we have focused on issues such as employment and the quality of jobs. Those issues are vital, but we have to remember that, for many people, accessing the labour market is not an option, either in the short term or the much longer term. When we are thinking about our future economic system, we have to think about how it works for such people.

As an aside to your earlier question, I have just remembered that Germany has just introduced a national minimum wage, which is an interesting development.

Joan McAlpine: On the issue of a national minimum wage, you will be aware that minimum wage increases in this country have fallen behind inflation. The Government's white paper says that that will be addressed in an independent Scotland. Would you welcome that?

Peter Kelly: The need for above-inflation increases in the minimum wage is unquestioned. One reason why we made progress on addressing in-work poverty in the first part of the last decade was that we consistently had above-inflation increases in the minimum wage. That stopped after 2004-05, and we have not seen much progress since then.

With regard to the gender issue, above-inflation increases in the minimum wage were one reason why women in particular were lifted out of low-paid employment to a greater extent in the first part of the last decade.

Joan McAlpine: I suppose that that is a clear illustration of a power that the Scottish Parliament does not have at the moment but which we could use to address poverty if we had it.

Peter Kelly: Yes.

Dr Trebeck: No one should be working for their poverty.

Richard Baker: Obviously, no one can be satisfied with the levels of inequality in our society, and I support further devolution of welfare powers, but is there not a danger in seeing constitutional change in itself as a panacea? We had the discussion on local government funding, for example, and there is a proposal in the white paper to cut corporation tax, which might result in the low-road approach that Dr Trebeck mentioned.

I was interested in her comment that inequality in wealth and income is a problem across the developed world. Is it not the case that some of these discussions will have to take place at an international and global level and not just as part of a debate on Scotland and the United Kingdom?

Dr Trebeck: Absolutely. I come to the debate from the perspective of someone who grew up in Australia. In a crude sense, Scotland is talking about going in the same direction as Australia—for example, as you will see all too well in the media this week, Australia has kept the monarchy. However, the case of Australia shows that independence is not enough. It might be part of the story or it might not be, but there are much bigger forces at work. If you build an economy in which you still kowtow to corporate interests, focus on a narrow type of economic competitiveness and pursue a business-as-usual model, you will not be doing anything different at all, under any sort of constitutional arrangement. We need to be much more creative with regard to the future that we are describing, whichever way we settle the independence debate on 18 September.

The Convener: As we have a few minutes left for this panel, I will ask Katherine Trebeck one more question. Earlier, you talked about the need to clamp down on tax avoidance. In the budget a

few weeks ago, George Osborne, the Chancellor of the Exchequer, announced a specific measure to clamp down on what I think are called bareboat charters in the North Sea oil and gas sector, which are a well-known tax avoidance measure that is used by international oil companies. Do you welcome that, and was it right that George Osborne's measure was condemned by the Scottish Government?

Dr Trebeck: I am afraid that that is not something that I know much about. If Oxfam has commented on that measure, I could dig out that comment and forward it to the clerk.

The Convener: As a general approach, however, you would welcome measures to clamp down on tax avoidance schemes.

Dr Trebeck: Absolutely, as long as they are genuine and do not create more loopholes. I think that there has been criticism of some mechanisms over the past 18 months or so, with the suggestion being that there has been good rhetoric about clamping down but the mechanisms that have come into fruition have just opened up yet more loopholes or do not go far enough. However, as I say, I am not an expert on the issue, although I am pretty disgusted by the extent of it. I will find out whether Oxfam has commented on the issue and will forward that response to you.

The Convener: That would be helpful.

I thank the witnesses for their evidence and particularly for keeping to time, which has been useful.

10:29

Meeting suspended.

10:35

On resuming—

The Convener: We continue our inquiry into Scotland's economic future post 2014. I welcome our second panel this morning: Dr Jim McCormick, Scotland adviser with the Joseph Rowntree Foundation; Morag Gillespie, research fellow in the Scottish poverty information unit at Glasgow Caledonian University; and David Eiser, research fellow at the University of Stirling. I am obliged to you all for coming, and I thank you for the written submissions that you have provided.

We are a bit tight for time this morning, although we did extremely well with the first panel, which finished dead on time. I hope that members will take that as a precedent to continue with the second panel. We aim to run the session for approximately 80 minutes and to finish if we can by 11.45 or just slightly before.

I remind members to keep their questions short and to the point, and it would be helpful if we could have answers in that form, too. I ask members to direct questions initially to one panel member if they can. If anyone else wants to respond to a question that has been addressed to someone else, it would be helpful if they could catch my eye, and I will bring them in as time allows.

I will start by asking a question that is similar to the first question that I asked the previous panel, on the way in which we frame the debate on inequality. We all recognise that there are great challenges with regard to inequality in income or wealth that affect not just Scotland and the UK but the world as a whole.

I direct the question initially to Mr Eiser, whose submission refers to the fact that inequality in Scotland is roughly average in comparison with OECD countries. In the UK, the figure is impacted by the London effect, as London is a world city with a great many people of extreme wealth, which skews the figures.

John Rentoul, who writes for *The Independent* on these issues, said that, in income equality, the UK ranks 43rd out of 156 countries in the world. In the OECD rankings, we are 28th out of 34 countries. The figures are better for wealth equality—we rank 14th out of 34 countries, and in the past decade we have become less unequal as a society.

We hear people making statements like, "The UK is the fourth most unequal country in the world." Although I recognise that we have challenges, is it helpful to the debate to have those rather wild and unsubstantiated claims made about where we are with inequality?

David Eiser (University of Stirling): We need to interpret such rankings with caution. The figures that have the UK as the fourth most unequal country in the world tend to exclude a number of other OECD countries for which data does not exist. There is an immediate problem, therefore, in saying that the UK is the fourth most unequal country.

Nonetheless, it is useful as a first step to get a sense of the situation. There are global factors that influence inequality around the world, but there is still a strong role for policy in influencing inequality. Looking at how trends in inequality compare among countries is certainly a useful first step in understanding how effective policy is in the UK relative to other countries, and what else we might do to address inequality.

The Convener: I am sure that we will want to explore a few of those issues in the course of questioning. Does Jim McCormick want to comment?

Dr Jim McCormick (Joseph Rowntree Foundation): Only to say that, some years ago, we did work on public attitudes to economic inequalities and, slightly to our surprise, we found that the public are more interested in and concerned about economic inequalities, especially in earnings, than they are about poverty, which has been the focus of most of our work.

Economic inequalities matter, and people are probably willing to consider a broader range of policy responses than those that have traditionally come from political parties. We have tended to focus on what that means for people at the bottom, where globally there is, one might say, a downward pressure on wages and returns for labour for people who are not highly qualified.

In a sense, in the UK in the past 20 years, we have been trying to climb up a down escalator with regard to people who are at the bottom end of the jobs market. However, that misses out the trends at the top. We cannot try to understand poverty and inequality and what is happening in the economy without looking at the relationship across the whole society, and that has been a consistent blind spot across the UK.

Morag Gillespie (Glasgow Caledonian University): I agree with the comments that have been made so far. However, I would add that one thing that enables the UK or Scotland to be in all those different positions is that one can use an infinite number of definitions of inequality, just as one can for poverty. My shelves are groaning with the arguments about which definition is appropriate for what.

As David Eiser said, there is missing data, and different quality in data gathering. It is therefore possible for the UK to be in different positions. From all the stuff that I have looked at, what strikes me is that the UK is consistently at the wrong end of the list. It is never at the good end of the graph with countries such as Finland, Denmark and Norway; it is always much closer to Singapore and the USA. Whatever definition we use, the UK tends to show a degree of inequality for a rich nation. It is much less unequal than a lot of countries in sub-Saharan Africa, for example, but that is not where we should be looking.

Another point about definitions is that, often, most of what we judge and assess is based on using the household as a unit of measurement, which can hide big inequalities within households. In particular, the position of women can be underrepresented in our assumptions about what happens within households. It is not an easy task to untangle that, but it is not useful to ignore it just because it is difficult.

The Convener: So you are saying that it is an inexact science.

Morag Gillespie: Yes—that is the short answer.

Dennis Robertson: I will direct my first question to Morag Gillespie. Over many decades, the inequality agenda has definitely been there, and we have seen various attempts by the current and previous Westminster Governments to tackle it on the fringes.

Do you see the referendum—which is what our inquiry is looking at—as an opportunity for change? If so, in what direction should that change be going?

Morag Gillespie: I have been arguing with others for many years for changes to the way in which we approach poverty and inequality. Over the past couple of decades we have focused more and more on the poverty end of things, and on poor people. We have individualised the issues around poverty—sometimes in quite an extreme way—and people seem to be accepting that more and more. That is a huge concern with regard to public attitudes, what politicians say, what newspapers write and so on.

As Jim McCormick pointed out, we focus much less on the exponential growth in high wages and the huge growth in wealth in our society—at a cost, I think. I welcome any opportunity that opens the door to a debate about how we could do things differently.

10:45

I know that this has been said before, but let us be honest: the one certain thing is that, were we all sitting around the table inventing new systems for social security and income security in work, none of us would invent the systems that we have now.

The referendum presents an opportunity that has not come up in the past 20 years—one with the potential to sweep aside everything and start with a new sheet of paper. Whether the result is devo max or independence is almost less important than the freedom of mind that the situation brings, which will allow people to think outside the tramlines that we have all been struggling with for years.

We have been tinkering at the edges of a system that does not work. The fact that most people in poverty are in households where someone works is testament to a system that does not work. I doubt that trying to make the system work more efficiently will achieve much, other than more tinkering at the edges of the figures that we are dealing with. That is not a good enough aim, so I want to look at how we can do things differently. Other countries have better systems; let us learn from them.

Dennis Robertson: Regardless of the outcome of the referendum, we have an opportunity for change.

Morag Gillespie: Yes.

Dr McCormick: We can do more to tackle poverty with current powers and budgets, despite the limitations of the settlement. That said, if we want to do things differently, charter a different pathway and be more effective in responding to the different needs across Scotland—for example, there are different regional and local housing and job markets—a different settlement would be needed and more powers would need to come to Scotland under whatever constitutional change may happen.

I declare an interest, in that our chief executive, Julia Unwin, is contributing to the independent expert group on welfare and constitutional reform. The Joseph Rowntree Foundation is participating in the expert group not because we take a position on the referendum—we do not—but because, were there to be a yes vote, we would want to contribute to and help shape what might be a reformed welfare system. Were there to be a no vote, we would hope that all the thinking, analysis and time that has gone into that expert group would bear fruit under, for example, further devolution, even if that may be on an uncertain timescale. That is our hope.

We are approaching the referendum as something that is probably the only or best opportunity in the UK to rethink from first principles a more effective job and housing market and social security system for the times in which we live and then to fit that to whatever constitution we find ourselves with.

Chic Brodie: I ask the same question that I put to the first panel: are we saying that a new constitutional settlement would provide an opportunity to produce an integrated tax and benefits system?

Morag Gillespie: Yes—if you want. That would make some sense. I have spent years arguing for and defending the value of a contribution-based system—in other words, we should have a social security system rather than a residual welfare system, which is what we are increasingly moving towards and which has much more means testing rather than contribution-based benefits. Beveridge intended contributions to be the cornerstone of the system, with means testing being residual and at the margins. However, that did not work as our society changed.

A lot of the complexity and the inconsistencies that come into the system could be removed with a well-thought-through integrated tax and benefit system. However, that alone would not be enough.

The key thing is that the key policy areas need to point in one direction, at a common aim. If our aim is to reduce inequalities, economic policy, industrial policy, labour market policy, housing policy, social security policy, taxation policy, education and training policy and childcare policy all need to work towards that common aim. There are a lot of issues in there.

