



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Thursday 14 November 2013

Thursday 14 November 2013

CONTENTS

	Col.
HELEN EADIE MSP	1479
DECISION ON TAKING BUSINESS IN PRIVATE	1483
EUROPEAN STRUCTURAL FUNDS.....	1484
“BRUSSELS BULLETIN”	1513

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE
19th Meeting 2013, Session 4

CONVENER

*Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP)

DEPUTY CONVENER

*Hanzala Malik (Glasgow) (Lab)

COMMITTEE MEMBERS

*Clare Adamson (Central Scotland) (SNP)

*Roderick Campbell (North East Fife) (SNP)

*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

*Jamie McGrigor (Highlands and Islands) (Con)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Alan Boyle (Third Sector Employability Forum)

Liz Cameron (Scottish Chambers of Commerce)

Lesley Cannon (Scotland Europa)

Kat Feldinger (Scottish Government)

Patricia Ferguson (Glasgow Maryhill and Springburn) (Lab) (Committee Substitute)

Stuart McMillan (West Scotland) (SNP)

Serafin Pazos-Vidal (Convention of Scottish Local Authorities)

Linda Stewart (University of the Highlands and Islands)

Karen Yeomans (North Ayrshire Council)

CLERK TO THE COMMITTEE

Katy Orr

LOCATION

Committee Room 2

Scottish Parliament

European and External Relations Committee

Thursday 14 November 2013

[The Convener *opened the meeting at 09:02*]

Helen Eadie MSP

The Convener (Christina McKelvie): Good morning and welcome to the 19th meeting in 2013 of the European and External Relations Committee. I make the usual request that mobile phones and electronic equipment be switched off. I welcome Patricia Ferguson back to the committee. I also welcome Stuart McMillan, the European Union rapporteur for the Local Government and Regeneration Committee.

Before we move to the agenda, I would like to pay tribute to one of our colleagues who is not with us, Helen Eadie. Given the work that she did on the committee, it is appropriate for us to formally recognise that work and her work elsewhere. I will never hear the word “Bulgaria” without thinking fondly of Helen and the work that she did to promote and raise awareness of that country.

I read the tribute that her son-in-law wrote, in which he explained that in her early life Helen was sacked from her first job in a laundry where the female workforce were not being treated well by the employer. Helen tried to unionise the workforce to support the women working there and she was sacked for that. As I said in the book of remembrance, when I read about Helen’s life it was clear to me that it was a life well lived and a life given to worthwhile crusades and campaigns.

On behalf of the committee, and as convener, I put on the record my tribute to Helen, and offer her family, friends and colleagues my sincerest condolences.

I believe that other members of the committee would also like to say something.

Patricia Ferguson (Glasgow Maryhill and Springburn) (Lab): On behalf of the Labour group, I thank you for those kind words, convener. Your comments are absolutely right. Helen was one of those people for whom Europe was not just an abstract concept but something that could help to improve the lives of the people whom she cared about. Her work in Europe was focused entirely on those themes.

Helen was also a woman who espoused a great many campaigning ideas, but she never took a here-today-and-gone-tomorrow approach. She pursued those campaigns for years, doggedly. I

know from my own experience that her support for workers at Remploy over a period of probably 30 years was second to none. She will be sorely missed.

Jamie McGrigor (Highlands and Islands) (Con): The shock of Helen’s death has been traumatic, and our thoughts go out to her family and friends. She epitomised the good side of politics, as far as I am concerned, and the right reasons for people being in politics. Honesty and goodness shone from her face and she had an obvious wish to help other people and a huge desire for a prosperous and peaceful Europe. I personally will miss her very much indeed.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): When I joined the committee, I came right into the middle of a ding-dong argument about Scotland’s position in Europe, forcefully put by Helen. I thought to myself, “Jings, this is going to be different from the Public Audit Committee,” and it certainly has been. Helen’s opinions, sincerely held and forcefully put, were extremely welcome, and I personally enjoyed the relationship that I had with her on the committee. We shared many interests, particularly in relation to the Balkans and the digital agenda. It is while discussing such points over a cup of coffee that you can develop lasting relationships with people, and I will forever be thankful for the opportunity to meet Helen Eadie and to work with her on the committee. I will sincerely miss her.

Clare Adamson (Central Scotland) (SNP): I will remember Helen for her absolute passion for those areas that she was involved in. Patricia Ferguson mentioned Helen’s support for Remploy, but her support for social enterprise and her passion for extending that across Scotland were also evident. She was someone who took her politics to a truly international level, seeking social justice not just in this country but across Europe, and especially in Bulgaria, which she obviously loved. That will be remembered by many people. Something that will always bring a smile to my face is the memory of her being tickled pink when I admired the electric blue nail varnish that I think her grandchildren had some part in encouraging her to wear. She was a lovely lady.

Hanzala Malik (Glasgow) (Lab): I had the pleasure of meeting Helen for the first time when I joined the Scottish Parliament, and when I joined the committee I told her, “You’ll need to look after me.” After a couple of committee meetings, she said, “I think you need to look after me.” She was a wonderful, wonderful person, who always had a gentle, friendly smile and always made people feel at ease. She always had time for you. I would stop her in the corridor and ask her what she thought about an issue, and she would stand and explain thoroughly what she thought, so she made sure

that you understood her point of view. Very few people have time for others these days, but with Helen it did not have to be purely business. You could ask her about anything in life and she would take time to explain and give you her point of view, which was always valued. I will miss her. She was a great lady, and I am sure that her family will miss her.

Roderick Campbell (North East Fife) (SNP): I endorse the comments that other members of the committee have made. I did not get to know Helen terribly well until I joined the committee, but her enthusiasm for Europe was absolutely paramount. For me, as for others, Bulgaria and Helen Eadie are inextricably linked in my mind. In my discussions with her, I always found her a warm and considerate person, and, as Jamie McGrigor said, she exemplified the better things about politics. When you thought about Helen, you did not think about a partisan political animal; you thought about somebody who cared passionately about things. She will be sadly missed.

Alan Boyle (Third Sector Employability Forum): I represent West Fife Enterprise. Helen was the founder of our organisation, back in the early 1980s, following the devastating demise of coal mining and the effect on pit villages. She had an absolute passion for and belief in people. She recruited me and inspired me to get involved in doing something that I have enjoyed for nearly 30 years now. It was through her that I first became involved with European structural funds.

It is poignant to note that our organisation was the first in Scotland to get an open European structural funds application passed. That was back in the days when applications were written on blank sheets of paper and sent straight to the European Commission, which reckoned that it could have filled a football field with the number of applications that were made.

Helen got irate about not having heard from the Commission. She got a form letter that said, "We have received your application and it is under consideration," but that was not good enough for her, so she dug further. Some civil servant revealed to her that what had been said meant that the application had been received but lost. She said, "You'd better find it." A couple of weeks later, she got a letter that said, "We have received your application and it is under active consideration." She contacted the same person and asked what that meant. She was told that that was code for, "We've lost it, but we're looking for it." She refused to accept that and took the application all the way until it was fully reviewed and ended up being passed.

That was typical of Helen—she never let something go. She had total belief in what she wanted to happen for the good of other people and

she pursued that with full vigour. She was a wonderful woman.

The Convener: Thank you. We have a tight agenda but, given that we are talking about structural funds, it was appropriate that we could all say a few words of tribute to Helen.

Decision on Taking Business in Private

09:11

The Convener: Under item 1, does the committee agree to take items 4 to 6 in private?

Members *indicated agreement.*

The Convener: That is excellent.

European Structural Funds

09:11

The Convener: Item 2 is a round-table discussion on the European structural and investment funds programmes for 2014 to 2020. Last month, we took evidence from European Commission officials. We welcome the opportunity to speak to all today's witnesses, who come from different—but welcome, detailed and wise—parts of the structure. We look forward to hearing your evidence.

The general round-table rules apply. If someone catches my eye, I will let them in. Some people are quite far down the table, but I have my specs on, so I should see them from here—Jamie McGrigor said that he might do semaphore signals to get some attention. We will go round the table and try to get a decent conversation flow.

I will kick off. Kat Feldinger is first up, as we will get the Scottish Government's position first. You will publish the update to the proposals soon. Will you give us an insight into the update? Given the delay in agreeing the multi-annual financial framework, will you give us an overview of how that all ties together?

