

ENTERPRISE AND CULTURE COMMITTEE

Tuesday 27 January 2004
(*Afternoon*)

Session 2

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ENTERPRISE AND CULTURE COMMITTEE **4th Meeting 2004, Session 2**

CONVENER

*Alasdair Morgan (South of Scotland) (SNP)

DEPUTY CONVENER

*Mike Watson (Glasgow Cathcart) (Lab)

COMMITTEE MEMBERS

*Brian Adam (Aberdeen North) (SNP)
*Mr Richard Baker (North East Scotland) (Lab)
*Chris Ballance (South of Scotland) (Green)
*Susan Deacon (Edinburgh East and Musselburgh) (Lab)
*Murdo Fraser (Mid Scotland and Fife) (Con)
*Christine May (Central Fife) (Lab)
*Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD)

COMMITTEE SUBSTITUTES

Mark Ballard (Lothians) (Green)
Rhona Brankin (Midlothian) (Lab)
Mr David Davidson (North East Scotland) (Con)
Fiona Hyslop (Lothians) (SNP)
George Lyon (Argyll and Bute) (LD)

*attended

THE FOLLOWING ALSO ATTENDED:

Rob Gibson (Highlands and Islands) (SNP)

THE FOLLOWING GAVE EVIDENCE:

Laura Barjonas (Scottish Executive Enterprise, Transport and Lifelong Learning Department)
Lewis Macdonald (Deputy Minister for Enterprise and Lifelong Learning)
Mr Jim Wallace (Deputy First Minister and Minister for Enterprise and Lifelong Learning)
Allan Wilson (Deputy Minister for Environment and Rural Development)

CLERK TO THE COMMITTEE

Judith Evans

ASSISTANT CLERK

Seán Wixted

LOCATION

The Chamber

Scottish Parliament

Enterprise and Culture Committee

Tuesday 27 January 2004

(Afternoon)

[THE CONVENER *opened the meeting at 14:00*]

Energy Bill

The Convener (Alasdair Morgan): Good afternoon, ladies and gentlemen. I welcome everyone to the fourth meeting this year of the Enterprise and Culture Committee.

Our first item of business is the United Kingdom Energy Bill, on which the Parliament will shortly consider a Sewel motion. Giving evidence this afternoon are the Deputy Minister for Enterprise and Lifelong Learning, Lewis Macdonald, and the acting Minister for Environment and Rural Development, Allan Wilson. I believe that both ministers will address us briefly on the bill.

The Deputy Minister for Enterprise and Lifelong Learning (Lewis Macdonald): Members will have seen the Scottish Executive memorandum, which explains that the Sewel motion seeks the Scottish Parliament's consent for the UK Parliament to deal with the Energy Bill where it touches on matters that are either devolved or executively devolved. I will return to that distinction in a moment. The committee is getting two ministers for the price for one, so I will keep my comments short by focusing on the devolved areas that are covered by paragraphs 8 to 12 of the memorandum and which fall within my responsibility.

Although some of the bill's proposals are clearly important to Scotland, they relate entirely to reserved matters. For example, the British electricity trading and transmission arrangements—or BETTA—will be important for Scotland because they seek to replace the existing arrangements, which treat England and Wales separately from Scotland, with a single market for electricity in Great Britain. That issue is important, but it is a reserved matter and, as I have said, I will focus this afternoon on devolved matters.

Paragraph 8 of the memorandum sets out the provisions that relate to the establishment of offshore renewable energy zones. Those zones are important to the ambition that is held by the Scottish Parliament and the UK Government to

increase renewable energy's contribution by maximising our marine energy resources. Part 2, chapter 1 of the bill will permit Government to license and regulate the development of renewable energy resources in those parts of the UK continental shelf that lie beyond territorial waters.

We expect that, in the short to medium term, those developments will be primarily offshore wind farms. In the short term, we expect to see relatively few such developments off Scotland's coasts—although, as members know, one has already been approved within territorial waters. However, as a matter of policy, we intend to change that position over the coming years, because it is important that we develop the technologies for deepwater wind farms and for tidal, wave power and other offshore sources of renewable energy. As I made clear in responding to Christine May's members' business debate, the Executive is keen to follow through that policy.