To some extent, those policies are being developed in silos and can work against one another. There are benefit conditions that are not necessarily to do with means testing or contributions. Housing benefit, for example, can involve conditions to do with where you live, how many people live in your house and how many people were in your family five years ago but have now left the house. What area you live in determines—particularly in England—how much help you get with council tax and so on. Such a system makes the implications of any changes impossible to really understand. Coherence is needed.

The system also makes it much more difficult for people to claim what they are entitled to. There is far more underclaiming of benefit entitlement than there is benefit fraud, and both are dwarfed by tax evasion and tax fraud.

Joan McAlpine: Morag Gillespie talked about the opportunity for Scotland to start afresh with independence. Looking at the trajectory of the main UK parties that are likely to be in government post-2015 and the consensus that exists in Scotland, do you think that we need independence to have that change of direction—that fresh start—that you anticipate?

Morag Gillespie: I do not know whether I can really answer that. What I can say is that with control over more areas—whether that is through independence or a different settlement—there is potential for Scotland to do things differently. However, it would not work if Scotland had control over social security, for example, but not any of the other, crucial areas. We need a system that works with other aspects of policy, rather than things working against one another.

I read some work by the Institute for Public Policy Research that argues that certain types of welfare benefit should be devolved to Scotland, but others should remain at the UK level. Personally, I think that down that route lies chaos. That would provide no clarity and would create the most difficult circumstances for people to claim any entitlements that they may have.

There has to be some coherence to policies that work together. I appreciate that a political process is going on to decide the issue, but I would make the same arguments about the social security system—I have done so over many years—about

the level of the national minimum wage and about all these things to whoever will listen to me on the subject, at whatever level of Government, to be honest.

We have an opportunity here because of the debate in Scotland, but I cannot argue that one outcome is inevitable, because it depends on what the politicians decide. An independent Scotland would not necessarily mean that we would have the things that I would like, such as an integrated tax and benefits system; it would just mean that there would be an opportunity to debate that, which may lead to some changes.

Joan McAlpine: One of the anti-independence parties, the Labour Party, has already unveiled its offer in the event of a no vote. What is your response to that?

Morag Gillespie: My position would be to continue to argue for the policies that I think will reduce inequality and poverty. Am I totally convinced that any of the parties are taking exactly the position that I would advocate? Probably not, so I would continue to advocate those policies. I am not in a position to argue for one political party or another, to be honest.

Margaret McDougall: As we have already heard this morning, the issue of inequalities and poverty is very complex. If it was easy to fix, it would have been fixed already. You touched on that when you said that we have just been tinkering around the edges, but what could be done now? For example, what could be done about the living wage, which you spoke about, that we are not doing now? You also mentioned that other countries are addressing the issue much better. Could you expand on that a little bit and say what other countries are doing and what the cost would be? I am not looking for specific figures.

Morag Gillespie: I think that Jim McCormick will also have something to say, but I can give a couple of examples of what we get wrong that the Nordic countries, for example, do a bit differently. There are two areas where we have used the benefits system in a way that has not been wholly effective. How we decide to subsidise housing benefit and childcare determines how things play out.

It is argued that our support for childcare—through tax credits and through the various initiatives that are in place—is helping to increase the cost of childcare. It is having an adverse effect on the childcare market—the costs that people have to pay—unlike in countries where the investment is in the delivery of childcare rather than in subsidising people to pay for it. That different approach is proving to be more effective. It does not increase the costs in the same way, so it makes childcare more accessible to poorer people.

Part of the argument about the escalating cost of housing benefit is that housing benefit itself has helped to drive up the cost of housing. We have a serious problem in Scotland—although not to the same extent as exists in the rest of the UK—with the cost of housing. If ordinary, low-paid workers cannot afford to live in the home that they rent, we have a serious problem. We need to tackle that problem with the greatest urgency rather than simply trying to use an ever-increasing housing benefit system to pay—for what? For private landlords' profits? I am not sure. Even in public housing, the costs are growing and growing. Housing has to be affordable for ordinary people. If people are to live on low wages—it is going to be a long road to change that—we need to make housing affordable rather than just using the benefits system in effect to increase the cost without necessarily seeing the benefits.

Margaret McDougall: Supply and demand obviously have an effect.

Morag Gillespie: It is about how we respond to that. I am not saying that we must do one thing instead of the other; I am saying that the balance of those things has to be right. There is increasingly a view that we need to put more investment into childcare and housing and tackle the affordability of those two things rather than just using a not very good benefits system to try to prop them up, which in the end just increases the costs.

Dr McCormick: I agree. In any system, we need intelligent Governments that know how to procure services in the marketplace, how to hold down costs and how to drive up quality. The argument that Morag Gillespie has just made on housing and childcare can also be made—as it was by the previous panel—on the subsidising of low pay and where the balance of costs should lie between the taxpayer and the employer, for example.

Over time, we need Governments that will shift that balance. For example, with more powers, we might want to spend less on housing benefit over the next 10 years and more on housing supply to boost supply, hold down costs and so on. That would be good all round and would include employment multiplier effects.

The question was also about what we can do with existing powers. In the past year, we have looked at the child poverty strategies of the three devolved countries, the differences between them and the different interpretation and use of limited powers.

11:00

I will mention two challenges for Scotland. The first is the need to take faster action to close the attainment gap in schools. I think that we are complacent about the attainment gap, which is big and persistent. In Scotland, kids in the bottom 20 per cent are performing at the same level as those in Turkey, so we are at the lower end of the pack in OECD terms. That is a very big issue when it comes to their longer-term prospects, longer-term earning potential and longer-term poverty risks, and it is something that we could do more about now.

The second challenge is around adult skills, which we have also been complacent about since devolution began. Someone who is poorly skilled has one third of the chance of getting on-the-job training in the workplace of those who already have significant skills. Through public investment in training in the workplace and through employers' own investment and, to a smaller extent, what individuals spend on their own skills and training, we are widening the gap in earning potential over time. I am not suggesting for a second that we currently have the powers to change all that, but we could do substantially more on those fronts with current powers and budgets if we made closing the gap our main focus, rather than improving broad averages and overall attainment.

David Eiser: I agree with all the points that have been made.

On what we can do to address inequality and poverty, I find it useful to think about three broad areas. The first area is taxation and personal benefits, which we have already talked about a bit. Of course, most of those things are currently reserved, but the exception is council tax and some reforms to that could be made that would reduce inequality.

The second area is what we might call wider public services spending on non-cash benefits, which is the kind of thing that Jim McCormick just talked about. I reiterate what he said about education spend in particular. Health spend is also important. Given that, ultimately, the underlying drivers of inequality are around changes in the demand for skills and how well we meet those changes, education spend is critical in addressing inequality, including intergenerational inequality.

There is evidence that the graduate earnings premium is continuing to increase. Even though there is an increase in the supply of graduates, the returns to graduates for their qualifications are continuing to increase. Moreover—this is perhaps contrary to what you might expect—there is some evidence that there is a skewing over time, with people from better-off households and families being more likely to participate in higher education. When we take together those two things—higher returns for education and the skewing towards greater participation by people from higher-income households—we can see that we are at risk of passing on some of that earnings inequality from one generation to the next, which will inhibit social mobility.

Of course, education inequalities start at a young age and we could probably do more to address them at an early age. England now has the pupil premium, which is a £900 supplement for disadvantaged pupils. I am not sure to what extent we have a similar level of progressivity of education funding in Scotland.

The third area, which is currently largely reserved, is what we might call labour market interventions, which can include anything from stuff around the minimum wage and the living wage—things can be done to encourage their uptake and use—to zero-hours contracts and such like.

I find it useful to think in terms of those three areas. Within each of them, things can be done within the existing devolved settlement. Not everything can be done within the existing settlement, but some things can certainly be done.

Morag Gillespie: Could I add a very quick point about the current settlement? One of the areas that I and colleagues in the women in Scotland's economy research centre have looked at is the modern apprenticeship scheme, which is really the flagship programme. There is loads of room for improvement in the scheme, particularly in relation to occupational gender segregation. While the number of women involved in modern apprenticeships is increasing, if we look below the surface we can see that they are being involved in a very occupationally segregated way. Women are much more concentrated in the lower level apprenticeships, which are shorter and give them lower qualifications and, of course, lower earnings potential in the end. That is true of apprenticeship schemes throughout the UK, but Scotland could do much better in tackling the quite extreme inequalities in access to jobs.

That is where things need to join up. The Scottish Government supports the close the gap scheme, which is about tackling pay inequalities between men and women and occupational gender segregation, but at the same time the modern apprenticeship scheme is gaily reinforcing what is out there in the wider labour market. That is a good example of where there is plenty of evidence to show what could be done. Again, I am not saying that it would be easy, but progress could be made.

Alison Johnstone: I direct my first question to Morag Gillespie. The debate so far has focused largely on the prosperity of the nation as a whole, but you pointed out that it is sometimes not terribly helpful to look at prosperity even within a household. Both this panel and the earlier one have made us aware of the danger of our obsession with the average, because so many people are not average. I would be grateful if you could elaborate on your comment about a citizens basic income; my party very much supports that policy idea. Professor Ailsa McKay spoke on that issue in the Parliament, not too long ago. It seems to me that we may be missing an opportunity to look at things afresh and come up with a system that works. I believe that even previous UK Conservative Governments considered the issue quite fully. Why are we not making any progress in that area?

Morag Gillespie: I have to put my hands up and say that my good colleague and friend Ailsa McKay was the expert on that subject. I am a supporter in principle, but without her depth of knowledge. We are working on some projects now, so my knowledge will improve over the next couple of years.

There is growing interest in citizens basic income as an alternative to the systems that we have. As I said earlier, no one would invent the system that we have today. There are complexities in the contributions-based system, which was based on a male breadwinner model of households, in which women stayed at home and men worked. The structure was set up at a time when that model was the norm.

I argue that we need to take account of whatever the family formation is, whether it is lone parent families, of which we have many, couple families or singletons. We must take account of people in all their diversity and have systems that do not exclude them. One of the beauties of a basic income is that, in many senses, it is able to do that.

It is also the easiest way to integrate benefits and taxes in as much as, at its core, the principle is that everyone, whatever they do, gets the basic income and everyone pays taxes on all their earnings. At its most basic, that is pretty much the principle of a citizens income: everyone gets the benefit. I am not saying that there are no issues to resolve—the cost of disability and housing are two big issues—but we must look carefully at a system that puts more resources towards giving money to people, rather than to funding a complex administration that immediately becomes a barrier to vulnerable people's claims, which is what we have with means-tested benefits systems. There is no efficient, low-cost, means-tested benefits system. As soon as means testing is introduced, the system becomes complex and people simply do not claim.

To my mind, there is a lot to commend looking at a citizens basic income. It can be partial or full, but, as I said, others will have the expertise to take the committee through models that show how the approach might work and, for example, what the social security bill might be. All of that can be estimated.

The citizens basic income recognises that paid work is not the only thing that matters. We cannot kid ourselves that it is the only thing that matters; I know that the only things that we seem to focus on are employability and work, but unpaid work, volunteering and—for some people—simply surviving from day to day are also good things and should be valued. When we have a GDP that treats construction as investment and childcare as leisure, we have a problem that needs to be sorted; the citizens basic income is consistent with that, because it makes it clear that everyone's contribution matters. When people are freed from trying to work out whether they are better off in work—because they always are—moving into work actually becomes easier. Indeed, such an approach enables people to take risks.

Those are just some of the arguments for this proposal.

Alison Johnstone: Thank you for that comprehensive answer. It is the women who provide so much of that unpaid care who are suffering terribly from some of the impacts of austerity.