Kat Feldinger (Scottish Government): We have been planning to publish an update on the proposals. We did a public consultation in May and, over the summer, we spent an awful long time working with many of the people in this room on firming up plans.

As the committee knows, we have not taken the classic European linear approach to developing the proposals. We did not pick words that look sensible on a page; instead, we came from the other end—we thought about where and how the money would have the biggest impact and tried to be pragmatic from the beginning, so that, when we launch into the programmes, we will almost know what we are doing before we start them, so we will be able to write them around what we want to do.

The update is sitting with ministers for clearance. That is because the pragmatic approach means that the update will have a wealth of information about what will be in the programmes. The update is quite full. We are aware that not everyone was able to be involved in the public consultation and the series of delivery partnership workshops in the summer, given the scale of our stakeholder base across the four European funds that we control directly in Scotland, so we want to ensure that everybody gets as wide a picture as possible.

The update will preview what will be in the partnership agreement. It contains a list of all the

proposals that partners made in the summer and the conclusions that they reached together. It talks a little about the practicalities of simplification, implementation and ensuring that we are ready to start on time.

We are hearing good, solid rumours from Europe that the multi-annual financial framework is over or on the doorstep, which bodes well for the regulatory package. Only a few snags are left for the Council and the European Parliament to negotiate.

We hope that the regulatory package will be ready in December. All things being well, that is when the whole United Kingdom partnership agreement will be ready. The structural funds operational programmes will follow shortly after and the rural fund programmes are to follow in April. We are just about on target for where we wanted to be and for starting on time.

The Convener: I know that January is the proposed start time. Do you think that everything will be in place for January?

09:15

Kat Feldinger: I still have my suspicions that things will come off the rails a little bit either in Europe or between Europe and the UK. At the moment—I understand that you got some of this information from Agnes Lindemans last month—there are some pretty distinct stylistic differences between the different parts of the UK partnership agreement. Some of parts of the partnership are quite open about which challenges we need the funds to address, and some of them are a little bit more laudatory of efforts that have been going on up until now. I suspect that those differences may mean that we hit delays in the negotiations between the UK and the Commission, but we are still aiming for as early in the first half of the year as is humanly possible.

The Convener: Thank you very much. Do any of our other guests have any insights into the readiness of the MAFF and the programmes? Sometimes you get quite decent information from the coalface.

Linda Stewart (University of the Highlands and Islands): I have a couple of general observations from the other side of the table, if you like. Obviously, we are all waiting with great attention to see what will happen next. In my sector and in my part of Scotland up in the Highlands and Islands, there is a general welcome for the approach that is being taken. There has been a realistic attempt to involve people without that becoming too bureaucratic and too top heavy. That has certainly been welcomed.

The obvious determination to be much more aligned—not just across the different funds but with regard to what is happening with national strategies and Government economic strategy—is very much welcome, too. Kat Feldinger and her team have tried to shift the balance to a much more results-oriented approach to what is happening so that, just as Kat said, we are concentrating on what we will be delivering and then looking at how we will do that—a lot of very good work has been done on that. We are picking up that every effort has been made to keep to the timetable. Other external factors will affect that timetable but there has been a determination to keep to it. An awful lot of what has been done has been welcomed.

Of course we are coming to perhaps the more challenging part—the implementation—and we need to look at some of the detail of that. Broadly, our view is so far, so good.

Alan Boyle: I agree with everything that Linda Stewart said. The development process has been far more engaged and the view is more strategic, but we are reaching the critical stage of how and when we will implement the MAFF. People have to plan—they have to line things up.

Although the approach is more strategic and the whole concept has been generally welcomed within the third sector and our wide range of employability provision, we do not bring match funding to the table, so we are incredibly vulnerable to everybody else. However, we line up match funding with other partners.

The same information about the enhanced employability skills pipeline is contained in the written response from the Convention of Scottish Local Authorities and in the Scottish Chambers of Commerce's input. At the end of the day, we will change the framework, we will change the objectives, we will simplify the programme and we will make it results oriented. Those things all have to be welcome. We will strengthen partnership working and we will bring things together, but the people who are the boots on the ground will still have to deliver. That is about the organisations in our network and the chambers of commerce—that is where growth in jobs will take place, not on some massive scale with a return to large labour-intensive industries. Our sector is particularly good at taking people who are multiply disadvantaged and furthest away from the labour market and putting them into those very jobs.

We are getting to the point at which we need to plan for what we will deliver and when we will start because we want to make the programme a success, as we have done with other programmes. As Kat Feldinger indicated, the timeframe is starting to become clear, and as a sector we are hoping that the programme is

agreed no later than the start of the next financial year in April.

Liz Cameron (Scottish Chambers of Commerce): I come at the matter from two ends. If I look at the programme from a strategic point of view, I welcome the Scottish Government's approach and its attempt to rationalise and bring all the fragmentation in the marketplace together into one potential delivery mechanism. That is good for Scotland and I absolutely welcome it from the private sector perspective.

My other perspective comes from working on European funding in a delivery organisation for 25 years or more. A lot of my frustrations relate to the audit process, the duplication of effort in some areas and the fit with what business needs. I am not saying that this happens throughout Scotland, but organisations and programmes are being funded that are possibly not achieving what they set out to achieve from day 1.

The structural funds programmes for 2014 to 2020 have given Scotland and the Scottish Government in particular the opportunity to stop and take stock of what is working on the ground and having real economic impact with regards to jobs and business competitiveness. The approach has been refreshing. However, having attended a number of the sub-group meetings, the matter is also very challenging. I thought that I had a handle on most public sector organisations and what they deliver, but believe you me, herding cats is what we are talking about in some cases. Some public organisations absolutely support the direction of travel that we are attempting to take Scotland in, but others perhaps require more of a push, so that they stop what they are doing. For example, just because we have done programmes X, Y and Z for the past 10 years, that does not mean that they fit the economic environment and global marketplace that Scotland now finds itself in.

We must not underestimate the challenges moving ahead. We have some themes and indicators on governance. I understand that a lot of improvements will be made on process in particular, as well as on audit, to make certain that the European funds that come to Scotland fund not process but products and services for business.

I used a beautiful phrase at one of the committee meetings: for nearly two hours, I sat and listened to what organisations were doing to business, not with and for business. We are a partnership, but among the business community there is a gap in knowledge relating to European funding and we must do an awful lot more—I hope that we will do so in partnership and in a collaborative way—to bring business on board so that it has a role and, if we tap in the right direction, funding, because we need to ensure that

we look very closely at infrastructure investment, too.

The Convener: Two members wish to ask supplementary questions on Liz Cameron's evidence. We will then move on to Jamie McGrigor's questions on the Highlands and Islands.

Hanzala Malik: Good morning, and welcome everybody. You have made two points that I have picked up on. First, you feel that the Scottish Government is moving in the right direction. I must give the committee a lot of credit for that because it has done much towards that end. However, you also said that some organisations need a bit of a push. By "push" do you mean that they need more support? If so, what support could we give to encourage them? Perhaps you mean push in the sense that they just need a kick in the backside to get them going. Please be candid because we are very keen to ensure the success of the programme. People such as you, who work on the coalface, are best placed to give us that good advice.

Liz Cameron: A culture has been created in some public organisations that dictates that, because they have a budget of X, they will do Y. However, with a reduction of budget spend hitting the marketplace in public organisations, I have not experienced them revisiting what they do or how they do it; rather, they are revisiting what additional funds they can get to fund what they are currently doing. Scottish Chambers of Commerce is saying that we must stop and look closely at the measurements. There is an array of business support activity out there—Scotland is well catered for in terms of business support.

Hanzala Malik: I am trying to identify who you feel could do with the additional support.

Liz Cameron: It is not about additional support; it is about a directive to examine in detail what a number of public sector agencies are doing in terms of business support activity that is getting European funding.

Hanzala Malik: I am trying to identify—

Liz Cameron: I will give you two examples. The first is in employment and support for individuals who take on young people or unemployed individuals. There is an array of programmes out there right now and they are not joining up. There is also business support activity that is being duplicated by a number of organisations, which could be reduced and delivered more efficiently.

Hanzala Malik: So who—

Liz Cameron: It is a matter of looking at the support or direction that they need.