In legislative terms, responsibility for the Electricity Act 1989, which covers matters such as regulation, is reserved to Westminster; however, executive responsibility for the process of consenting or refusing applications either onshore or within territorial waters is devolved. The Energy Bill will extend that executive devolution further offshore to the Scottish part of the renewable energy zone.

I move to paragraph 9 of the memorandum. The convener and other members will remember that consideration of the Robin Rigg Offshore Wind Farm (Navigation and Fishing) (Scotland) Bill, which was a private bill, confirmed that offshore developments had implications for a wide range of issues, including policing and law enforcement, as well as maritime transport and safety. The Energy Bill will extend provisions on those matters throughout the Scottish renewable energy zone. In the case of maritime transport and safety, we are keen to ensure that a strong legal regime exists to secure maritime safety around offshore installations. We share the objectives of the UK Government in seeking to establish common arrangements around the United Kingdom's coasts. The memorandum explains how the bill's proposals for safety zones and rights of navigation will work and the consultation with the Scottish ministers that would be involved. The bill also makes provision for the extension of the powers of the police to investigate alleged offences on or around renewable energy installations that might be built either within territorial waters or in waters within the renewable energy zone.

In relation to the REZ, paragraph 10 of the memorandum points out that the bill provides for ministers to require renewable energy developers to put in place schemes to ensure that offshore

installations are decommissioned at the end of their useful life. The provisions ensure that the Scottish ministers will be fully consulted as part of that process, as it affects installations in Scottish waters.

I have two other matters to mention briefly. First, paragraph 11 of the memorandum mentions renewable sources in Northern Ireland. To enable a wider market in renewable energy, the white paper made a commitment to enable trading in renewables obligation certificates throughout the United Kingdom. The bill lays down the legislative framework for that. If the bill is passed in its present form, we would need to amend the Renewables Obligation (Scotland) Order 2002, which at present does not refer to renewables obligation certificates for Northern Ireland. The bill seeks to include Northern Ireland in the existing system of trading renewables obligation certificates in the United Kingdom.

Paragraph 12 of the memorandum refers to the provision for the Scottish ministers to direct the Office of Gas and Electricity Markets—the electricity regulator—to pay into the Scottish consolidated fund moneys from funds that it has received from the auctioning of Scottish renewables obligation contracts. I draw attention to the corresponding duty that the bill places on the Scottish ministers to include provision in budget proposals to the Scottish Parliament that the moneys raised by that means should be used to promote the use of energy from renewable resources. The bill will ensure that that is the only purpose for which that money can be applied. I cannot give a firm figure, but Ofgem estimates that the amount of money that has accumulated since 1 April 2002 by that means is of the order of £8 million. Ofgem expects that money to continue to accumulate for the lifetime of the installations that were constructed using those contracts, which means that we may receive something of the order of £4 million or £5 million a year for a number of years, which will go into a dedicated fund for us to spend on the promotion of renewable energy.

The bill as it stands supports our objectives on renewable energy in a number of ways, which I have described. On that basis, I seek members' support for the Sewel motion.

The Deputy Minister for Environment and Rural Development (Allan Wilson): I clarify that I am, and remain, the Deputy Minister for Environment and Rural Development.

The Convener: I never doubted it.

Allan Wilson: I am deputising temporarily for the minister, which, put simply, means that there is considerably more work for no more pay—as a former local government employee, convener, you will be familiar with the concept.

I add my thanks to the committee for giving us the opportunity to discuss the devolved provisions in the Energy Bill, as set out in the memorandum that is before members. As my colleague said, I will deal with the provisions that concern nuclear decommissioning.

In part 1 of the bill, chapter 1 sets out arrangements for the establishment of the nuclear decommissioning authority, chapter 3 contains arrangements for the creation of the new civil nuclear constabulary, and chapter 4 seeks to amend the Radioactive Substances Act 1993.