I do not think that I need to ask Dr Jim McCormick for his views on that question but, on his concern about complacency with regard to the educational attainment of some of our children, if children are living in a house where there is no access to books, if their parents are, for whatever reason, not reading with them, if they cannot get anyone to do their homework with them or if they are going to school without any breakfast or even—who knows—any dinner the night before, it is difficult for our teachers to address such challenges. What do we need to do to help level that playing field? After all, this is not just about education, is it?

Dr McCormick: It is not. I think that you have framed the question very well. Which comes first—education, poverty, low inherited skills or whatever?

It is worth saying that there are quite substantial variations in how children from low-income families across Scotland fare in formal qualifications, which is only one way of measuring attainment. As a way of measuring it, it is too limited, but at least we have the data for that. The variations across Scotland are important, because

they show that some authorities do better than others for poorer kids. If we track back to what we know about the early years, we will realise that, as well as needing to do a much better job of investing in high-quality pre-school education, we also need to support the home learning environment. That is where the evidence is strongest but where we do the least. In other words, we need to support families and their know-how of quite simple things that help children develop literacy skills earlier and keep on track. There are also home school partnerships, which are genuinely about co-production and understanding families' aspirations.

Although the evidence for such approaches is very strong, we are putting very little investment into them, and instead we are continuing with the myth that long-term curriculum reforms, class size reductions or changes to other bits of the system are the most important route to closing the attainment gap. I think that the evidence suggests that they are not. The other things are much more everyday and relational, and every single school and community can take action on them, even if it would be much easier to make progress against the backdrop of a much lower poverty rate than we have at the moment.

Chic Brodie: My first question is for David Eiser. In your submission you say:

"Many commentators expect that inequality will begin to increase soon, as economic recovery combines with the UK Government's welfare reforms."

There are some—and I am one of them—who believe that the economic recovery is a mirage and is based on debt. In arriving at your own view, how did you establish in your mind where the economic recovery was in real terms?

11:15

David Eiser: There is evidence that, from the start of the recession onwards, inequality fell, but that is because real incomes fell more than benefits. Average real incomes are starting to increase for the first time in a while; however, that figure includes bonuses, so we could debate the extent to which this is a real recovery. I certainly think that we are seeing the beginnings of a recovery and, even without any policy change, you would expect that to begin to lead to an increase in inequality again, particularly given that many benefits either have been frozen in cash terms or are, in some cases, being uprated by 1 per cent a year, and given other things such as the benefits cap.

That was the basis of our view that inequality will begin to rise again. Indeed, the evidence from the Institute for Fiscal Studies is that, by 2015, we will back to the level of inequality that we had before the recession—

Chic Brodie: I am sorry to interrupt, but on the issue of averages that my colleague Alison Johnstone touched on, how much of this economic recovery has been impacted by the huge increase in pre-tax earnings in London and the south-east?

David Eiser: That is a good question. I am not sure whether we have the data to know exactly what is happening, but we can be fairly certain that it will not be the case that incomes are increasing equally across the entire distribution. The trend in recent years has been for higher-wage jobs to be associated with larger increases in hourly pay and average hours worked, whereas low-paying jobs have tended to be associated with a decline in the average weekly hours worked. As I said, I am sure that, to the extent that it has started, the recovery is not evenly distributed across the entire distribution.

You made a very good point about household debt. In fact, there is evidence that inequality contributed to the recession because disproportionate income gains at the top of the distribution were invested in financial markets, increasing the supply of credit to low-income households, which then became indebted. That was at the root of the whole thing. The evidence on household debt suggests that it is still a major problem and that too many households still have levels of debt that are too high. We simply have not got over that problem yet.

Chic Brodie: Dr McCormick, your referendum briefing "Child poverty in Scotland" states:

"Changes to benefits from 2012 are likely to have increased"

child poverty

"further."

What will be the long-term implications on child poverty of not only the cap on welfare spending, but sustained welfare cuts that might come from Westminster? Of course, the question assumes a no vote in September.

Dr McCormick: We have looked at the trend in the decade up to the recession in Scotland and why child poverty fell faster in Scotland than the Great Britain average to find out what was happening when things were going in the right direction. It happened not least because of lone parents moving into work at a higher rate, a higher take-up of some in-work benefits and a higher number of hours worked on average across the household. Certain structural advantages built into the Scottish workforce and demography meant that we did a bit better during the good years.

Looking ahead to the end of this decade, the single biggest reason why child poverty is predicted to rise is the decision to uprate benefits and tax credits at below the rate of inflation, to which David Eiser referred. That sounds like one of the technical wheezes that Chancellors of the Exchequer pull out of the bag on budget day that are not very significant, but the decision to uprate benefits and tax credits at below the rate of inflation is the most significant decision of all. It means that, increasingly, people who are on the lowest incomes will fall below the waterline relative to inflation. It is a good thing that inflation has come down, but that gap remains.

All things being equal, the knowns that are in the system at the moment lead us to believe that child poverty will rise substantially to the end of the decade unless there are significant changes in social security policy or in labour market prospects. People who are out of work would have to move back into work at a faster rate and the number of low-paid staff would have to rise more quickly than has been the case in the past. It is not inevitable that child poverty will rise—poverty rates come down as well as go up—but the path that we are on suggests that it will rise substantially to the end of the decade.

Chic Brodie: That could be compounded once the notional economic recovery starts to absorb some of the quantitative easing money that has been flowing around the economy. That will generate increased inflation, so the situation could be even worse than we think.

Dr McCormick: It could be worse than we think but, on the flip-side, it could be better if other things change.

It is true that London and the south-east have a sucking-in effect, but it is important to balance that against the fact that, in every part of the UK, the differences within those nations and regions are bigger than the differences between them. In Scotland, Aberdeen is a full-employment city. There are some long-term unemployed people in Aberdeen but, compared to other parts of Scotland, the number is quite small. Someone who is unskilled in Aberdeen is far more likely to get into work than is the case in Glasgow or Dundee. That is even before we talk about differences between rural and urban areas.

Differences within Scotland are quite an important part of the equation. It is important that we work out what we should do now and what we could do if we had more powers to close the gaps that exist within Scotland in, for example, labour market participation rates.

Joan McAlpine: My question is for David Eiser.

You say in your written submission that Scotland has higher income inequality than the Nordic countries, but you go on to say that tax and benefit changes can "only go so far" in addressing that. What are the Nordic countries doing differently? What can we do differently here in Scotland to get to the same level of equality that exists in those countries?

David Eiser: The explanation for why the Nordic countries have lower income inequality is partly historical and structural, in that those countries did not have such large manufacturing and industrial sectors as we did, so they have not had to deal with the same legacy of decline in those sectors that we have had to deal with. It is possible to debate what role Government policy played in that, but there is a historical factor at play.

In addition, as I think that members of the previous panel mentioned, there are higher rates of trade union membership and collective bargaining in the Nordic countries. There is a slightly different culture when it comes to the interaction between employer organisations and employee organisations.

A range of historical, cultural and structural factors explain the difference between the level of pre-tax and benefit inequality in the Nordic countries and the level of such inequality in the UK. That said, tax and benefit policy is important, too—I would not want to give the impression that we were saying that tax and benefit policy is not important.

The point that we were making was that pre-tax and benefit inequality is high in the UK compared to the Nordic countries, so we cannot just change taxes and benefits to achieve Nordic levels of inequality. That is not to say that taxes and benefits are not important.

Joan McAlpine: Every single area of power that you have outlined—tax and benefits, plus employment law and industrial relations policy—is reserved to Westminster.

David Eiser: It is true that most of the immediate levers are reserved but, to go back to some of the things that we have said, the long-term drivers of inequality are the interaction between technological change and the demand for skills. There are strong links between health, income and education inequalities in all directions, so education and health policy are key levers for addressing inequality in the long term. You are right that short-term levers are very much about tax and benefits and labour market interventions, most of which are reserved, but there are things that can be done under the devolved settlement.

Joan McAlpine: On the subject of what can be done, Dr McCormick talked earlier about the gap in educational attainment. You will be aware that that gap is often entrenched by the time that a

child gets to school. Would that not therefore suggest that a transformative approach to early years education is needed and is probably the single most significant thing that we can do to close the attainment gap?

Dr McCormick: I agree with that. We are quite fluent when we talk about the affordability and flexibility of pre-school education, but we might be less focused on quality. If we are talking about disadvantaged children, it is only high quality childcare that makes the big difference to longer term prospects up to and beyond secondary school, if we get it right. We have evidence that transformative pre-school education has long-term benefits in closing those gaps.

There is a grain of truth in both sides of the referendum debate, so let me try to get this right. The yes side tends to say that we cannot transform if we do not have the powers and, crucially, the links back into tax revenues that we get from improving labour supply, which is mainly about more mothers going into work. The no side tends to say that we could do more now and asks what is stopping us.

If there was a no vote and there was further devolution, there would need to be substantial devolution of tax credit powers so that we had the revenue that would allow us to make up for some of the income tax that we did not have. A really important element of fiscal devolution would have to go alongside transforming childcare in a post-referendum world after a no vote.

If there was a yes vote, the fact that transforming childcare has been the number 1 social policy issue of the year so far must bode well for the kind of political space that we might find ourselves in. I go back to points made earlier: these things happen only if there is a strong political will, a long-term focus on the next generation and a genuine degree of political consensus that we want these issues at the top of the agenda, partly for economic reasons and partly for child development reasons, and to reduce the long-term risk of disadvantage.

11:30

Morag Gillespie: The arguments for taking a very different approach to childcare are in the long-term economic interests of the country, not just those of the individuals and families, their employment prospects and the prosperity of their children, and also from the point of view of public services in the long term. I agree with Jim McCormick that good quality childcare can make a huge difference at various levels.

Ailsa McKay argued that Norway was a good model to learn from. There, most provision is public, although people pay fees if their income is above a certain level, and children over three are enrolled on a full-time basis. She also made the point in her briefing on childcare that we cannot assume that everything is okay once children are at school. We expect people to work a whole range of hours, not just 9 to 5, and certainly not just school hours, but out-of-school care of the quality or at the level that people need does not exist. That has been a significant area of loss as public sector cuts have taken place. A five-year-old whose mum works in the care sector and perhaps works shifts will perhaps also need some out-of-school care. We need to focus not only on increasing early years education but on providing the wraparound childcare that people need if they are going to participate fully.

That is not always easy, but out-of-school care is crucial, because there are stages at which children are in school for around only four or five hours. There must be childcare that people can access if they are not just going to do mini jobs. Mini jobs are not good enough; they do not pay good enough wages to lift people out of poverty.

The Convener: Three members still have to ask questions. We are a little bit short of time, so it would be helpful if members could sharpen up a little bit on questions and answers.

Richard Baker: I have a question for David Eiser. You have referred to the Nordic comparisons with our economy in respect of inequality. There is no doubt that we are behind the Nordic countries, which are often used in the referendum debate. According to figures from the OECD, it is also the case that, in Norway, Denmark, Finland and Sweden—particularly in Finland and Sweden—inequality is rising at a much faster rate than even in the UK. Do you know why that is the case? Is it because they have moved away from the policies that you talked about earlier? What lessons are there in that for Scotland with whatever the constitutional settlement is after September?

David Eiser: I think that you are right. Inequality in the Nordic countries increased more rapidly than it did in the UK, certainly between the mid-1990s and the mid-2000s, but I would not say that inequality in those countries increased much more rapidly than it did here.

Richard Baker: I have figures from the OECD that show that it certainly did in Finland and Sweden, although, to be fair, not in Norway and Denmark.

David Eiser: Okay. I am not sure that the gap has continued to close since around 2005-06, but you are right that it closed a bit over a 10-year period. There were a couple of reasons for that. Those countries began to undertake some of the

reforms relating to labour market flexibility that had already been implemented in the UK.

I was going to give another explanation, but I am afraid that it has gone.

Richard Baker: That reason is helpful in itself.