Hanzala Malik: I am trying to get your expert—

Liz Cameron: I know what you are trying to—

Hanzala Malik: I am not trying, I am asking.

Liz Cameron: I know what you are asking of me.

Hanzala Malik: You have made a point and I am just trying to clarify—

Liz Cameron: All I would say is that it is up to the Scottish Government officials to look closely at the strategy and business plans for public sector agencies on business competitiveness. I am not going to name one particular organisation.

Hanzala Malik: Okay, then name two.

Liz Cameron: No, I am not going to name two, either. I am saying that we need to look very closely at that because what is on paper is not always meeting need on the ground.

Hanzala Malik: Maybe you can give me the names in private.

Liz Cameron: I would be happy to do so.

Hanzala Malik: Thank you.

The Convener: Kat Feldinger is taking lots of notes, so the point has been well noted. I ask Lesley Cannon to come in on that point, after which we will move on to Jamie McGrigor's questions.

Lesley Cannon (Scotland Europa): I will address a number of points that have been discussed. The original question was about the multi-annual financial framework and the Commission's view of the UK partnership agreement. Like Kat Feldinger, we are hearing that the financial framework and the regulations are all but there, although there is a little more work to do on how the devolved Administrations' role in the UK partnership agreement is developed, which will require more negotiation with the Commission.

In terms of stakeholder engagement, it is important that we remember that we are further advanced in our thinking and our ability to start a structural funds programme than, in my experience of working in structural funds in Scotland, we have ever been. Although the timescales that we have had to meet have been extremely challenging, we have actively participated in pulling together something that allows Scotland to start its programme as quickly as possible.

As Linda Stewart, Liz Cameron and Alan Boyle have said, we still have a lot more work to do on the detail. The high-level interventions have been discussed and we have talked about the various ways in which we need to work together in partnership to deliver those, so we are now

focusing on the detail of how we will do that and a lot more discussion is needed. We are also doing a lot of work together on how we can use the simplified cost options in a way that does not mean that we are starting from scratch and putting in place systems that people will have to learn all over again.

The Convener: It is very informative to hear what is happening. We get the strategic point of view, but I quite like to know what is happening on the ground. As someone who used to run a programme, I like to know that things are clicking into place.

We will move on to the Highlands and Islands for Jamie McGrigor's questions. Linda Stewart made some points about the Highlands and Islands, which I know you wanted to come in on. I ask you to use up your questions on the theme that you want to focus on.

Jamie McGrigor: In the written submission from the University of the Highlands and Islands, you point out the distinctive territorial challenges that the region faces as a transition region. You talk about

"peripherality, distance to markets and low population density"

and the

"continued loss of young people".

To those issues, I add the issues of bad roads, bad broadband and old infrastructure. Nevertheless, it is proposed that the Highlands and Islands region and the rest of Scotland will form a single unit for operational programmes.

You also list the advantages of the region, which include the fact that it

"has the potential to make significant contributions to EU 2020 targets, with considerable natural and cultural assets, a growing reputation for innovation—and around 25% of Europe's wind, wave and tidal resources."

I add to that the fact that it has 80 per cent of Europe's peatlands, which are an extremely important carbon sink.

09:30

All that said, my question is whether, as part of operational programmes, account will be taken of the differences between the Highlands and Islands, and the central belt and the rest of Scotland. The Highlands and Islands is a very different place, so why is the proposed integration going to happen? I am worried about that. Could you relieve my anxiety a little?

I also want to ask you about what is called an integrated territorial investment, or ITI. Again, that seems to be a way of integrating the Highlands and Islands with the rest of Scotland. I am not

necessarily against that, but I want to see how it will benefit the Highlands and Islands, which, after all, benefits a bit from being the only transition region. Is that enough to start with?

Linda Stewart: Certainly. Thank you for that. You have given me a lot to deal with. You would like to receive candid answers. In that spirit, I will attempt to provide some.

As we have all said, the strategic approach that has been taken so far is to be welcomed, but we in the Highlands and Islands have concerns about the next step—the implementation. The integrated territorial investment approach is new. We do not know exactly what shape it will take. We are working closely with the Scottish Government on the options that are available from the European Commission for such a model. We believe that it offers a way through the significant problems that you have just outlined.

We know for a fact that the Highlands and Islands faces continuing territorial challenges, as you outlined. We also know that it has opportunities. Similarly, with the structural funds, there are opportunities to work in a different way and to look at the advantages of taking a Scotland-wide approach to what we are trying to achieve. I do not want the Highlands and Islands to be left to one side and not to be part of that discussion. There is a lot to be gained by our sitting round the table and asking what each of the various parts of Scotland has to contribute. However, we must be able to recognise the specificities of the Highlands and Islands. As a transition region, it has received a separate allocation of funding, which must be spent in the region and to the benefit of the region. We are trying to marry those two aspects.

As we see it, the ITI will give all the key stakeholders and Highlands and Islands partners the opportunity to work together. That is something that we in the Highlands and Islands are very good at doing. At the moment, we are doing quite a lot of work on the smart specialisation strategy, which involves focusing on a region's strengths and working together in partnership. When we first heard about that at some of our Highlands and Islands meetings, we realised that we did that anyway and wondered why anyone would do it any other way. That is the way that we work: we work well together in partnership across the sectors. The ITI gives us an opportunity to package together some of that activity while continuing to work within the broad Scottish approach.

We have genuine concerns about how that will pan out, because many of the discussions that are going on at the moment are looking at national approaches. We have raised such issues from the start, as you would expect, and we have been

given assurances that there will be enough flexibility in how the funded activities will be delivered, but we are keeping a close eye on that, because we want to have the opportunity to adopt a more specific approach.

I will finish by giving an example from my sector.

In the new programming period, the main opportunities that we want to participate in are in skills and innovation. There are some very good indications of what Scotland is going to be doing and how there will be planning for delivering an aligned skills approach at different levels, working alongside what we do in innovation in the key growth sectors and so on. I think that that is wonderful.

We are also sure that we will be able to tailor those areas to suit the Highlands and Islands. However, we are concerned about whether we will really be able to do that when a lot of discussions are taking place at national level on how matched funding plans come together. The example that I intended to give is learning centres. We have about 100 learning centres across the Highlands and Islands, which allow access to education and training in some of our most remote and island communities that has not existed previously. They are a very important part of our delivery of further and higher education. However, we are not sure at this point whether we will be able to carry on delivering there, because those places do not have the same issues as the centre of a more urban area has. We need to keep an eye on how flexible is flexible and how rigid the plans will be when we get to the implementation stage. I could not agree more with your comments, and I reassure you that we are working very hard at regional level to address the issues.

Jamie McGrigor: I fully understand the importance of your regional education centres. I have visited a good many of them, particularly in the islands, and they are wonderful things. However, is there any evidence that they are drawing in people from outside the Highlands and Islands to come there and study? Such people would obviously bring in useful knowledge from other districts in Scotland and other parts of the world that can sometimes rub off and provide incentives for business as well. Are you seeing any success running down that road?

Linda Stewart: I cannot give you indications of success down to learning centre level but, overall in the Highlands and Islands, including the different campuses of the University of the Highlands and Islands and the learning centres, we are seeing an increase in numbers, which is certainly to be welcomed. Of course, we would expect that to an extent because we now have university title, but it has been encouraging to see

the numbers coming in and the provision in the learning centres.

The increase in numbers is, as you rightly said, making a huge difference in local communities, but there are also business implications, flexibility for different modes of learning and so on. It is a welcome approach, because we are not saying that everybody who studies has to be from the Highlands and Islands. We are looking at increasing the numbers of people who come from elsewhere and welcoming them. However, the numbers that we are talking about are still very small at the level of the individual learning centre. There is a fragility there that we need to be very careful about. The implication of some of the planning that is coming through is that it might decrease the numbers in a learning centre by only two or three, but for some learning centres that could be make or break. That is why we are very passionate about saying that we need to be able to tailor things to suit our particular circumstances.

Jamie McGrigor: I have a final question on that subject. Are the numbers in centres small for financial reasons? Are there other reasons?

Linda Stewart: A mixture of reasons underlies a lot of our planning for what we want to do with the structural funds to ensure that we increase numbers and make the centres sustainable. It is not about lots of new build but about ensuring that what we have is sustainable. Again, we need to look at that approach and ensure that we are working together to address the issues—that is at the heart of what we want to do.