The introduction of the provisions in the Energy Bill follows extensive consultation. The proposals were first put forward in the white paper "Managing the Nuclear Legacy: A strategy for action" back in 2002 and were published for further public consultation in the draft Nuclear Sites and Radioactive Substances Bill in June 2003, both of which were, of course, sent to the committees responsible for enterprise and for the environment in this Parliament. Throughout that process, it has been made clear that some of the proposals would impact on both devolved and reserved matters and the Executive continues to work closely with the UK Government to ensure that devolved responsibilities are fully recognised.

The Scottish Parliament is now invited to agree, by means of a Sewel motion, that the UK Parliament should consider the devolved provisions in the Energy Bill, including those on the NDA and the CNC, as well as the proposed amendments to the Radioactive Substances Act 1993—the subject matter of which is an exception to the reservation of nuclear energy and nuclear installations under schedule 5 to the Scotland Act 1998 and is therefore devolved.

On the creation of the NDA, for the first time we will have a single UK-wide body to oversee the lengthy and complicated task of cleaning up our civil nuclear legacy. The NDA's primary purpose will be to ensure a long-term, strategic and consistent approach to decommissioning throughout the public sector nuclear industry. The authority will require to have full regard to environmental protection, safety, security, value for money and the promotion of public confidence through openness and transparency.

Once the NDA is established, it will take ownership of, and assume financial responsibility for, sites that are currently owned by the United Kingdom Atomic Energy Authority and British Nuclear Fuels Ltd, including the sites in Scotland at Dounreay, Hunterston A and Chapelcross. As the memorandum makes clear, the bill provides for a substantial role for Scottish ministers and the Scottish Parliament in the governance of the NDA and its activities. That represents a significant change in our relationship with the nuclear

industry in Scotland as we move towards greater involvement in the decommissioning of major Scottish sites.

We will be directly involved in designating the sites in Scotland for which the NDA will have responsibility and the activities that it will undertake there. We will also be involved in the approvals process for appointments to the NDA and for its strategy and annual plans and we will present the NDA's annual report and its accounts, as well as those directions to the NDA in which we have acted jointly with the UK Government, to the Parliament. In addition, we will be able to call on the NDA for advice on those aspects that are devolved to us.

For its part, the NDA will be obliged to have particular regard to relevant policy of the Scottish Executive and the UK Government. It will be required to establish common purpose with the nuclear regulators, including the Scottish Environment Protection Agency; to develop and ensure the consistent application of best practice on clean-up across its sites; to have performance targets set on its strategy and annual work plan; to advise the Scottish Executive and the UK Government on policy relevant to clean-up management; to promote and, where necessary, fund generic research relevant to nuclear clean-up; to develop and maintain long-term nuclear clean-up supply chain skills and knowledge base; and, through its actions, to inspire public confidence in those arrangements for better managing public sector civil nuclear clean-up.

On that last point, we have stressed that the NDA must operate in an open and transparent manner. We are all aware of the reputation for secrecy that the nuclear industry has had over the years; some people may still hold to that view. We are determined that the NDA must engage with all stakeholders and, most important, with the wider community, if it is to succeed and to win public confidence in any of its activities. I am sure that the committee would share that aspiration.

Some work has already been undertaken to engage people in those areas in which the NDA will operate. There have been stakeholder events in places throughout the UK, including Thurso, Prestwick and Ayr, and such events will continue throughout the coming year. Once it is operational, the NDA will be required to plan and publicise a programme of consultation. That will be on-going in the ensuing period.

We want to ensure that public sector civil nuclear sites in Scotland are cleaned up safely, securely, cost-effectively and in ways that protect our environment for the benefit of current and future generations. We believe that that can best be achieved through the establishment of the NDA and that, in the provisions of the Energy Bill, we

have secured a vital role for ourselves in the operation of the NDA.

On the civil nuclear constabulary—

14:15

The Convener: Minister, I wonder whether I could interrupt you. Have you much more to say on this issue?

Allan Wilson: Not a hell of a lot, no—if that is parliamentary language.

The Convener: I do not know that I recognise that term. I ask you to be brief, as members have a lot of questions and our time is fairly constricted.