Dr McCormick: I have an observation. If you tune into the current election campaign in Sweden, where people will go to the polls in September as well, you will find quite a bit of concern about how the school system is performing. Some people think that that is related to the fragmentation of the school system, but others do not take that view.

I think that you will also find consistently in the Nordic countries genuine concern about an insider-outsider tension that has grown up. Often, really well-qualified migrants—some are refugees and some are asylum seekers—struggle greatly to break into secure positions in the core labour market in those countries. That creates various consequences, one of which is starting to be felt in productivity and social cohesion. I would not exaggerate the point, but there are concerns about the shadow effect in the Nordic model. Although the Nordic countries have been open to new citizens, they have, to varying degrees, been much less successful at integration, inclusion and progression than we might have expected.

Marco Biagi: We have touched on childcare, but economic changes have all kinds of impacts on women. I suppose the simple question is whether women are considered enough in economic decision making, but I will make it a little more specific and ask whether in recent years, especially in the context of welfare reform, the gender differential has increased with that impact.

Morag Gillespie might be the best person to answer, since she is nodding enthusiastically at my question.

Morag Gillespie: It is still the case that the different situation of women and men is not sufficiently taken into account when policy decisions are being made. There is still an assumption behind such decisions that we are all rational economic agents who will behave in a particular way, and the world just is not like that. However, it makes modelling a lot more difficult if you do not assume that, so people carry on with the models and treat childcare as leisure. Construction is considered an investment in infrastructure, but childcare is an investment in human capital at all sorts of levels, as we have already discussed, although it is not treated like that in calculating GDP.

One of the reasons why we struggle to find a different way of measuring our nation's progress is that those things still stick quite hard for people in trying to take a broader view that incorporates the different roles that women tend to play more than men, but not exclusively. For example, women account for about 60 per cent of carers, which is more than their proportion of the population, but it is not the case that it is all women and no men who care, although care-related issues are more likely to affect women than men.

My general answer is that we are not getting that right. It is interesting that the Scottish Government issues quite a good statement each year about its progress on equalities when it is looking at the budget, and we have seen some general data about who has been affected by the bedroom tax, but do we have a gender analysis? All the original equality impact analysis said that women and disabled people were much more likely to be affected by that than men were, and the reason for that is that lone parents, particularly women, stay in social housing longer and throughout their lives, and when their kids leave home they become empty nesters. There is a perfectly sensible reason why more women than men would be affected, but do we know that and have we measured it? Do we know whether women are indeed affected more than men, as we thought? No, we do not, because the data has not been gathered in that way.

We are not good enough at understanding and taking seriously those differences. Even though everyone is affected by the same amount of money, whether it is £10 or £11 for a one-bedroom house, if three times as many women as men are affected, that is a gender inequality that we are creating by not paying attention to anything other than the overall figures or the averages that we mentioned earlier. The effect is different for men and women.

Marco Biagi: Mr Eiser, I would like to ask you something in order to better understand the data. You highlight the issue of poverty and inequality being related to fewer hours of work as well as lower pay. I take it that, because women are disproportionately the part-time workers, any strategy that addressed that would have a disproportionately positive effect on women. Is that broadly a correct understanding of the data?

David Eiser: You are broadly right. For in-work poverty, low hourly rates and low weekly hours worked are important. Interestingly, one of the changes in the past 10 or 15 years has been a big increase in part-time working among men. It was always prevalent among women, but we have seen a big increase in part-time and flexible hours among men. Although you are broadly right, the idea that the part-time or low-hours issue is a women-only issue is definitely false.

To reiterate some of the earlier comments and respond to your question, there are issues around the current benefit reforms and how they

disadvantage women. The roll-out of universal credit appears to be disadvantaging women for at least two reasons that I can think of: first, the way in which maintenance payments are counted as means-tested income; and secondly, the fact that there is no earnings disregard for second earners in the household, which also tends to disadvantage women. There are ways in which women are being disadvantaged under the current policy, which in theory could be addressed relatively easily. It is a political decision that universal credit has been structured in that way.

The issue of lower and part-time hours is probably more a female issue, but to think of it as only a female issue would be wrong.

Morag Gillespie: There is another retrogressive thing about universal credit. After years of understanding why it is important that women get the money in families with children, the payment of universal credit is being made to one person who is not necessarily the person who cares for the children—which is usually the woman. That will not make a jot of difference to any figures about poverty or inequality; it will just happen within the house.

Mike MacKenzie: The convener will be pleased to know that I will be very brief. I have two brief questions, and I am asking for one-word answers. I ask you, in the interests of clarity, to adhere to that strictly. Would you rather have us continue to spend £500 million a year on Trident, or would you rather have that money spent on creating a high-quality comprehensive childcare system in Scotland?

Marco Biagi: I take it that the one word that you are looking for is either “Trident” or “childcare”.

Mike MacKenzie: Sorry—I was not asking you the question. It is either yes or no: would you rather see £500 million a year continuing to be spent in Scotland maintaining and replacing Trident, or would you rather have that £500 million spent on creating a high-quality comprehensive system of childcare? Yes or no?

Richard Baker: That is not your proposal, by the way.

The Convener: Can we please not have a discussion between members of the committee?

David Eiser: I do not think that trade-offs of that kind are particularly helpful. For what it is worth, I would prefer the childcare, but we could have any number of those trade-offs, and it would be—

Mike MacKenzie: No, no—that is great.

David Eiser: It would be a rather futile debate.

Richard Baker: So you would cut defence spending, Mike.

Morag Gillespie: I would prioritise childcare over a lot of things. The specific is not relevant for me. I could add a long list of things that I would put well below childcare.

Dr McCormick: With the proviso that this is a personal view, I would of course opt for childcare. We could find a much bigger sum of money across the totality of our budgets—either current, further devolved or independent—by stopping subsidising market failure, which is what we are doing across the board.

The Convener: With immaculate timing, that brings us to the end of the evidence session. I thank you all very much for coming. It has been very interesting for the committee to get your views. We appreciate it.

11:43

Meeting suspended.

11:48

On resuming—

Bannockburn Live

The Convener: We reconvene for a complete change of topic: we go from looking at inequality and poverty issues in the context of Scotland's economic future to looking at Bannockburn live. The committee has taken an interest in Bannockburn live in the past; we produced a report on it May last year and we heard at the beginning of the year about it and related issues from Malcolm Roughead, who is the chief executive of VisitScotland.

I will welcome our panel of witnesses who have kindly joined us this morning—if I can find the bit of paper with their names, which I have done. From Stirling Council we have Councillor Neil Benny, who is deputy leader of the council, and Kevin Robertson, who is head of economy, planning and regulation. We also have Pete Irvine, who is managing director of Unique Events; Dr Mike Cantlay, who is chairman of VisitScotland; Caroline Packman, who is homecoming director of EventScotland; and Pete Selman, who is director of strategic development at the National Trust for Scotland. Welcome to you all.

I also welcome Bruce Crawford, the constituency MSP for Stirling, who has joined us for this session.

Bruce Crawford (Stirling) (SNP): Thanks.

The Convener: We are a little short of time—we have about an hour or so for this item—so I remind members to keep their questions fairly short and to the point. I also ask witnesses to be as short and to the point as they can be when responding to the questions. We have a disparate panel with various interests, so many of the questions will be directed to particular panel members and may not be relevant to others, but if panellists want to respond to a question or even to a point that is made by another panel member, they should catch my eye. I will bring them in as best I can, as time allows, and allow them to get their views on the record.

I start by inviting Dr Cantlay to outline, maybe in just a couple of minutes, where we are with the Bannockburn live event—I think that it is now nine weeks away, so it is coming up very quickly—in terms of planning, ticket sales and the structure of the event.

Dr Mike Cantlay (VisitScotland): Thank you. I was just looking at the last letter I sent you, in which I highlighted 630 events in the homecoming 2014 programme. There are now 827 events in the programme, and I think that we are about to stop counting. That number is almost double that of the last homecoming programme, which is quite something. There are 95 signature events, of which two in particular are pertinent to today, because we sit as team Stirling. I usually represent team Scotland, but we are team Stirling today. Of course, Pipefest and Bannockburn live are two of those signature events. We will talk about armed forces day as well.

We have already enjoyed 233 events this year and homecoming is going very well so far. For example, Celtic Connections had the most successful year ever, with 110,000 attending, as did the Glasgow film festival, with 41,000 attending, and Electric Glen was sold out, with 24,000 attending.

We are now getting into the key events: some of the really special events. You will have noticed the John Muir festival kicking off this week with the launch of the John Muir way, and the event last week at the Kelpies, which was absolutely spectacular. With the likes of the Kelpies and Bannockburn live, the important thing for us is that the events drive on to a real legacy, thanks to the visitor centres there. We have the National Trust with us, which will be driving forward the very successful Bannockburn centre.

There are 594 events to go and we are looking forward to them all. The particular one that we are now leading is Bannockburn live, which was launched on 19 March. That is ironic, because you were keen to have us to talk about Bannockburn live on the date that we launched it.

I will pass over very briefly—because you want us to be brief—to Caroline Packman, who will give you the running issues and elements of Bannockburn live, and, maybe just very quickly, to Pete Irvine, to give you the gist of the entertainment programme that we launched on that day.

Caroline Packman (Event Scotland): As Dr Cantlay said, the Bannockburn live programme launched on 19 March. Its fantastic line-up of music artists is as strong as any folk music festival in the UK this summer, but at a fraction of the price. That is in addition to the spectacular battle performances; re-enactors are converging from all over Europe to be part of that.

There is also a very strong programme of storytellers, genealogy and so on. There is a food and drink village that is curated by Scotland Food and Drink. Just yesterday we launched the children's programme, because in addition to history enthusiasts and music fans we are very much targeting the family market with Bannockburn live.

We have had very strong ticket sales so far. We have now sold almost 3,800, which we are very pleased with: that is already a quarter of our

target. We have had strong international interest: 33 per cent of ticket sales have been to overseas visitors and 18 per cent of total ticket sales have been to the US market. The premium-priced king's tickets are fully sold out and the clan pitches are sold out.

Today we are delighted to announce that First ScotRail has come on board as title sponsor of the event, which is great news. We are also working in partnership with FirstBus, so in addition to it putting on shuttle buses to the event, it will be working with us on marketing and creative public relations opportunities in the run up to the event.

The event is in excellent shape. We have promoted it extensively through VisitScotland and our partner organisation networks, as well as through radio and press advertising. The biggest marketing push will come next month, with outdoor advertising focusing on train stations and buses. We have every confidence that Bannockburn live will be a huge success.

Pete Irvine (Unique Events): We are called Unique Events and that is what we do. A long time ago, we did the Scottish Parliament opening. We were very keen to get involved in Bannockburn live. In the beginning, the event was with the National Trust for Scotland. I saw the event as an opportunity to do something that had never been done before in the UK, although battle re-enactments take place, with the battle of Hastings being the big one in England.

In a way, the event has been 700 years in the diary. We were very keen to expand it from the battle re-enactment event that people thought it might be. It was not until that date in March at Stirling castle that we were able to convey what the event would be. It is a festival of not only Scottish history but of history in general. As we know, people are greatly interested in history programmes on television. The BBC is doing a big programme about Bannockburn. There are endless programmes about Scottish and other histories.

I saw the event as an opportunity to create an open-air festival that was not just a music festival or a battle re-enactment, but all that put together. Caroline Packman has mentioned a number of activities. We have a strong music programme that is comparable, as Caroline said, with any folk music festival in the UK. The music is traditional and contemporary—it is like Celtic Connections in the open air. The music element is deliberately included to convince people and to convey to them that the event is not just a battle thing.

The event is not a battle re-enactment; rather, it is a battle show, with more than 300 people from England, Scotland and all over Europe taking part. They will live the part. They will be in character all day in medieval encampments around the battle arena. Three shows will be held each day at 12 noon, 2 pm and 4 pm.