Hanzala Malik: I will presume—to ease any pain—that there would be a financial implication to this question, but education is very important for us. Will the university consider whether, in communities where there would be little cost implication because there is space available, existing buildings can be put to an alternative use perhaps as satellite centres? Could that be done in the short term—I am not thinking long term, so I do not want all the education unions jumping on top of me—to bridge the gap? That might allow people who have retired or have lost their jobs or have left education to come back in, possibly as volunteers, to kick-start the whole education arena. Is that something that you could explore?

Linda Stewart: Certainly. That is an excellent point, which very much ties in with what Jamie McGrigor said. Particularly in smaller communities, we need to look at how we can work together and share facilities so that we can ensure that small centres work. A lot of the time, the issue is not that we need money to build a huge new impressive unit but that we need someone with the keys to open the centre at 8 in the morning so that a couple of students can participate in a videoconference for their degree.

Hanzala Malik: I would not want young students in the Highlands to be disadvantaged either through lack of choice of subject or through lack of availability in their local area. If, after a little more consideration, you could give us feedback on whether that approach might be feasible, it would be very helpful.

Linda Stewart: I am certainly happy to do that. We do quite a lot of analysis on the issues facing our learning centres, which are at the heart of what we intend to do with the structural funds support. I am happy to look at some of the stats and to come back to you on that.

Liz Cameron: I want to come in on the issue of buildings versus people versus services. We have nine chambers across the Highlands and Islands so I am aware how important it is that we understand the challenges that face the communities in those areas.

From an efficiency point of view, we could draw up a plan on paper for how we might reduce processes and introduce efficiencies among the organisations that monitor and measure European funding. I would support that wholly, as I believe that quite a lot of savings could be made, which would allow that funding to be used elsewhere.

For the general management and monitoring of European funding, the way forward should be to have one organisation and process covering all of Scotland, but—the but is coming now—as well as the integration that was mentioned, although I do not know what that word means in terms of the framework, we need the word that I wrote down, which is “connectivity”.

When I was in the Shetland Islands last week, I had 65 businesses in the room. Economically, on paper the businesses in that region are doing well and balancing their books, but the big issue for the majority of businesses both on Shetland and elsewhere in the Highlands and Islands is the lack of digital connectivity. A proposal to create 10 information technology consultants to advise businesses across the Highlands and Islands on how to make better use of IT might be fine in broad principle, but, quite frankly, if we do not have a pipeline that allows them to connect, we will be wasting money. I would like to see the funds used better.

That comes back to my point about whether we are funding the right kind of infrastructure investment. Potentially, we should be able to tap into some of the private corporates in Scotland and the United Kingdom that have the facilities and resources. Those companies should be working to put more money on the table to invest in ensuring that we are all connected. The partnership that I have talked about is about using not just European money or public money but the

resources of a number of those private companies, whose doors we should be knocking on to ask them how they will ensure that we have that investment in the Highlands and Islands. We should also be willing to challenge when we do not get the response that we need.

Buildings were mentioned, and let me talk about the lottery for a second. We are talking about empowering communities and, provided that we can get the connectivity on the ground, we might want to start matching the growing community assets fund with European funding to start empowering communities in the Highlands and Islands. Those communities are an exemplar of how communities can come together. We could then start to consider the potential for the public bodies that operate some centres to withdraw and to give the centres back to the communities, with proper funding for sustainability. I am simply saying that that should be considered. We sometimes miss a trick in empowering communities, because it does not always need to be the normal public bodies that deliver.

09:45

Kat Feldinger: I am heartened by a lot of what I have heard. As Linda Stewart knows, we have put a huge amount of effort into figuring out how the programme will work between the Highlands and Islands and the rest of Scotland. All the European structural and investment funds are trying to integrate. The fisheries fund runs at UK level and the rural fund runs at an all-Scotland level. We need to explore how to minimise the administrative structures so that, as Liz Cameron pointed out, the money ends up going to the right place while we take care of the specific territorial challenges that are faced by the Highlands and Islands and other areas in Scotland.

I turn to some of the specific points that have been raised. It is worth saying that we are working with partners in the Highlands and Islands to figure out what an integrated territorial investment might look like. There is a notion that we need a balance that allows us to take advantage of the things that the Highlands and Islands have that the rest of Scotland does not have. A great example of that is peatlands; another example is the renewables powerhouse that the area could become. The Highlands and Islands can contribute, but the area might need some help with community sustainability over and above what is needed in the rest of Scotland in order to make the most of the advantages for the Highlands and Islands and for the rest of Scotland.

We need to look at the issue through that lens. We need to consider what we have to do nationally and how we can tailor that locally to ensure that the right organisations are involved in

boots on the ground. We have to consider what additional support is needed for regions such as the Highlands and Islands, and how we package all that together.

Several folk have mentioned broadband. As the committee took evidence from the European Commission last month, it is worth mentioning that the regional policy directorate-general is not persuaded that funding should be spent anywhere in the UK, or indeed in any of the developed member states, on things that the Commission thinks that the market ought to cover—and broadband is one of those things.

We have had a number of conversations with the Commission, because we disagree with that. The work that we have done with partners over the summer has shown that there is universal disagreement with the Commission's proposal that we should not spend money on broadband. One thing that we will do through the partnership agreement negotiations is to make that case quite forcefully, with support from partners and from our digital colleagues in the Scottish Government, to show what a significant issue broadband remains in places with a geography such as Scotland's.

Linda Stewart mentioned that skills are an important aspect. We are trying to engender real change with the 2014 to 2020 programme so that we do not just have skills for their own sake. Skills are a huge part of a country's competitiveness and of making the most of not just natural assets but human assets. We are trying to link regional business and sectoral strengths or assets with the skills that will come out of colleges and universities and from the existing workforce. There is a big push on that.

We have been working with the university and college sector and with Skills Development Scotland and the Scottish Further and Higher Education Funding Council. They are keen on using some of the funding for planning their skills supply through regional skills plans.

The first of those plans on the ground is the Highlands and Islands regional skills plan, which details the opportunities and the skills that are likely to be in demand. There is a real opportunity for the Highlands and Islands and for the UHI to pull in some of those specialisms and to make them their own to ensure that people are attracted to study in the Highlands and Islands. People might then take up economic opportunities that allow them to stay, which will help the region to grow.

The Convener: There was a lot of information in that. We will now hear from Stuart McMillan, followed by Lesley Cannon and Alan Boyle.

Stuart McMillan (West Scotland) (SNP): Listening to Liz Cameron took me back to the

Local Government and Regeneration Committee's work over the past year in its inquiry into public services reform. The vast majority of what Liz Cameron said has been covered in the committee's reports on that, so I thought that perhaps Liz Cameron has been reading them.

A number of points were raised in that inquiry. I will not go through them all, but I will touch on a few. First, irrespective of whether we are talking about the Highlands or Islands or elsewhere in Scotland, community planning is important because it is a key part of getting the partners round the table to progress what is required for the area.

Secondly, community empowerment is important. It will be addressed in the proposed community empowerment and renewal bill, which the Parliament will consider—I note that it is not the Local Government and Regeneration Committee but another committee that will look at that—and which is covered in the committee papers as well. Community empowerment is particularly important in more rural communities, where there has often been a strength for many years. Urban areas could certainly learn a thing or two from rural communities.

Finally, skills are crucial to the country's competitiveness, whether we are considering productivity in local government or the private sector perspective. We need to get the best outcomes from the investment that goes into skills, whether it is investment in the UHI or any other institution in Scotland.

Lesley Cannon: At all the discussions that we have been involved in about the development of strategic interventions for the structural funds at a national level, the Highlands and Islands have been represented through Highlands and Islands Enterprise, the UHI and the European partnership. A lot of the discussion has been about how we deliver against the mixed agenda of national priorities, overall strategic outcomes and the regional strengths and differences across Scotland.

As Linda Stewart said, part of that discussion is also taking place around our smart specialisation and regional equity and assets and how we focus those interventions to maximise the opportunities at the regional level and to address gaps and issues that are impeding our innovation across the patch. A lot of discussion is still going on about the detail, and we think that the integrated territorial investment opportunity is one that will help to address those issues.