Allan Wilson: Okay.

Basically, the bill sets up an independent statutory civil nuclear police authority. The authority will oversee a new civil nuclear constabulary, which will also be set up by the bill and will be reconstituted from the present UK Atomic Energy Authority constabulary. The primary role of that body will be just as it was before. The bill provides for a modern statutory framework that is appropriate to the needs of a modern police force. No practical change is proposed to the constabulary's basic role, the conditions of employees or the nuclear security regime, and the matter has been fully discussed with the relevant authorities, which have been consulted.

On amendments being made to the Radioactive Substances Act 1993, the NDA will use incentivised contracts with site licensee companies to deliver its clean-up plans for sites. To ease the administrative burden on SEPA, part 1, chapter 4 provides for transfers of authorisations when there is a new operator of a nuclear site, but there is otherwise no need for the existing limitations and conditions of authorisations to change. I stress that that in no way erodes or changes SEPA's regulatory role. The NDA will not become a regulator, as opposed to an authorising authority.

I end my comments at that point, having rushed them to accommodate your timescale. I will be happy to answer any questions that may arise.

The Convener: Thank you, minister.

I will start with a question on the NDA and its designations relating to Scotland. In section 6(2), there is a list of responsibilities that are exercised jointly by the secretary of state and Scottish ministers. In section 6(3), there are other areas in which directions are given on which, although the directions are not exercised jointly, the secretary of state has to consult Scottish ministers first. Why is there a difference between those two sections?

Allan Wilson: The principal reason is that the role of Scottish ministers and the Scottish Parliament reflects the devolution settlement under schedule 5 to the Scotland Act 1998, in so far as nuclear energy installations, safety, security and safeguards, liabilities for nuclear occurrences, and the transport of radioactive material are all reserved matters. However, the subject matter of part 1 of the Environmental Protection Act 1990 and the Radioactive Substances Act 1993 is excepted from the reservation and is, as a consequence, devolved. The provisions in the bill afford a greater role for the Scottish Executive and the Parliament in the governance and activities of the industry than is currently the case. The distinction between acting jointly and acting in consultation with Westminster ministers is a direct consequence of the division between devolved and reserved responsibilities. That is the best way in which I can explain it.

The Convener: Okay.

In relation to section 6, the Executive memorandum makes it clear that there is a third category of decisions—relating to the processing or reprocessing of spent or irradiated fuel—on which the secretary of state does not even have to consult Scottish ministers. Is that correct? If so, why was it felt necessary to have that third category?

Allan Wilson: Consultation would not apply when the facility to be operated was for the processing or reprocessing of spent or irradiated nuclear fuel. In practice, of course, no reprocessing is currently undertaken in Scotland. The processing of fuel is on-going at Dounreay, but only to fulfil existing contracts. No future processing or reprocessing of fuel is planned for any site in Scotland, but it is regulated for and provided for within the activities of the Westminster Government.

The Convener: Many people might find it strange that the precise operation that they find most objectionable—the reprocessing of fuel—is the specific one from which Scottish ministers are totally excluded. Why was it felt necessary to write that exclusion into the bill? Why not include consultation on everything?

Allan Wilson: We are working at the margins of what is devolved and what is reserved, what it is appropriate for Westminster to determine and what it is appropriate for the Scottish Parliament to determine, and at the margins of the limitations of the law in that regard. The proposition includes joint working with Westminster colleagues and consultation between the parties in appropriate areas. The areas in which consultation would be appropriate and in which it would be inappropriate have all been subject to intense scrutiny by the parties to the proposal that is before the

committee. We think that the option in the bill is the optimum in the circumstances.

The Convener: So, the difference between consultation and taking a joint decision is the difference between reserved and devolved. In a legalistic sense I can accept that, but that still does not explain why you have chosen to leave out reprocessing from both categories. Reprocessing may not be going on in Scotland at the moment—with the exception of what is happening at Dounreay—but surely that is all the more reason to provide for it to be consulted on if it is ever proposed in the future, rather than exclude it from consultation.