The storyville stage will tell Scotland's story in words, if you like, but that will also include music, with some of Scotland's top singer-songwriters involved, including Rachel Sermanni and Roddy Woomble.

We have food talks and book talks. Three books are coming out about Bannockburn, all of which will be discussed in the wider context of Scottish history. Food talks will take place in a giant tepee, with people including Mary Contini and Sue Lawrence. We are even holding a daily debate in which history will be discussed in a populist way, with academics and media people on the storyville stage.

There is a lot going on all at once. We must do that because the arena accommodates only about 3,000-4,000 people at a time to see the battle. Crowd management—getting people in and out of the arena—is a complex matter.

There are loads of activities going on throughout the programme on all the other stages, as well as at the clan village where genealogy resources will be provided. There will also be loads of pipe bands that we have not told anyone about yet. For £20 that is about the best deal for a day out in Britain for a summer festival.

The Convener: Thank you very much. That was a very good sales pitch, Mr Irvine. It sounds like a great event and I am sure that the committee wants it to be a great success. In fact, I hope that we can come along and join you over the weekend.

I have a couple of questions before I bring in other members. Caroline Packman mentioned that 3,800 tickets have been sold to date. I think that 20,000 is the target. Is that right?

Caroline Packman: The target is 15,000; the capacity is 20,000.

The Convener: Okay, that is fine. Originally, the target was 45,000 over three days, but the event has been scaled back quite a lot from that proposal.

Caroline Packman: That was the original capacity.

The Convener: I am quite interested in overseas visitors. You will remember that the committee published a report on Bannockburn in May 2013. We looked at the year of homecoming in 2009 and how one of its great successes was the number of North American visitors who came over to support the gathering event that took place in Edinburgh, and a number of other events throughout the year. I think that you said that 18

per cent of sales have been to the US market, which is roughly 700.

Caroline Packman: If that is the maths, that is correct.

The Convener: Using my pathetic mental arithmetic, it would be something around that figure. Is it satisfactory that 700 US visitors are coming to the event—it does not seem to me to be a very large number—or are you confident that more US visitors will come to other homecoming events throughout the year?

12:00

Caroline Packman: First, that number is for is ticket sales so far for Bannockburn live. The target market for Bannockburn is overseas tourists, but it is also very much aimed at the market in Scotland and the rest of the UK. It is not just an ancestral, diaspora-related event. It is very different from the gathering in that respect.

Also, as we have mentioned, Bannockburn live is just one event in the full homecoming programme. We will be conducting an extensive international marketing campaign in all our key markets. Of course, many more Americans will come for homecoming events than will come just for Bannockburn. We are very pleased with the total of 33 per cent from overseas markets, which is great. Of the king's tickets, 35 per cent have been sold to the US, 12 per cent to Canada and 7 per cent to Australia. Clearly the event is appealing to the diaspora market, but its appeal is much wider than that.

Dr Cantlay: It would be remiss not to highlight Pipefest, which is a fantastic event in its own right on the Friday night. The Stirling guys have reminded me of the numbers—1,700 pipers will be piping down from Stirling castle. A substantial number of visitors—something like 400 Americans—will be attending that event. All the events dovetail. On 28 June, in Forres, there is Piping Hot, which is the European piping championships. The whole point of homecoming is how all the events integrate. It is a huge weekend for Stirling, but there are also a significant number of events throughout Scotland that weekend.

Pete Irvine: We would anticipate that a lot of people will decide to come to the event in the last few days before it. This event has never been done before, so there is perhaps a lower expectation of it than there is of an event that has been going on for decades, such as the Royal Highland show, or something comparable around that time. Visitors to Scotland who are around at the time, and not just people who live in the area, might see that the event is on and see the combination of all the events in Stirling and decide to come.

I am sure that it is obvious why the 45,000 that was referred to has been truncated to a capacity of 20,000, given that another event landed on the town on the same weekend. We had to reconfigure the event completely. Perhaps we will talk later about the mechanics of that. Clearly, something had to be done and that is what we did. It was sensible to have a more realistic target, considering that there is a free event in the same town—a small town in Scotland—on the same weekend.

The Convener: I have one more question about the event finances. I do not think that we have seen a final business plan, but you have shared with us the projected business plan as of 28 January, which had a proposed total expenditure at that stage of £654,000. Is that still the correct total?

Dr Cantlay: How this works is that the £650,000 is the total, but the potential cost comes down every time we sell a ticket. If we look at it in perspective, we are now down from £650,000 to £515,000 as the expected cost, thanks to the ticket sales and sponsorship and so on to date.

The Convener: On the figures that you have provided for the £654,000 cost, £392,000 is coming in various public sector grants. Is that right?

Dr Cantlay: Yes.

The Convener: That is about 60 per cent of the total.

Dr Cantlay: Yes. We are at about 25 per cent of our expected budget. If we look it in comparative terms, the Kelpies last weekend was a fabulous event, involving about 9,000 people. I understand that about 15 per cent of the tickets had been sold three and a half weeks before the event. The ticket sales came at the very last minute, which is what we anticipate will happen with Bannockburn live.

We are well ahead at the moment and there is a chance that we might make a profit out of the event; we will see as we get closer to it. If that was to happen, we could plough it back in to enhance the event further. Financially, the event is in good shape.

Pete Irvine: Making a profit is a distinct possibility because the target is just 75 per cent. We are not quite sure what happens to the profit.

Dr Cantlay: I know what happens to the profit.

The Convener: We can guess where the profit is going.

Pete Irvine: The figure that you talked about, convener, which is less than £400,000, is comparable with the public subsidies that go to arts events.

The Convener: That is really the question that I wanted to ask. Is 60 per cent of the cost coming from the public sector comparable with other similar events?

Pete Irvine: Absolutely. A comparable figure goes to send an artist to the Venice biennale. We may not be aware of that, but that is what happens. Bannockburn live is a cultural event, so that sort of subsidy, for an event which may go on to make a profit, is comparable. The £500,000 that it has come down to is an odd way to look at it. We always consider the elements as being public subsidy, ticket sales, sponsorship and concessions. All those elements are on target.

Mike MacKenzie: Has any assessment been made of the economic input—the value of money spent—as a result of the event taking place in Stirling?

Caroline Packman: Bannockburn live will be evaluated as part of the overall economic evaluation of homecoming, so primary research will be conducted at the event among visitors so that we can establish where they came from, how long they stayed in Scotland and how important Bannockburn live was as a motivator in their visits to Scotland.

Mike MacKenzie: Do you have any projected figures for Bannockburn live?

Caroline Packman: According to our internal evaluation, the amount is in the region of £750,000. That will be confirmed after the event because the research that we do there will be much more detailed than the standard model that we apply to our event assessments.

Marco Biagi: On the grants and the costs, a comparable event is happening in practically the next field. For comparison, what is the cost for armed forces day? I have heard a figure of £250,000 from the council. I take it that it will be more than that and that some money will come from the Ministry of Defence.

Kevin Robertson (Stirling Council): Yes. The total cost of staging the armed forces day national event is about £524,000—just over £500,000. The council will subsidise that up to £250,000 and there will be other funding from sponsors, event sales—that is, car parking and souvenir programme sales—and event catering concessions. We are also on target for that.

The economic benefit of armed forces day to Stirling will also be evaluated, and we expect that to be in excess of £1 million. We also expect the value of the publicity that will be attracted through the armed forces day national event to be of that magnitude.

Marco Biagi: There was £250,000 from the council; how much came from the MOD?

Kevin Robertson: The MOD is subsidising the event by £25,000. That is what it always provides for the armed forces day national events.

Marco Biagi: Are there any other public grants?

Kevin Robertson: No, it is mainly from sponsorship and, as I said, events sales and concessions.

The Convener: Two other members want to come in with supplementary questions. We are discussing the finances, so we might as well stick with that for the time being.

Alison Johnstone: Pete Irvine suggested that, given the proximity of another free event, it is sensible that the Bannockburn live numbers have been scaled down from 45,000 to 15,000, although there will be capacity for 20,000. Do you not think that it is slightly unfortunate that the clash has occurred?

Pete Irvine: Yes. If I was just a commercial promoter who was involved in putting on a festival in Edinburgh or anywhere else and it was decided for whatever reason that another festival would be on the same weekend and would be free, I would have to do something, would I not? I would have to cancel, try to move the weekend, which has been in the diary—not just the National Trust's diary—for a very long time, or redo the figures. It happens all the time that we redo the figures for festivals if we are not selling enough tickets. The public do not know because it is a commercial thing—they do not have to go through forensic examination of what you are actually up to.

There was concern about how we would maintain not just the event but the integrity of the event. At that point we had not completely worked out what the programme would be and I had a sense that there was real potential to make a great programme, so I am very pleased to say that we have managed to reconstruct the figures based on a much lower capacity of 15,000.

The National Trust event was not budgeted on a capacity of 45,000, of course; it was budgeted on 75 per cent of tickets being sold, which is about 32,000 tickets. That was our target. We reduced the size by about half because people were concerned—particularly the National Trust, because it is a charity—that a free event in the same town might attract a lot of local people who might not then come to Bannockburn live.

I was concerned about making sure the programme was really good, that people would want to come and that it was worth the money. That is what we have done.

Alison Johnstone: Thank you, that is very helpful and I completely understand why you took those steps. Did the MOD come to the council and ask whether it would like that event, or did the

council write to the MOD and suggest that it would like to be the national focus for armed forces day this year? If it was the latter, was the council unaware that Bannockburn live was happening next door?

Chic Brodie: That was my question.

Councillor Neil Benny (Stirling Council): The process for the application for the armed forces day national event is subject to an audit, which will happen after the event. We are currently occupied with trying to make the event as successful as possible and then there will be an audit, whose results will be made public in the future.

When I first heard about the armed forces day national event, it was not clear that there was a clash of dates because the dates were not necessarily set. However, the MOD, which is an external agency, set the date and we did not have a choice in that.

Alison Johnstone: Was the decision taken by the full council? Was it taken by one individual? Is there a record of where and how the decision was agreed by Stirling Council?

Councillor Benny: I believe that that information has already been made available to this committee. It went to a civic committee of the council—that was when it was first discussed.

Alison Johnstone: That is a committee that would usually decide on small grants to community organisations, but it had the power to make the decision on behalf of the whole council.

Councillor Benny: No, the committee looks at all events in the civic calendar. Anything that is considered civic would be discussed.

Alison Johnstone: But you are saying that Stirling Council was unaware that Bannockburn live was happening.

Councillor Benny: No, that is not what I am saying.

Alison Johnstone: But you just said that Stirling Council was not sure about the date that the MOD—

Councillor Benny: I personally was not sure about the date that the MOD was going to set for the armed forces day.

Alison Johnstone: I am somewhat staggered by the lack of co-ordination or discussion. Perhaps Dr Cantlay could help—I assume that VisitScotland must publish a calendar and it will probably be liaising with local authorities all the time on issues such as this. Are you surprised that we find ourselves in this position?

Dr Cantlay: We would have liked at least to know a little earlier that the event was coming if there was the possibility of that. However, it is important to say that we are in the events business and we take every opportunity that we get. We are delighted to be working with Stirling Council and we are determined that we will make the most of the weekend and the opportunity of running the three events.

We can look at it both ways: if the armed forces day had been on a separate weekend, potentially there would have been two opportunities for the local trade. However, I think that it is fair to say that having the three events together will create an amazing spectacle. We will certainly be working with Stirling Council to use the opportunity to position Stirling on the world stage. We will work very hard to ensure that.

Alison Johnstone: Thank you. I have one further question for Councillor Benny. I believe that the audit committee of Stirling Council is having an inquiry at the moment into how the decision was made. Do you know when that inquiry will finish and when its results will be published?