The other point that I want to make is that the discussions about European structural and investment funds are not going on in isolation from our discussions about the wider range of

European funding opportunities to which Scotland has access. In our partnership discussions, we are also looking at what the Interreg programmes and the horizon 2020 funds can bring to the table; how we can make sure that we use our structural funds as effectively as we can, particularly in the area of innovation, to help with business capacity to engage in some of those other European funding opportunities; and how we can use the calls for innovative solutions to address things such as remote and peripheral digital connectivity. In parallel with the ESI, a bigger set of discussions is going on in which we are looking at how we can make best use of the mix of funds for Scotland.

The Convener: We have a lot of areas to cover, and I am becoming extremely aware of the time. I will bring in Alan Boyle next, then Serafin Pazos-Vidal, and then Patricia Ferguson, who has some questions on a theme that she is interested in.

Alan Boyle: I will try to be brief. We could probably spend all day discussing the theme of what we think success will look like compared with what has happened in the current programme.

I come to the matter from the perspective of a sector whose biggest engagement involves working with those who are furthest from the labour market, and we know that the bulk of those who move into jobs do so in small and medium-sized enterprises. One thing that we underestimate is the importance of groups that are really hard to help and hard to reach—the spatial dimension in Scotland does not matter, as everyone has them. We have not found a way to articulate in a common language the distances that those people travel through interventions. They will not always make the full, hard journey to the outcome of a sustainable job in one fell swoop.

As a tangible example derived from analysis in the sector that we have developed with the Big Lottery Fund, I can tell the committee that, on leaving, 75 per cent of people who are supported move into the labour market, either into jobs or further education and training, and 90 per cent feel more positive about their employment future after receiving support. Within six months, a third of those who did not leave to something positive have got something. Not only does that mean that they are self-empowered, but they are saving us money because they are not going to other services. Instead, they are just cracking on with moving into the labour market.

The real success rate is 83 per cent. The fact is that those people feel better about themselves, empowered about where they are going and can take action; at times, I think that we forget that there is a very human dimension to the issue.

Kat Feldinger and I have discussed the issue. We know that there is more work to be done—for

example, our systems are not yet sophisticated enough to examine distances travelled—but we all need to be more assured that whatever interventions we carry out we see that they are having an impact and feel better about it.

Serafin Pazos-Vidal (Convention of Scottish Local Authorities): I will come back to a number of points that have been made so far.

I think that panellists around the table and others who are not present will agree that the process has been useful and far more open than in the past. As I work with my counterparts from other countries on a more or less daily basis, we tend to review how the partnership negotiations are going in their countries. I think that, with a few exceptions, we are doing fairly well.

There has been an honest effort, particularly by the Scottish Government, to examine integration and integrated priorities, to avoid duplication and, sometimes, to sort out the problems created by the rules. We are going as far as is realistically possible on integration. However, it is a pity that although there has been some progress with the rules—I note that the structural funds rules have just been finalised—compared with the previous rules we have not been able to go any further with integration and ensure that there is no duplication and that there is a consistent approach to the funds. However, we will try to exploit the situation as much as possible from a practical and pragmatic point of view.

As well as working here, we have also been influencing the discussion in Brussels from the outset. Although you might say that we were pushed, as it turned out we were sufficiently satisfied with the emphasis in the regulations on local development. In fact, it has turned out to be one of the main drivers of the new structural funds rules and new rural development fund, and we are pleased that overall the theme has been taken up in discussions in Scotland on drafting the partnership agreement. After all, it is worth pointing out that the partnership is about local development and social inclusion, and not only COSLA but the local authorities working with COSLA very much contributed to that.

I think that we could take things further, and a number of other possible interventions in the other two themes could have a local dimension. That is certainly something that we support. It is also worth mentioning that the origin of the reform programme was the Barca report, which emphasised the place-based approach, and the question is how we maximise that.

Everyone has welcomed the partnership approach, and I believe that we should move forward with it. That said, the devil will be in the detail and we subscribe to the view that we need

to seek clarification now that we have to set things down in specific legal commitments and practical arrangements. We particularly welcome the fact that the community planning partnership will play a particular role in bringing local partners together on a bigger scale than we have experienced in the current programmes.

10:00

We also hope that some of the logic of the single outcome agreements can be translated somehow into the new programmes. I say “somehow” because the rules do not allow the total outcomes-based approach that we are trying in Scotland, but there has been a move towards outputs, which was not previously the case.

Our position has always been that it would be useful to have a partnership agreement that covers the whole of Scotland. Like other colleagues who are here today, we are perhaps more concerned about trying to force all the Scotland-wide operational programmes together, but—as we have discussed—there might be opportunities to ensure that, as the new rules foresee anyway, the Highlands and Islands priorities are better reflected by being delivered in a specific way. We will be keen to report on that.

The Convener: We will move on to the thematic objectives. Patricia Ferguson can open the discussion, and then we can bring in some questions.

Patricia Ferguson: The consultation over the summer offered the opportunity to discuss the themed funds and whether they would meet the objectives that were set out. It appears from the responses that most people are quite content with those funds, but there was some suggestion that more flexibility was needed to allow local issues to be addressed. Would any colleagues like to comment on that?

The Scottish Chambers of Commerce suggested that the themed funds could succeed only if there was involvement from the private sector within and across each theme. Are the themed funds the correct ones, and are they broad enough to allow the ESI funds to help Scotland to meet the 2020 objectives?

Jamie McGrigor: I have a small point further to that question. In evidence to the committee, the Scottish Chambers of Commerce stated that the Scottish Government’s priorities for Scotland

“lack explicit recognition of the vital role that the private sector will play in delivering the priorities set.”

Perhaps Liz Cameron could enlarge on that.

The Convener: Liz, you might want to pick up Jamie McGrigor’s point and a number of points that Patricia Ferguson raised in her questions.

Liz Cameron: Yes, I will leave it to some of the other organisations here to give their views from a local perspective. I believe that the funds are general enough, if the rules are interpreted correctly, to allow for flexibility. We are talking about the localism agenda, and most of the successes that the SCC and I have had are down to the local community and delivery mechanism.

While we will have a Scottish cloak around the agenda, there will be enough flexibility—I have heard the word “innovation” this morning—to allow local organisations to come up with local solutions. We have a skills strategy that says “We need this”, which is fine, but some areas need to adapt the agenda to suit a particular region or geographical locality.

My caveat is that the fund rules must be interpreted correctly by those who are managing and making the decisions on projects that may or may not come from local organisations. Provided that we have the right skills, expertise and knowledge on those committees, the rules should be general enough to allow that to happen.

I offer that caveat because my experience historically has been that the flexibility has not been allowed. We talk about innovation, and the best way to get that is through grass-roots organisations saying, “This is what the need is”, rather than us coming up with the structure and detail for the skills agenda in particular, which may be based on the delivery organisations’ marketplace rather than the needs of business or communities.

I want to make certain that that is understood, and I am looking at Kat Feldinger in particular. It is important that the private sector comes to the table as a result of the Scottish Government inviting us to do so. There have been many instances of the private sector being excluded from those discussions, and yet there is a knowledge base that needs to be tapped into. I would like to see that happen.

The approach should not be based on our ability to match funds. The place at the table should not be determined by asking, “I love your idea but where are you getting the money from?” That is not acceptable in today’s marketplace.

Does that respond to the question?

Patricia Ferguson: Yes. I picked up in your submission that you were concerned that business needs were not being reflected. It comes back to a few of the things that you were saying to us.

Liz Cameron: Thank you for giving me the opportunity to reinforce that point, which we feel very strongly about. We welcome the European Commission specifically stating that business and small and medium-sized enterprises should be

engaged in the delivery of the funding. We have to make sure that there is a culture change to interpret that in the correct way, so that we get a place round the table and get to be part of the decision making.

If a project for £3 million, £4 million or £10 million is coming up, we should have a place at the table to determine whether that is really what business needs. We are willing to put our time and effort into doing that. I would like to see that acknowledged and I would like to see business built into the mechanism.

The Convener: Karen, would you like to come in on those points?

Karen Yeomans (North Ayrshire Council): Yes, thank you.

With regard to the national versus the local agenda, the employability and skills theme is picked up well through local authorities and other partners. There is still some caution with regard to the competitiveness agenda, which echoes some of Liz Cameron’s concerns.