Allan Wilson: Perhaps I was not explicit enough. The processing or reprocessing of spent or irradiated nuclear fuel is a reserved matter. The areas in which we have secured consultation—hitherto there was no such provision—are those in which, for example, the storage of nuclear waste would impact on our environmental, planning or other powers. No such implication is inherent in the provisions on the processing or reprocessing of spent or irradiated nuclear fuel.

The Convener: When you say that you have managed to secure consultation, are you suggesting that there was any reluctance on the part of your Westminster colleagues to grant that consultation?

Allan Wilson: I would not say reluctance. As I said, we are working at the margins of devolved and reserved responsibilities. Inevitably, in such circumstances, discussions take place between the parties as to what responsibilities ought to be determined here and what should be determined at Westminster. As I said, we secured provision for joint working, as appropriate, in those areas that are devolved to us, and consultation in those areas in which decisions that are taken by Westminster might impact on our devolved responsibilities, and we left alone those areas, such as reprocessing, that properly are reserved to Westminster.

Susan Deacon (Edinburgh East and Musselburgh) (Lab): As ministers have indicated, and as we all recognise, this area spans a complex range of interrelationships between reserved and devolved matters. The convener's question was about consultation with Scottish ministers, as provided for in the bill and post-legislation. I will take a step back and ask the ministers to give us a sense of the nature of the relationship between the Executive and Whitehall in getting the bill to this stage. Specifically, what was the extent of the Executive's involvement at ministerial and/or official level in developing the bill, particularly in the areas that involve devolved powers, but also in expressing Scottish interests in and perspectives on reserved aspects?

Lewis Macdonald: The process of discussion with Westminster and Whitehall goes back some distance as far as electricity generation is concerned. Interestingly, the process has involved us in engagement on entirely reserved matters, as well as on matters that are on the boundary between being devolved and being reserved, because it is clearly not possible to have an approach to renewable energy that does not involve some discussion of the British electricity transmission and trading arrangements. Equally, it is clear that responsibility for that policy lies with the UK Government, and so the extent to which we have discussions with the Government is a function of our continuing relationship with it on energy policy as a whole rather than specifically on the bill.

The bill, and two ministers, come to you partly because three potential pieces of legislation—the draft Nuclear Sites and Radioactive Substances Bill, to which Allan Wilson referred; BETTA, to which I referred; and last year's energy white paper, which included some other aspects—were in genesis. The decision to roll them together, which is entirely sensible and which I support, was made by the UK Government rather than by the Executive, but discussion of how we resolve some of the interesting areas on the margin between reserved and devolved matters has gone on bilaterally between me and my department on the Executive side and the Department of Trade and Industry on the UK Government side. Ownership of the bill—the fact that it has been introduced in the UK Parliament—is with the UK Government, but there has been extensive contact in the process.

Susan Deacon: The ministers and committee members share an interest in the many policy issues that are raised in the bill. I am sure that the ministers are aware that the Convention of Scottish Local Authorities and other witnesses to the committee have expressed the view that the time is now right to develop a Scottish energy policy. In the light of your experience of making an input to the bill, what is your view on that proposal? How satisfactory are the arrangements that are being taken forward in relation to the bill in dealing with the development of energy policy?

Lewis Macdonald: I am confident that we have in place a robust and clear energy policy on the essentials that we can address—we address energy in terms of the promotion of renewables, and there are economic and environmental benefits to that promotion. My answer to the question would have been the same a year ago, but the process of consultation that has brought us to where we are today has strengthened my view that we have a robust energy policy, as is appropriate for the Scottish Executive, and that we have clear understandings with Stephen Timms,

the UK minister with responsibility for energy, and his team, on what is in our interest and where our interests are in tandem or in line with the UK Government's interests. The UK Government has set targets for renewable energy and we have set different targets; Stephen Timms recognises that, for him to achieve his objectives, we need to achieve ours, and it is clearly in our interest that the UK Government should also work towards that end.

In resolving all the issues that are in the bill, we have taken a step forward. Of course, there are things in the bill that will bring specific direct benefits to Scotland by widening our access to the market in England and Wales or, in the case of renewables obligation certificates, to Northern Ireland. That is how we derive benefits from having a single Great British framework within which to operate.