Councillor Benny: Yes. That is the external audit that I was speaking about. The audit committee that I sit on asked the chief executive to commission a piece of work to look at the process leading up to the decision making for the national armed forces day. That work is being done by external auditors. I am not entirely sure when they will report, but it will probably be after the summer.

Alison Johnstone: Thank you.

12:15

The Convener: Bruce Crawford can go next.

Bruce Crawford: Thank you for allowing me to ask questions, convener. I have another question on transport, if you do not mind.

The Convener: We will come back to that later, if that is all right.

Bruce Crawford: That is fine.

I have my king's tickets for me and my wife, so I am signed up to the event. I am with Dr Cantlay: I think that the weekend could be a spectacular success, despite the fact that both events are being held on the same day. I am on record as saying that. I think that we would all agree that it is critical that, whatever we do, the whole thing dovetails as well as it can on that weekend. However, I am interested to know what economic assessment was done by the council prior to the decision to make an application for the armed forces day event with regard to the potential for the events taking place on the same day.

Councillor Benny: The council would not normally make a full economic assessment before it makes such a decision. The event would not

have been the subject of a large-scale look at exactly what the economic impact would be. The decisions that were taken leading up to the bid for the armed forces day national event focused on the idea of creating a major event in the Stirling area.

I have said a number of times that the event is not only a huge honour for Stirling but a major opportunity. Just the other week, we held an event to allow local businesses to find out about all the different things that are going on in the 2014 calendar. As well as the big weekend, there are other major events taking place in the Stirling area, which will be a huge economic opportunity. When we bring large numbers of people into the town, we create a significant opportunity for businesses and for that economic impact to happen.

Perhaps Kevin Robertson can say something more about economic assessments. My colleagues and I took the view that, by holding such a large event, we will create major economic opportunities.

Kevin Robertson: The armed forces day national event forms part of a year-long calendar of events in Stirling. We have 240 events occurring in the Stirling area during 2014. We started off with the hogmanay 2013 event, which was a fabulous success and generated significant economic benefits for Stirling and the wider central Scotland area—that is important.

The weekend is a fabulous opportunity for Stirling to showcase itself. We will have a huge number of visitors, many of whom may go to the armed forces day national event and to Bannockburn live on the Sunday. We expect that we will get significant economic benefits for the Stirling area.

We have Pipefest on the Friday, the armed forces day national event on the Saturday, and Bannockburn live on Saturday and Sunday. On the Saturday evening we are having a big night in Stirling, which will involve a lot of activity with pubs, restaurants, hotels, outdoor performances and so on. We hope that a lot of our visitors will stay and avail themselves of the opportunities. We expect huge economic benefits for Stirling and there will of course be, as I outlined earlier, a full economic assessment of the weekend.

Bruce Crawford: So no prior economic assessment was done. What financial modelling, if any, was done prior to the application being made?

Kevin Robertson: With regard to the financial assessment, as Councillor Benny said, we did not carry out a full economic appraisal because we knew that there would be significant economic benefits to Stirling.

Once the MOD had announced that Stirling was hosting the armed forces national event, we were able to build up what the event would cost. We have been to Edinburgh, Nottingham and Plymouth, which have hosted the past three—very successful—armed forces day national events, and that has given us a clear indication of what the costs will be. We are working within a cost plan that outlines that.

Bruce Crawford: Are you confirming that no financial modelling was carried out prior to the application being made?

Kevin Robertson: No detailed modelling was carried out prior to that.

Pete Irvine: It was a bit of a surprise when it was announced that the armed forces day national event was going to be in Stirling. No one was aware of the mechanics of that decision, so there was no opportunity to think about the economic implications of having the events on the same weekend. The idea that it would all come together for a big Stirling weekend obviously came subsequently, once the situation was understood, because I do not think anyone, including the police, knew that it was going to happen. The congregation of events in Stirling on that weekend is a solution to the situation and will make a significant impact, but the announcement came out of the blue.

Chic Brodie: I was going to go through the timeline and the decision-making process later, but I will ask a question now. At the end of the day, somebody made a decision. Who was it? Who made the decision that the armed forces day event would take place, knowing that there was going to be a Bannockburn live event?

Kevin Robertson: We have said earlier that the decision process is subject to an external audit, and it would be inappropriate at this stage to talk about that before the audit report is made public. The committee will have the chance to see that report when it comes out.

Chic Brodie: In my business experience, having an audit before an event actually happens suggests that something is wrong with the event, and that there are concerns. What are the concerns?

Councillor Benny: The armed forces day national event has the full support of the council on a cross-party basis. There were two dissenters, who dissent from having any armed forces event in Stirling, which is fine—that is their principled stance. The armed forces day national event has been the subject of a number of council discussions at the full council, and at each opportunity it has been endorsed on a cross-party basis.

The audit will go into all the intricacies of the individual decision-making processes leading up to the announcement, but the fact is that the council stands 100 per cent squarely behind the event and the huge economic and social legacy that we will get out of it. These are significant opportunities for the council, and the council stands behind that.

Chic Brodie: I am sure that we all want both events to be successful. I have some concerns, given that these are huge events, that we have not seen the detailed planning as part of a business plan, either for Bannockburn live or for the armed forces day event. I hope that there will be more people attending than is currently planned, but that brings challenges too.

It is still not clear to me how such a decision could be made and yet Scotland's premier events organisation was, according to Mr Irvine, unaware, and did not know what the mechanism was. How could that happen?

Councillor Benny: Those are the type of issues that we are trying to get at through the audit. At the moment, we are trying to focus on the fact that the weekend is a huge opportunity for Stirling. We are trying to organise what is a huge weekend and a tremendous opportunity for Stirling. Those are issues that we need to look at through the audit and learn from in the future.

Chic Brodie: I am sure that we will look at the audit once it is prepared. I have one last question, coming back to the finances. There are two events on the same day. My colleague Mike MacKenzie asked about the economic output, and Caroline Packman, who did a great job on the John Muir event that I attended on Monday, spoke about that. How will you ensure that your individual revenues and expenses are ring fenced, so that one event is not more successful at the expense of the other? How do you determine the success of both events?

We will no doubt come on to planning and transport and what have you, and look at the economic benefits and how they are apportioned.

Councillor Benny: The armed forces day event is managed within the council, so it would probably be more appropriate for Kevin Robertson to answer that question.

Kevin Robertson: We have a very robust cost plan set out for the armed forces day national event, and I outlined the headline costs and income earlier. The project will be managed and delivered within the cost plan, which is very important.

It is more for VisitScotland to talk about the costs relating to Bannockburn live. I think that it was outlined to you earlier where VisitScotland's income will come from.

What is important is that both events will be a huge success and will generate huge economic value, and equally that both events have been very effectively project managed. We have established a joint liaison steering group and joint working groups on transport and infrastructure, marketing and communication, and emergency planning, which link both events in all those aspects. We have a highly effective joint working arrangement, which is ensuring that the events, while perhaps not being complementary, are being co-ordinated in such a fashion that they will both be successful and of huge benefit to Stirling and Scotland. I am sure that it will be an extremely successful day in all respects.

Pete Irvine: The Bannockburn live budget is being managed by Unique Events. It is a very precise budget—we know exactly where all the money is going. As usual, there is a contingency, which we will not spend unless we really have to. It is a very simple matter. We know what the income will be, apart from the income from the ticket sales, and we are working hard together to ensure that the ticket sales target and all the other targets are met. We are managing all the items of expenditure, of which there are hundreds, extremely carefully. We will bring the event in on budget.

Chic Brodie: I repeat that I hope that both events will be successful. I am sure that that will happen, with the will of those who are involved. However, there is always a downside risk, which brings me to my final question. What provision for contract exposure have you made with organisations?

Dr Cantlay: In terms of—

Chic Brodie: Fulfilling a contract.

Dr Cantlay: That is completely covered with Bannockburn live. We have negotiated with all those who are contracted. Bannockburn live will go ahead and will be great. The situation is fairly straightforward; it is a straightforward event.

When the National Trust for Scotland asked us to take on the event, that was primarily—in fact, it was entirely—because armed forces day was coming and the event had to be configured in such as way as to achieve the best fit. For example, the capacity has been reduced from 15,000 people a day to 10,000 people a day primarily because the events that we will run on the field will take up so much space that it would not be possible to fit in more than 10,000 people, what with the battle enactment going on and the camp site and so on. That has been done to make best use of the assets.

The contractors at Bannockburn live are entirely covered. The event is looking absolutely fine—it is in good shape.

Councillor Benny: Stirling Council manages its financial and contractual obligations under a robust and audited set of controls. I do not know whether Kevin Robertson has anything more specific to say.

Kevin Robertson: I would say the same. The temporary event infrastructure and services are covered by robust contracts. Of course, a lot of what will happen on armed forces day will be provided by the armed forces themselves. We have certainty that they will provide what is required.

Chic Brodie: Thank you.

Dennis Robertson: It would appear from some of the answers that we have had that there was an element of surprise when it was announced that armed forces day would be held on the same day as Bannockburn live. We have heard that people seem to be reacting to the fact that the two events will take place at the same time.

I have a question for Dr Cantlay. How far down the road were you in your planning of infrastructure and transport logistics such as the provision of bus and rail services and park-and-ride facilities? Did you have to refocus? It has been suggested that there is now a liaison group that is looking at that. Did that have a huge impact on your initial planning?

Dr Cantlay: It is important to highlight again that we took on the event from the National Trust only in mid-January. We had two months until the launch of the event on 19 March. Pete Selman and Caroline Packman might be better placed to help.

We need to appreciate that, with armed forces day, Stirling Council has a huge project on its hands. Potentially, 50,000 people could come, which is a lot of people. Bannockburn live is budgeted to attract around 7,500 people on the Saturday. VisitScotland and EventScotland are responsible for delivering the Ryder cup on behalf of the Government, and the Ryder cup will attract 45,000 people a day. Armed forces day is a very big event and, as chair of VisitScotland, I am dedicated to ensuring that we help Stirling Council as best we can and that we deliver the three events successfully.

We must look at the situation as a great opportunity. We must ensure that we seize the chance to position Stirling and Scotland on the world stage.

12:30

Dennis Robertson: I think that it is a fantastic opportunity and that it will be a showcase for Stirling. However, I come back to the fact that we seem to be reacting to something that had not been planned, initially.

Mr Selman, could you answer the question about the logistics and how we are doing in terms of preparedness for transport?

Pete Selman (National Trust for Scotland): Of course. I should say at the outset that the National Trust for Scotland is still fully involved in the project as a host, as a participant that is providing some of the activities and entertainment, as a provider of extensive marketing support and as a partner in the liaison group. We have not gone away. However, we do not have a role as a promoter. In that respect we are not taking the risk or, I might add, sharing in the potential upside.

I will briefly set out the timeline that led us to where we are now, because I think that it is important for the committee to have that. The National Trust for Scotland had always planned to hold a re-enactment, albeit a modest one, in June 2014 to coincide with the anniversary of the battle and the opening of our new visitor centre. We were subsequently approached by VisitScotland, with the homecoming team, on the back of questions about whether there would be a clan gathering in Scotland. There was a discussion around the table about whether there was an opportunity for Scotland and Stirling to widen the scope of our plans and extend the duration of the event.

The National Trust for Scotland recognised the opportunity that was before us, which is now coming to fruition, and we were well and truly up for it on the condition that it would be cost neutral for us, as speculating on a commercial enterprise is not our core business and the event would have to be a charging, ticketed one. Once we agreed that the proposal was possible, a funding package was assembled, a competent and experienced project manager was appointed to put together the events programme and various joint liaison forums were set up, particularly with Police Scotland, the local authority and Transport Scotland because the logistics were always going to be a crucial part of the operation. Everything was moving along nicely, but we were taken by surprise on 25 August when we heard, through the media, that the armed forces day event was going to be in town.