I will pick up on one of Liz’s earlier points. North Ayrshire has about 4,000 businesses and at least 14 organisations that offer some sort of business support. That is a lot, and there are some issues about how that is all managed. We are working hard with those 14-plus organisations to make sure that we put together an offering that suits local business.

That said—and this is where there is a question about how much, or whether any, local input is needed in the delivery of the competitiveness agenda—those 14 organisations tend to focus on the same groups of businesses: the larger ones and some of the account-managed companies that we have through our national agencies. We have about 40 of those in North Ayrshire. We have 100 to 150-plus local businesses with the same business potential for growth, and yet there is very little support for them. They are certainly not getting the same intensity of support through national programmes as the 40 larger businesses.

There is real scope to ensure that there is local provision to support those smaller businesses, which absolutely have growth potential. EU funding can help provide a suite of activity to support those businesses to grow, but it is not yet secure that the local dimension will play through the European programmes. We have been working with Kat Feldinger and other partners over the summer months to solidify that position, but we are not there yet. A caution that I have is that we should have sufficient local dimension in the competitiveness agenda.

The other point that I will make is about flexibility, which again will echo some of what Liz

Cameron said. There is a coalface, if you like, and you can end up delivering a European programme in a way that is quite distinct from working with a business to find out its needs and responding by putting together a package of activity to help that business grow and develop. We need as much flexibility as possible in the programme to enable us to work with business at the coalface rather than just deliver a programme. When we focus on delivering a programme, it sometimes causes us to lose sight of the fact that we are actually there to support business.

The Convener: People have mentioned the Scottish chapter of the partnership agreement, but they have not said whether there are things missing from it or things in it that can be enhanced.

Kat Feldinger, will you speak about that and give us some insight into the Scottish chapter? I hope that the rest of our guests will think about it, too. If anybody else has anything to add, please catch my eye.

Kat Feldinger: I will start with a juxtaposition of a truism and a paraphrase. The truism is that "Culture eats strategy for breakfast." The paraphrase is, "Lunacy is talking to the same people every seven years and expecting a different answer to come out." There is an intriguing culture around structural funds across Europe and the same people being engaged. Liz Cameron has hinted at there being a culture of entitlement in some places in the system, or an expectation that the funds will keep getting spent on the same things. If the funds keep getting spent on the same things and if the regulations shift from under our feet, we will need to start thinking about working much more closely with a range of partners, including those in the private sector and those who are genuinely able to deliver the Europe 2020 agenda. A huge culture shift will have to happen, and it is not just one way.

We started with the two bookends: the strategy and the pragmatic sense of what we wanted to do. We have been filling in the gaps ever since. Part of that process of filling in the gaps was an attempt to engage a whole range of business organisations. That is where the culture change needs to be two way. The Scottish Chambers of Commerce are the only ones who have engaged. I hope that Liz Cameron and her organisation will lead the others by example and that, over the course of the programme, more businesses will get engaged in it.

This is an implicit part of the evidence base for the partnership agreement. Whether we are talking about innovation, competitiveness, business growth or ensuring that SMEs and large companies are in a position to take on young apprentices or new employees, those are not

things that Government or a Government agency can do. There is really only one type of place where that can happen and that is in a business. We can set up support structures, but that has to come from businesses demanding that kind of service, too, and that also relates to a culture change.

That is a huge challenge, and we can constructively use the seven-year programme to try and address it. I hope that, having focused on how to combine skills and innovation and business competitiveness and on ensuring that businesses are growing in their local areas—perhaps to the point where they come to the attention of account managers and where the relationship between the national agencies and local authorities is actually managed—we will come out at the other end with a different culture. I hope that businesses will demand more support and that they will want to help direct it, with an understanding of what it can do for them, in which case they will be in a better place to take on young people. It is basically a little nirvana if it all happens. We can but try.

The Convener: Hope springs eternal.

Linda Stewart: Kat Feldinger has nailed it, having spoken about the culture shift in this whole debate. I do not know whether we have quite appreciated—collectively across Scotland and certainly among the structural funds families—how much of a culture shift there will be. There has been a completely different approach, certainly at a Scottish level. That includes very new models of delivery, with simplification, a results-based focus and a whole host of different things. There are a whole host of different approaches from the Commission, too. We need to start realising just how much the scenario is changing.

We were considering the thematic objectives. The key word that Liz Cameron mentioned in that respect was "interpretation". As regards the areas that I am more familiar with, such as skills and innovation, I very much welcome what is being said in the thematic objectives. There is an opportunity to do the right kinds of things that Scotland needs to do and the kinds of things where we, as players in the game in the broadest sense, are able to and have the capacity to deliver. That goes back to the point about considering how we can interpret that at a local level.

I will give a brief example. We have talked a little bit about skills but, focusing more on innovation, there are some very good plans in the thematic objectives for setting up more innovation centres across Scotland. That is what we need to do, and we need to raise our game on the closer-to-market side. We are very good in Scotland at world-leading, cutting-edge research, but we are not awfully good at getting it to market. The

innovation centre proposals offer very much the right approach. However, we need to consider how we interpret that at local level with regard to Highlands and Islands-specific issues. We are dealing more with microbusinesses there.

The starting point is ensuring that we address the key growth sectors and try to tie together what we do in skills with what we do in the innovation centres so that it all points in the same direction. However, as we said previously, we must take account of local circumstances.

10:15

Hanzala Malik: I want to pick up on a couple of comments by Kat Feldinger and Liz Cameron. One of them said that she hoped that we could have a one-agency approach and a place at the table. However, you might be at the table but you might not get fed; the danger is that you might be the waiter at the table.

Another issue about the one-agency approach is that there would be a lack of competition. There would be a danger that the one agency would get complacent. Competition is healthy and we need some, but I take on board the issue about duplication. Liz Cameron raised a very good point about that. We need to look at that and try to work towards reducing duplication. It is perhaps not possible to eradicate it in the very near future, but it must be our long-term goal to do that. Your assistance could be quite helpful in that area.

I have always felt that although individuals might have a lot of passion, delivery is far more complicated in the sense that we must take on everybody's aspirations. People can often pull in different directions, but we must have a focused approach. Liz Cameron alluded to that as well, which is good. Overall, I would like to think that this committee is going in the right direction and that the committee's support to front-line organisations is crucial. We make a lot of effort to try to achieve that. However, it is a two-way traffic situation because people must engage with us as well, but not at the cost of other organisations. We will lose the good will of people out there if they feel that they might be endangered. We must carry everybody with us.

However, as I said, we need to look at duplication, which has always been an issue. Sometimes, there might be an element of some percentage of duplication. Overall, though, I like to think that we are going in the right direction and that what has been done so far has been very helpful.

Roderick Campbell: I have a couple of questions. First, what is the panel's view of the approach to assisting youth employability? Secondly, does the panel have a view on the

composition of the proposed strategic delivery partnership?

The Convener: Lesley Cannon and Serafin Pazos-Vidal want to comment. I ask you to address both questions, if you do not mind. Thank you.

Lesley Cannon: I will go back to Patricia Ferguson's original question about whether we have the right set of thematic objectives. As we have discussed at previous presentations to this committee, there was a lot of collaboration and discussion with a wide range of stakeholders when the Commission guidelines first came out. They were very prescriptive about what options were on the table. We participated in a lot of discussion about what would be the best mix of thematic objectives for Scotland to help us deliver what we felt could best be achieved with structural funds. I think that that is how we have ended up with the architecture that we have. As committee members have mentioned, we think that that gives us the best flexibility within the available guidelines or regulations. Now it will be about how we use those thematic opportunities.

It is also about a culture change and how we use the structural funds to influence our delivery structures. There has been a lot of discussion about that as part of the development of the interventions and consideration of how we can work more effectively to deliver collaboratively, as opposed to doing so on an individual basis, and help remove some of the duplication and overlap. There is a lot more discussion to take place on the detail, but we are definitely moving in the right direction in using the funds as a lever to help that shift to happen.

Again, there are further discussions to have on youth employability, but what has very much been a focus throughout the competitiveness discussions that I have been involved in and, I am sure, in the local delivery discussions is how we focus on the youth employability challenge and use some of our young people in encouraging mobility at the European level, and helping to use those young people to create a more international and innovative perspective in our businesses when they come back. There are really interesting opportunities on the table that are being discussed as part of the development of the partnership approaches.

Serafin Pazos-Vidal: I will briefly cover some of the issues that have been discussed.

I would not say that it is a matter of local versus national; let us say local and national. To be clear, local authorities support nationwide strategic priorities and interventions, which is why we have been negotiating and discussing the process with partners for almost a couple of years. Those

matters are not incompatible with local determination. Already, in some instances in the current programme, local authorities want a bigger say, if possible, on delivering: finding the specific problems in their areas and trying to find innovative approaches to them within a broad range of nationally agreed priorities. That is unsurprising, considering the local agenda that COSLA is pursuing. Members may know that we are pursuing that further with the new local government vision for the future of local government in Scotland. That is tricky, of course, as we need to look at specific issues relating to implementation, audit and legal responsibilities that local authorities, community planning partnerships, the business gateway and other elements of the local community or the local government sector should comply with. That is a delicate thing, but it is a question of achieving a balance between the small range of nationally agreed priorities and how they are implemented or pursued at the local level.

On the same note, it is important that one of the things that we are pushing to ensure local determination and consistency is what we call the pipeline approach. We might see that in employability, where different sectors and agencies will contribute to different parts of the programme, and we will definitely see it in business support. We will, I hope, see a pipeline of interventions involving different bodies. The question is seeing whether there is proper demarcation and complementarity at the same time, so that the beneficiary ends up with a pipeline of support in a very out-of-the-market situation. Where, for instance, a job seeker has found a job or a business is already growing, it is about ensuring that there is consistency of support.

We are keen that the recently launched youth employment Scotland programme is developed, and we have made representations on that. Ideas in the current programme that have been looked at can be pursued in a more ambitious way in the next programming period. The youth employment initiative, which will benefit the west part of the country, will also be helpful. We have made a number of proposals to ensure that it is tailored to the specific needs of that area but also makes sense with the related interventions elsewhere in the country.

Many things will depend on difficult technical negotiations that will take place in the coming weeks and months to avoid duplication. I will mention a very small example. On the one hand, on the rural programme there is LEADER funding, which is for local development interventions. It is a small programme, but it is strongly supported by those who are part of that initiative. On the other hand, there are the community planning

partnerships. We should explore ways of creating a proper interface between them, to ensure that interventions in the rural funds and structural funds by the CPPs and by local action groups are consistent, in the same way that the local development strategies being developed with rural funds are more or less consistent. They inform the local economic development strategies and vice versa, creating both complementarity and a sense of mutual accountability, which is, at bottom, what partnership should be about.

The Convener: We have five minutes left to cover a couple of other points. Willie Coffey, Alan Boyle and Karen Yeomans can comment, and then I shall invite Clare Adamson to say something about youth employment. If anyone has something specific to add, this is your chance, but please keep it short and sharp.

Willie Coffey: I would like to pick up the theme of information and communications technology. Can Kat Feldinger clarify exactly what is involved in that and for what purpose? You may recall, convener, that there was concern at previous meetings about the connecting Europe fund—I know that that is a different fund—which is dropping from €9 billion to €1 billion for IT infrastructure. There has been a bit of chat around the table today about rural issues relating to connectivity, broadband and so on. I also remind members that rural broadband is not only a northern or Highlands and Islands issue, but that it also affects the south and west of Scotland and other remote communities. What is in that theme? Does it cover IT infrastructure and connectivity issues or not and, if it does not, what are we doing about raising awareness about connectivity and addressing the huge budget drop from €9 billion to €1 billion?

Kat Feldinger: I suppose that structural funds—particularly the regional development fund, which is likely to be in the region of €400 million—are never going to make up for €9 billion going missing across the European budget. As I said earlier, the Commission is not persuaded that the UK needs to spend any structural funds at all on ICT infrastructure. We do not agree with that. Our disagreement has been vocal and we are constructing what we hope is a convincing argument for inclusion in the partnership agreement, which we will then have to negotiate with the Commission. In effect, we are trying to get the Commission to buy the argument that we should be allowed to spend both structural and rural funds on broadband provision.

Alongside that, we are also considering a range of other digitally inspired initiatives. One is around increasing advanced business usage, using ICT as part of a business model. Another is around using better technology in terms of cities

management, and the cities alliance has come up with a proposal for how to do that. The final one is around digital inclusion and ensuring that people have the skills to access ICT, both for employability and for access to services and remote roll-out.

Alan Boyle: I wanted to come in on youth employment. Principally, only the south-west of Scotland is identified as qualifying for those interventions, but we have other pockets of youth unemployment across the country. However, the debate is becoming far more sophisticated and I am not sure that all the issues have started to feature in it yet. Quite a lot of studies have been done on modern youth culture, especially among disadvantaged people who are furthest away and who have grown up in a completely different environment that places them even further away.

The national employability forum, chaired by John Swinney, the Cabinet Secretary for Finance, Employment and Sustainable Growth, is concerned that there is an oversupply of youth intervention, because with regard to achieving the key aims of reducing overall unemployment and poverty and improving social inclusion, there are four times more people in Scotland over the age of 25 who are unemployed and excluded from the labour market than there are young people, so our priorities are not lining up at this stage. I mention that only because I know from personal experience that mixing those young people with an older cohort can lead to remarkable success through more mature peer support.

The Convener: Karen Yeomans was going to come in on some of those points, too.

10:30

Karen Yeomans: My first point is on the plethora of agencies that provide business support. Although there is a range of local organisations, business wants a single point of contact that can utilise expertise across a number of agencies. No single agency will have the depth and breadth of support that is required by business, but a single point of contact for business would be a major step forward.

I have a couple of points to make on youth employability. We welcome the focus on youth employability and, in North Ayrshire, we are starting to see a significant decrease in the number of our 16 to 24-year-olds who are unemployed. The growing flexibility that we are getting through the programmes is also welcome. However, there is a significant youth employability issue—Alan Boyle made the point very well. In North Ayrshire, we are acutely aware of the fact that we have one of the highest youth unemployment rates, although it is not dissimilar to

the ratio that Alan just cited. We need to look at the over-25s as well, and there are more limited funds for that age group at the moment.

The Convener: That brings us neatly to our last theme, which we want to cover quickly. I apologise to Clare Adamson, but we have had a good and helpful conversation this morning. I invite her to ask the committee's specific questions on the youth employment sector, to which we hope to get some answers.

Clare Adamson: A lot of the questions have already been asked. Some of the evidence led me to think that we are maybe not putting small and medium-sized enterprises at the heart of what we are doing. Given that that is a focus for Europe, that is interesting. We have talked a bit about the culture change, but it does not seem to have gone far enough. The written submission from Scottish Chambers of Commerce talks about youth employment initiatives and says that it felt excluded from the process, with the suggested delivery mechanism being third sector organisations. We have talked about the fact that there are a plethora of those.

Are we going far enough in our engagement with SMEs, specifically in the area of youth employment? I also have a general question if there is time for people to comment. Is the dynamism that is required from our SMEs in the whole process likely to be achieved? A horizon 2020 conference found that the big problem for SMEs is their lack of capacity to absorb bureaucracy, time delays and so on. Are we making the sea change in dynamism that we need?

The Convener: Liz Cameron is nodding her head.

Liz Cameron: I agree. You pick up a point that Kat Feldinger made earlier, that the culture change is a two-way process—I fully accept that on behalf of business. I wrote down “capacity building within the private sector organisations”. I have put European funding on the agenda of our discussions with the other business organisations. We meet a group of six every three or four months, and their view is that European funding is of no interest and I am the only one with that agenda. I have personally been engaged in European funding for a long time. Given that education, it is up to me and others in the business community to say that the funding is supposedly focused on helping to address business competitiveness and unemployment.

I accept that there is a need for our end to come to the table more, but that is made very difficult. I smiled when Hanzala Malik talked about our ending up being the waiter. Right now, I feel like the cleaner who picks up the crumbs—and that is

on a good day. Believe me when I say that being the waiter would be a promotion for us in terms of our positioning and decision-making ability around the table.

I am listening to the youth unemployment agenda, and skills are a big issue for Scottish business. If we have achieved with European funding what we set out to achieve in the past five, six, seven or eight years, why are a growing percentage of individuals further away from the jobs market? We cannot employ them.