Dennis Robertson: You heard through the media.

Pete Selman: That is correct. That immediately meant that we had to go back to the drawing board and consider the impact that the

announcement would have on the business model that had been put together, given that we then had a charging event going head to head with a free event. The market appeal of both events had a potential overlap, which meant that we could split the market, and there were logistical uncertainties in the emerging plans for traffic management such as park-and-ride schemes, shuttle buses, car parking locations and so on.

There was an immediate meeting of the joint liaison group, which was chaired by me and involved Stirling Council and various funding bodies including VisitScotland, the homecoming team and Unique Events. At that meeting, stock was taken of the information that had landed upon us and there was a discussion of what we were going to do collectively and what the National Trust's position might be thereafter. The conclusion was simple. We recognised that the event represented a big opportunity for Stirling and that we had to pull together to make damn sure that it happened. That approach is what the energy and effort have been put into subsequently.

However, at the same time, it was decided that the National Trust would be unable to continue as the lead agency—as the promoter and risk taker—because the financial proposition was more uncertain. When the information was presented to our trustees, they were clear that there was an unacceptable risk for a charitable enterprise such as ours and that the proposal was different from our core purpose. Therefore, all the energy and effort was put into the transfer of the undertakings, which had to be agreed and negotiated, from us to VisitScotland and into keeping the momentum going as best we could. That approach has continued to this day, now that we know where the operating responsibility lies, and the event programme is adapting to the circumstances.

As I said at the outset, the National Trust remains a member of the liaison group and is committed to playing its part in a number of respects.

Dennis Robertson: Who is taking the lead on the infrastructure and transport? There is a liaison group, but who is taking the lead to ensure that we have the park and ride, rail links, bus links and car parking? Is it Stirling Council?

Kevin Robertson: It is Stirling Council. As you have highlighted, Stirling is fortunate to be well served by good transport infrastructure including motorway links, rail services and so forth. We have established the joint transport and infrastructure group, which has been running for the past seven months and has developed a robust transport plan for the event.

To make the event a huge success for Stirling and to ensure that the large number of visitors get to Stirling without undue delay, we have put in place a robust plan that involves park and ride, car parking and specific routes to both events. The plan also involves increased capacity on rail services, which has been agreed with First ScotRail, and we are encouraging groups to arrive by hired coach or minibus. National Express and other bus operators are increasing their services to Stirling on that day—in fact, National Express is giving discounts on services. We have adequate parking for both events and shuttle buses will operate between the city centre and Bannockburn to allow people to get to and from Bannockburn and to come to armed forces day, should they wish to spend part of their day there.

Dennis Robertson: I take it that Transport Scotland will be involved.

Kevin Robertson: Absolutely. Tranport Scotland, Police Scotland, BEAR Scotland, the council, the events management companies and all the partners that are represented around the table today are on that group. The transport plan was tested a couple of weeks ago and some minor adjustments have been made to it, but we have a robust transport plan in place.

Pete Irvine: For our part, we have been working on the transport plan for a year. The fortuitous aspect of the infrastructure is that there are two motorway junctions, one of which will be used for Bannockburn live traffic while the other is being used for armed forces day traffic. As far as we are concerned, we are looking after that. As soon as people leave the motorway and come to our area, we will have enough provision for parking and will also have the bus stops and the park-and-ride facilities worked out.

Hundreds of people will be on site anyway, because we will have clans there from all over the world. We will have thousands of people working on the event and they will have to park, too, so we are working in detail on where they will park, where the traders will park and how the public will get to and from the site throughout the two days—the event takes place over a weekend. We are pretty far advanced with our transport plan and it is dovetailing with the wider plan now that armed forces day is with us.

Dennis Robertson: Is there a contingency plan in case of bad weather? I suppose that a lot of the parking will be in fields. Is there a contingency plan in case the weather is—as Scottish weather can be sometimes—wet on the day, to ensure that there are appropriate fields for parking in and that there will be no disruption?

Pete Irvine: It is a two-day event, and if it was very wet on the Saturday the field could get

churned up, so we have another field—a contingency field, as it were. However, Bannockburn live will not involve the number of cars that will be involved with armed forces day.

Dennis Robertson: What about the parking for armed forces day?

Kevin Robertson: The majority of parking for armed forces day will be on hard standing. We are using existing car parks that are being provided by local businesses and business parks, and there is contingency parking in the city. Given that we might have wet weather that could make some of the field parking more difficult, at the outset we have moved a substantial proportion of the parking away from grassed areas.

The Convener: Bruce Crawford has a follow-up question on transport. Do other members want to ask about transport?

Marco Biagi: My question is on a related issue.

The Convener: I will give priority to the committee member.

Marco Biagi: That is fine for the parking, but if 50,000 people are on a field for an event, that will also cause a lot of churn. What is the contingency plan for the alpha site?

Kevin Robertson: The event field on the site of the armed forces day national event has been drained, so we have a surface that will cope with wet weather up to a point. We are also ensuring that there is sufficient trackway to allow visitors to move around the field. Should we have to move part of the event from one part of the field to another, we will have that contingency in place. However, we fully expect the event field and the layout that we have developed to cope with typical Scottish June weather.

Marco Biagi: I looked up the weather statistics. It rains for one third of the days in Scotland, even in the middle of June.

Chic Brodie: You are a cheery chappie.

Marco Biagi: I know. I can always see the bright side of life.

There is, therefore, a substantial risk. Should it rain heavily and the flow mechanism not work, with 50,000 people moving around, has an alternative site been prepared for armed forces day?

Kevin Robertson: For an event of the complexity and scale of the armed forces day national event, it would not be possible to have a second site. I have outlined that the site will be very well prepared.

I take your point that it rains a lot in Scotland, but we have many outdoor events in Scotland that are able to carry on in that type of weather. We fully expect that what we have put in place and the contingency planning will be able to cope with typical June weather. Let us hope that it does not rain, but we can expect some rain.

Marco Biagi: I have experienced in my constituency what happens with transport projects if Transport Scotland is not involved. Have you consulted Transport Scotland about transport planning for both events?

Kevin Robertson: Yes.

Marco Biagi: Has it given its seal of approval to the plans that are being put in place?

Kevin Robertson: Transport Scotland is a key partner, and it has been involved in the transport planning from the outset, which has included traffic modelling.

As Pete Irvine said, it is fortunate that Stirling has two motorway junctions, and modelling has been undertaken at both junctions. The majority of traffic will leave at junction 10 for armed forces day, and there will be no more traffic using junction 9 to go to Bannockburn live on the Saturday than there would be coming into Stirling at peak time on a typical weekday morning. Therefore, we are confident that the traffic will be handled there. Similarly, our modelling has shown that junction 10 will work.

As I said, Transport Scotland has been involved from the outset. We are making one or two adjustments to suit its requirements, but it is relatively comfortable with how things are moving forward.

Marco Biagi: The transport plan is not finalised yet, but Transport Scotland is a key partner in finishing it.

Kevin Robertson: Absolutely. We hope to sign off the transport plan in the next week or so.

Marco Biagi: What about Transport Scotland's involvement in Bannockburn live?

Dr Cantlay: The transport plan has been signed off.

Caroline Packman: Yes. Transport Scotland has already signed off the Bannockburn live transport plan.

Bruce Crawford: Marco Biagi has covered some of the ground on this, so I will cut to the chase. On 11 April, Johanna Boyd, the leader of Stirling Council, was involved in correspondence with the minister. At that stage, she said that the council expected the plan to receive final sign-off at a meeting of key agencies that week. It is now 23 April. What issues are preventing sign-off? Obviously, that is critical to the success of both events.

Kevin Robertson: The Easter holidays have delayed that. Key officers were not necessarily there—that is the only reason.

The minor adjustments that we are talking about are to do with, for example, where we would put some signage in the plan. We want to sign off the plan 100 per cent. If we needed to make any adjustments on the day, we would be able to do that. We fully expect the plan to be signed off in the next week.

Bruce Crawford: On 11 April, the council expected that the plan would be signed off in the next week. Forgive me, but that was a wee bit before Easter. Easter perhaps got in the way, but I hope that there are only minor issues and that the plan can be signed off, because it is crucial to the release of Government support for the event.

Kevin Robertson: Yes. We are well aware of that. I assure you that they are just minor details.

Pete Irvine: It is not unusual for a transport plan to be finalised much closer to the event. The main thing that we need is the public to be aware of how they will get to and from the events. We need to get information about that out to them.

The Convener: Okay. Joan McAlpine will ask the next question.

Joan McAlpine: My question is not about transport.

The Convener: I think that we have covered transport and can move on.

Joan McAlpine: Okay. I am new to the committee and new to the subject, as the event is not in my region and I was not a member of the committee when evidence was taken previously. However, today has been a revelation and a shock to me. The revelation was Mr Irvine's outline of the event, which sounds really exciting—I definitely want to go and buy my tickets now. However, I am shocked by what I have heard about how armed forces day just seems to have been bounced—that is the only word that I can use—on the organisers of the existing festival.

I will ask the question that is probably in the back of everybody's mind, although nobody has asked it yet. Mr Irvine, do you think that it was a political decision to have armed forces day in Stirling at the same time as Bannockburn live? Was it perhaps even motivated by a desire to diminish the Bannockburn festival in some way?

12:45

Pete Irvine: I do not get involved in politics, and I do not like to get involved in commenting on politics. I am not ducking the question. As I said earlier, I do not know how such decisions are made. We heard about it via the media—that is all. I have no further comment to make about it.

Councillor Benny: Both events will be in my council ward, although most of the national armed forces day event will be on the other side of the road. I like to think that both events are happening in my back yard. I am really keen for the Bannockburn live event to be as successful as possible. It is a huge opportunity for the people of Stirling and for businesses in Stirling. It is a great way in which to commemorate the battle of Bannockburn, which is a major part of the attractiveness of Stirling to visitors.

I went to Borestone primary school, which is right next to the visitor centre. Interestingly, I was on the planning panel that gave the new visitor centre approval, and I think that it is brilliant—it is a wonderful thing. It is tremendously important to me that the opening event is successful. It is also tremendously important to the council. There is no question of there having been any attempt to diminish the Bannockburn live event on the part of Stirling Council.

Joan McAlpine: However, it has been diminished. Mr Irvine has said that he has had to revise his business plan to curtail the festival.

Councillor Benny: The armed forces day national event is taking place on the Saturday; the curtailment of the event is to do with the Monday. I am not sure that the two things are necessarily connected.

Joan McAlpine: Mr Irvine runs the most successful events company in Scotland. He specifically said at the outset of his evidence that he changed the plan because armed forces day was bounced—he did not use the word "bounced" but it was clearly bounced—on him.

Councillor Benny: I do not see the connection myself.

Dr Cantlay: Perhaps I can help. Beyond what Pete Irvine said, our events team got in about it, and we had the opportunity to consider with Pete how we can make the most of Bannockburn live and how it dovetails with armed forces day. That has led to a number of really important benefits for Bannockburn live, in particular.

We have folded the Monday into the Saturday and Sunday, but that was also because the demand for the Saturday and Sunday outstripped the demand for the Monday massively—there was very little demand for the Monday. As a result, we have managed to extend the hours on both the Saturday and the Sunday, and we have extended the programme. The event is better still on the Saturday and Sunday, and the people who come will have a really good day. That has allowed us to use the Monday for the clans, who are very

excited about that. We have been able to seize the opportunity to bring things round to the good.

I say as a Stirling person that there is no doubt that it is now a matter of heads down across the political divide to make the most of all three events that are coming our way at the end of June. I intend to be as much a part of that as I possibly can be.

Richard Baker: On the political sensitivities, you are presumably saying, Dr Cantlay, that the approach of VisitScotland and other organisations that are involved in both events has been to support the events and make them as successful as possible. That goes beyond the fact that armed forces day is, to be blunt, happening at a sensitive time with regard to the referendum. The decision to expand the Bannockburn celebrations from the original ideas also came at a sensitive time. I presume that the approach has involved everyone across the political spectrum getting behind the events. From your point of view, it is almost a matter of taking out the political sensitivities that affect both events.

Dr Cantlay: That is exactly right. We are focused on making the most of the three events and, indeed, the other events of the weekend.

When I opened the "Remember Bannockburn!" event at the Smith art gallery and museum last week, I was interested in the large number of politicians who attended. There was our provost, a past provost, the past provost before the past provost and many others from across the political divide, including an ex-Presiding Officer. I made the comment—indeed, you said as much yourself, convener—that there is an absolute anticipation that the Bannockburn event and Bannockburn live in particular will be conducted in a manner that will celebrate the occasion appropriately. There is absolute support for that, and our job at the events end with the EventScotland team and VisitScotland is to support Stirling Council.

Over the coming period, I will be part of the steering group for armed forces day, and we will do everything possible to ensure that this will be a spectacular weekend for Stirling and Scotland.

Alison Johnstone: I share my colleagues' astonishment at what we are hearing today. Mr Selman has said that he was organising a big important event of national significance and that he only found out through the media that another big event of national importance and significance will be happening in a neighbouring field. No one would suggest that that was helpful or even courteous—it is just not vaguely sensible. How much consultation is going on with traders, hoteliers and bed and breakfast owners who, as Dr Cantlay pointed out, could have had two bumper weekends out of the events? I understand that we are where we are and that we will make the most of the situation—I am sure that it will be a positive and successful weekend—but we could have had two incredibly positive and successful weekends shining a light on the great city of Stirling.

However, that is probably an issue for another day. I want to be reassured that there will be more consultation, liaison and dialogue in future. The point is that the national tourism agency for Scotland was unaware of what one of our largest councils was intending to do. How is VisitScotland's calendar shared with others? After all, we would not want the situation to happen again—or, at least, we would like to have a discussion about whether that is what we would want to happen instead of simply having to accept it and change our plans.

Dr Cantlay: You make a good point about ensuring widespread knowledge of the calendar. We are here to help at any point. I have been having an on-going discussion with the provost in particular, and we are offering support and help in any way we can.

The point is well made that, the sooner we know about events, the better. We are here to help anyone who is organising events in Scotland, and we do so to the best of our ability. This is a classic year. An amazing 800 events are taking place, and dovetailing all of them presents a significant challenge. It is such a great opportunity to exploit.

Chic Brodie: Having listened to your answer, Dr Cantlay, which I think was assuaging, I come back to the correct question that was asked of Stirling Council. Why have you reduced the numbers and the days for the event? Is it not purely because it has been bounced?

Dr Cantlay: To be fair, I think that dropping the Monday and reducing the event to the weekend was an obvious thing to do. To be exact, 134 people had bought—

Chic Brodie: The National Trust for Scotland did not think that it was the obvious thing to do.

Dr Cantlay: Well—

The Convener: I am sorry, Dr Cantlay, but did you say that 134 people had bought tickets?

Dr Cantlay: Yes. The reduction was the obvious thing to do, and we offered those 134 people tickets for the Saturday and Sunday.

The guys who are responding to you have brought the project through from August. We took the project on from January, and there was a handful of really obvious things to do, which we have done. Reducing the number of days was the key thing, and we are also extending the hours to overlap with armed forces day.

The most important thing that I hope to get from the committee is a real sign-off for Bannockburn live. In my professional view, this project is in really good shape. Lots of people will be listening to what you have to say, and I hope that you will give them confidence that Bannockburn live is going to be an excellent event and that they should be buying tickets for it—as I know members will, too. Our ticket sales always spike after a committee session, and I am going to hold you to that. [*Laughter*.]

The Convener: In that case, we should get you in every week.

Chic Brodie: The proof of the pudding will be in the eating.

Pete Irvine: Yes, provided that there is a positive result from this meeting.

I reiterate that Bannockburn live, whatever it might have been, or whatever people thought that it might be, is now configured on exactly the right scale and is of the right nature. The event is a complete one-off and will never happen again. It is a unique event for Scotland.

Armed forces day is a very different event that also happens in other places. Bannockburn live will never be seen again, and I think that there will be huge public interest in it. The politicising of the event has not been helpful, because Bannockburn live has been created as a cultural celebration, and that is what it is.

Mike MacKenzie: I very much look forward to what I think will be a superb event. Indeed, I hope that both events are good.

To return to the economic benefit, Councillor Benny said in response to my earlier questions that the assessment of the benefit is about £1 million. Was that figure for the wider economic benefit?

Councillor Benny: Sorry, but I think that it was Kevin Robertson who said that.

Kevin Robertson: Yes, it was.

We have looked at similar armed forces day national events that have taken place in the past three years—I mentioned that we had been to Plymouth and Nottingham and to Edinburgh, where the event was held in 2011. From the indications in evaluating the success of those events, we are confident that the economic benefit for the Stirling area from the armed forces day national event will be £1 million plus.

To pick up on the earlier point about engagement with local businesses, over the past 18 months, we have had a programme of engagement with tourism businesses, hoteliers and other supply service businesses in the run-up to 2014. Businesses in the Stirling area have been well aware of the 2014 programme. In the past six weeks, we have held sessions in Callander, Dunblane and Bridge of Allan, and we had a session in Stirling that was well attended by a range of businesses.

The businesses were able not only to hear what is happening over that particular weekend and other weekends but to meet the various agencies that are delivering the projects. The businesses can therefore avail themselves of every opportunity that the increased visitor numbers will bring, including the economic benefit to them.

Mike MacKenzie: Am I correct in saying that you have not done a proper sophisticated cost benefit analysis, and that you have just looked at what other areas were able to achieve and worked it out somehow or other?

Kevin Robertson: We will undertake a full evaluation of the event once it has taken place, but we do not do detailed evaluation in advance. We have examples of the benefits that hogmanay, which is a much smaller event, brings to Stirling, and we can scale up from that.

Mike MacKenzie: It has been suggested that it may have been better for the people of Stirling to arrange the events to be held on different occasions in order to maximise the benefits. I take it that you cannot say whether that would be the case.

Kevin Robertson: What we need to focus on, as we are doing—

Mike MacKenzie: Please answer the question. You are not in a position to say whether that would have been a better option.

Kevin Robertson: We are not in a position to say whether it would be a better option. However, I can say that the events of the weekend will be a fantastic opportunity and will provide a huge economic benefit for Stirling.

Mike MacKenzie: Okay—I think that we have got that, and I hope that you are correct.

I have one misgiving. I understand that you have had to undertake drainage work in the field where the event is taking place. Just the other day, a friend of mine in Stirling told me that the field has not even been seeded yet, which gives me a bit of concern. Should I bring my wellies to attend the armed forces day national event? I know something about these matters. Will the event be held in a really muddy field that is impossible to use?

Kevin Robertson: No. The field has been sown, rolled, redrained and—

Mike MacKenzie: When did that happen?

Kevin Robertson: It happened in the past couple of weeks. We fully expect that the field will be ready well in advance of the armed forces day national event; that is the advice that we have received from those whom we have consulted. Although it may not look like there is much grass there at the moment, we are assured that we will have a grass covering for the event.

Mike MacKenzie: I hope that you have that assurance in writing and a good copy of it with your lawyers. To any of us who know about the Scottish climate, it sounds a wee bit optimistic to hear that you are going to have grass that 50,000 people will be able to walk on.

Kevin Robertson: We are very confident that the field will be ready in advance of the event.

Mike MacKenzie: Okay—thank you. I very much hope that you are correct.

13:00

Bruce Crawford: We heard from VisitScotland about the sponsorship successes for Bannockburn live. I know that sponsorship is being sought for the armed forces day, too. To date, who has committed to sponsorship? I think that the target was £190,000 to be raised from sponsorship. How close are you to meeting that?

Kevin Robertson: That is correct. We are concluding our sponsorship agreements, but I would not want to say at this stage who any sponsors are.

Bruce Crawford: You are confident that you will get to your target.

Kevin Robertson: We are reasonably confident that we will get to the target.

Dr Cantlay: I want to make a positive point. There is an argument that, if the events were taking place on separate days, the city would have had two bites at the cherry, and I think that that is well appreciated. The alternative, of course, concerns the wider impact of the huge amount of activity that is taking place, and showcasing that activity to the world.

On a national scale, I compare the event with the Ryder cup—people are staying all over central Scotland to attend an event that takes 45,000 people a day. Having an event on the scale of armed forces day plus Bannockburn live plus Pipefest should mean that the whole of central Scotland will benefit considerably over that weekend. We are working with partners to ensure that we maximise that opportunity.

Margaret McDougall: Can you clarify that the change in the Bannockburn programme was due to an early indication of low ticket sales, at around 1,000 of the 45,000 tickets that were available?

Dr Cantlay: No. The figure of 45,000 is in effect erroneous, as I explained. The event is quite different in scale—it can take only 10,000 people a day. The reason for moving from the Monday was primarily because of the imbalance of demand. The demand from people was to come on the Saturday and Sunday and not on the Monday, so the trick was to encourage them to come on the Saturday and Sunday and extend the programme. That is why we are so confident that anyone coming to Bannockburn live on the Saturday and Sunday—which we hope includes everybody here—will have a great time.

Pete Irvine: Those early ticket figures were in no way surprising. Bannockburn live is a completely new event, and we would anticipate that people do not know what it is. The king's tickets sold out so quickly and completely because there was a perceived demand, as there were a limited number. People buy tickets when they think that they are hot, because they think that the event will sell out.

Margaret McDougall: The change in the programme was due to the lack of demand for the Monday, and therefore you changed that to suit people—

Pete Irvine: When we reduce capacity due to expectation that there is competition from a free event, we have to redraw the budget. The ticket income is a significant part of that budget. If we predict that fewer tickets are likely to be sold because there is a free event on, we have to reduce the expenditure. It is simple arithmetic.

Margaret McDougall: But the Monday was not popular anyway, which is why the programme was changed.

Dr Cantlay: No, the Monday was not popular, and it has—

Pete Irvine: It may have become popular, but that was not put to the test. The Monday was less popular than the other two days, not surprisingly.

Chic Brodie: There are a lot of children's activities going on, and yet children's tickets are £12.50. Has any thought been given to offering family tickets, or how to attract children?

Caroline Packman: Family tickets are available. In fact, when we took over the project, we amended the pricing. Previously, kids under two went free, and now it is kids under five.

Dr Cantlay: The musical line-up is superb. It is so superb that Brian Ferguson from *The Scotsman* even had to accept that it was a superb line-up—so there.

Pete Irvine: The family ticket is much cheaper than tickets for comparable events in Scotland.

The Convener: Finally, we have not really discussed the programme for the clan day on the Monday. What is happening on the Monday?

Caroline Packman: That is an exclusive event for the clans that are taking pitches at Bannockburn live. It is really intended as a thank you to them for their participation in the event. It is based on exclusive access to the Bannockburn visitor centre, thanks to the National Trust for Scotland. There is some entertainment and a chance for clan members to network and catch up with their friends. It is a fairly low-key thank you to show our appreciation for their involvement.

The Convener: That concludes our session. I am grateful to you all for coming along and sharing your views. I think that I speak for all committee members when I say that we wish you every success with Bannockburn live and the armed forces day event. As somebody who represents Stirling, I hope that the weekend turns out to fulfil all the expectations for the local community and the local economy. We look forward to seeing that spike in ticket sales later this week, subsequent to your appearance at the committee.

13:05

Meeting continued in private until 13:10.

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