It is true that we have had a rough four years of recession. We are now riding that wave. Why do we also have skill shortages? Why are young people picking disciplines and career opportunities that we do not have to give? The mechanism and the delivery model are fundamentally flawed. I do not know where to start with the subject because it is so vast. We have attempted to map out the skills and education agenda three times; the committee should bear in mind the fact that we are not a public body. We talk about culture change. I am talking about changing the delivery model. It is not a case of tweaking things around the edges because a new theme is coming; it is a case of changing our delivery model fundamentally. If we do not, we will face the same issues in five years' time. It is about business working collaboratively to help the public sector.

It is the first time that I have appeared before the committee and I have enjoyed it—I do not know whether members have, too. I will answer Hanzala Malik's question later. As a committee, please do not let go of that tail. We have started a journey. The real issue is the how. If we get that wrong, as we have in the past, it could go the wrong way. It is up to the committee to ask how we are doing things at every opportunity and to explore every avenue to find out what is new as far as delivery on the ground is concerned, or whether it is just more of the same.

The Convener: I know that other people want to get in, but we have run over time. Kat Feldinger knows very well that the committee's grip on that tail is a strong one, and we do not intend to let go of it.

I thank all the witnesses for their evidence. There are a few points that we have not covered, so we may communicate with you in writing just to firm up some of those points. If there is anything that you felt that you did not get across, please do not hesitate to get in touch with the clerks, because it is extremely important that we hear what you have to say. That is the only way in which we can form our opinions and the only way in which the Scottish Government can take forward the Scottish chapter. Thank you all very much for your participation. We look forward to

working with all of you—including Liz Cameron—in the future.

“Brussels Bulletin”

10:37

The Convener: We move on swiftly to agenda item 3, which is consideration of our “Brussels Bulletin”. Members will see that it is pretty comprehensive this month. We asked a number of questions and have received a number of responses. A number of actions have been proposed, on which we hope to get members’ agreement. I ask members to have a quick look at the bulletin and to suggest areas in which we should respond.

Clare O’Neill has—extremely helpfully—put together some recommendations; they are in bold. I ask members to go through them one by one. A number of proposals have been made for follow-up action. Do members have any comments or questions?

Patricia Ferguson: I apologise in advance to colleagues, because the committee has been considering the issue of trafficking for a while, but in relation to the UK Government’s proposed modern slavery bill—the title of which I hate—have we received details from the Deputy First Minister about what the risk assessment for the Commonwealth games said about the risk that existed in that regard? If we think that the Commonwealth games will be a big focus for trafficking—I think that we do—it is clear that the proposed bill will not get through in time to make a difference, so it will not be possible to legislate to deal with anyone who is found to be involved in such activity. Where are we with the risk assessment for the Commonwealth games?

The Convener: That is a valid question, which Hanzala Malik pursued effectively with the cabinet secretary when she appeared before us. The clerks have just informed me that we have written to the Scottish Government on the risk assessment and that we are looking for a response. We are definitely on the case; perhaps we can chase up a response to see where we are.

Patricia Ferguson: Yes, I think that that would be wise.

Clare Adamson: The paper is very helpful. I think that we should follow through on the anti-trafficking agenda. The IT infrastructure investment issue has been hugely prominent in the committee’s work, so I think that it is very important as well.

I think that all the recommendations have merit, but I wonder whether this is the time to hand back, if we can, the foreign language learning issue to the Education and Culture Committee. The issue is now embedded and we have done the initial

inquiry on it. I still think that it should be followed through, but I wonder whether the Education and Culture Committee should pick it up. I appreciate how tight our time is.

The Convener: That is an excellent idea.

Roderick Campbell: I am not sure about what Clare Adamson said about the foreign language learning issue. I would have thought that we should wait to see the Scottish Government’s six-monthly report in December and then take a decision from there.

The Convener: You are echoing what Jenny Goldsmith just said in my ear.

Roderick Campbell: Okay.

The Convener: The point is well made.

Roderick Campbell: Most of the recommendations seem sensible to me.

Willie Coffey: I am fully behind keeping our eyes focused on the IT infrastructure investment issue. I know that it will be of interest to colleagues in other committees, so I think that we should continue to take a close look at it. There are some comments in the bulletin about the attitude to that in Brussels that really surprised me. The picture is not clear at all, so I think that we could do with some help on the matter.

Jamie McGrigor: I want to emphasise what Willie Coffey said, given what came up from Kat Feldinger about Brussels not taking on board the fact that the UK needs money for digital infrastructure. I thought that that was staggering. I understand her reluctance to say it. However, if someone lives in a not-spot in Scotland in this digital age, equality goes out the window in every way. We must ram home that point at every opportunity.

The Convener: We will review in our private session the evidence that we have heard today, so we can pick up that point and see where we want to go with it. However, I think that you are absolutely right.

Hanzala Malik: I want to make a similar point, but I will go a stage further. We should establish that the committee will discuss the issue of IT infrastructure investment at every meeting until we succeed in getting what we seek, otherwise we will not get it. We have been discussing the issue for over a year now, but we have not got anywhere with it; that is not good enough. We need to discuss the issue at each meeting to measure exactly where we are on it, so that we can focus and ensure that we pursue the issue with more vigour than we have done. The issue is important not only from an industrial point of view, but from an education and social point of view. It is simply too important just to talk about it.

I suggest that we have the issue as an item for each meeting and that we have an explanation of who has done what since the previous meeting, so that we can progress the issue more vigorously than we have done until now.

Willie Coffey: That is quite a good idea, but we might get more benefit from holding an evidence session on the theme. We could go on forever asking the same questions about it at our meetings, so perhaps we should have an evidence session and get together some key players who know what is going on with IT infrastructure and how the issue affects member states and rural communities. That would be very welcome.

The Convener: Okay. A six-monthly update is coming from the Scottish Government at the beginning of December. Given the conversation that we have had about the issue, perhaps we can post a wee letter to the Government now to say that in the six-monthly update we want quite detailed information on progress on the issue. That would allow us to get the issue on the agenda and discuss it in December after we get the update from the Government. If members are happy with that approach, it would allow us to have a more structured focus.

Hanzala Malik: I am happy with that, but I also feel strongly that the issue should be an agenda item for each committee meeting. We have not succeeded on the issue for over a year. Quite frankly, there is no point in discussing issues if we are not going to succeed in dealing with them. The issue is just too important for us simply to talk about it. If it is an agenda item, the committee will focus on it and pursue it in a manner that wants progress to be made on it meeting by meeting. Hopefully, we will get somewhere.

10:45

Patricia Ferguson: I do not disagree with anything that Hanzala Malik said, but I think that within the past six months another parliamentary committee has undertaken quite a big piece of work on the whole IT infrastructure issue. I am not sure that it is for us to go down into the detail of what, where and how. Our focus has to be on how Europe supports what we are doing. We might want to review what other committees have done on the issue before deciding whether we want to go down the route that has been suggested.

The Convener: Let us do that and see what other committees have done. We can then come back and have a discussion about it, and the clerks will do a bit of work on it for the next meeting.

I assume that we are happy for the "Brussels Bulletin" to be passed to the subject committees

for their consideration. Are there any other specific points on it before we move on?

Clare Adamson: I note with interest that the issue of quotas in boardrooms is back on the agenda.

The Convener: Excellent; I noted that as well. I thank committee members for that.

As agreed at the beginning of the meeting, we will consider agenda item 4 in private.

10:46

Meeting continued in private until 11:45.

Members who would like a printed copy of the *Official Report* to be forwarded to them should give notice to SPICe.

Available in e-format only. Printed Scottish Parliament documentation is published in Edinburgh by APS Group Scotland.

All documents are available on
the Scottish Parliament website at:

www.scottish.parliament.uk

For details of documents available to
order in hard copy format, please contact:
APS Scottish Parliament Publications on 0131 629 9941.

For information on the Scottish Parliament contact
Public Information on:

Telephone: 0131 348 5000
Textphone: 0800 092 7100
Email: sp.info@scottish.parliament.uk

e-format first available
ISBN 978-1-78392-093-8

Revised e-format available
ISBN 978-1-78392-109-6

Printed in Scotland by APS Group Scotland