14:30

Brian Adam (Aberdeen North) (SNP): I find the remarks made by Mr Wilson a little intriguing to say the least. He suggested that, according to the terms of the Scotland Act 1998, reprocessing did not have any implications for Scotland. As an environmental issue, surely it is very much of interest to us in relation to devolved matters. Perhaps the minister could comment on that.

On the point that you were making, convener, perhaps the ministers would like to tell us exactly what role the Scottish Parliament will play. As I see it, Scottish ministers must lay before the Scottish Parliament a copy of every direction. Will that merely mean stuff going to the Subordinate Legislation Committee or will it mean the involvement of the Parliament in policy issues? There are wide policy implications across the range of devolved matters that the bill will impinge on. Where will the Scottish Parliament's engagement with the policy issues be? Will that happen only in relation to directions given by ministers?

Allan Wilson: Our policy directions extend across the entire range of our devolved responsibilities. What I did not say—and, with respect, you should not put words into my mouth—is that the reprocessing or processing of spent or irradiated nuclear fuel does not impact on Scotland. In terms of our regulatory function, such activity is regulated properly by Westminster, which is quite—

Brian Adam: If that is the case, why is the matter specifically excluded from the scope of Scottish ministers either making a joint decision or being consulted over it?

Allan Wilson: Like other functions, that function is reserved to Westminster. In terms of policy

making and policy direction, we have succeeded in ensuring that the NDA's strategy and annual plans will be subject not only to consultation but to approval by Scottish ministers as well as the secretary of state. In addition, we will be consulted on the treatment and storage of radioactive substances and waste on licensed nuclear sites or on Crown nuclear research sites in Scotland, provisions for which previously did not apply.

The consent of Scottish ministers will be sought if there is an intention to make an order to modify any of the functions of the NDA. As I said, there is a clear distinction between, on the one hand, the areas that are grey in relation to devolved responsibilities—and the impact of reserved functions on those responsibilities and, critically, their regulation—and, on the other, the areas that are properly reserved to Westminster and are regulated by the Westminster Government, over which we have no regulatory function.

Brian Adam: Perhaps you could explain to me, then, the Scottish Parliament's role, and not just the role of Scottish ministers. Would I be right in characterising our involvement as being only in dealing with material that is put before the Subordinate Legislation Committee, or will the Parliament be able to engage with any policy issues?

Allan Wilson: Again, I would make the distinction between what we propose with regard to the bill and what we may or may not wish to do in relation to the Radioactive Substances Act 1993, which is, of course, a devolved matter. Provisions on accountability to this Parliament, including directions made by Scottish ministers and the secretary of state acting jointly, will be laid before the Scottish Parliament. The NDA's annual report and accounts will be presented by Scottish ministers to the Scottish Parliament, as well as to Westminster, when they cover those aspects in which Scottish ministers have had a role. As a consequence, the NDA will have the same status as a cross-border public authority with regard to the powers of the Parliament in relation to any prospective maladministration or calling of witnesses. Those are extensive provisions, which hitherto did not, in large part, apply. They will now apply as a consequence of the motion.

Chris Ballance (South of Scotland) (Green): The provisions under BETTA are obviously reserved. Indeed, the Scottish Executive memorandum on the bill entirely ignores BETTA, despite the fact that it spends a considerable amount of time discussing the extension of ROCs to Northern Ireland, which will have less effect on our renewables industry than the BETTA provisions of the bill will have.

The ministers will no doubt be aware that Scottish Power and other generators in Scotland

have lobbied us and have told us that they will be disadvantaged by the bill. The Scottish Renewables Forum has said that the proposals will

"Frustrate achievement of Scottish Executive targets on renewables, including the development of wave and tidal energy".

What is your response to that?

Lewis Macdonald: I say, with respect, that I began by stating that the memorandum deals with devolved matters, which is as it should be.

Chris Ballance: The bill will have a considerable effect on our renewables industry.

Lewis Macdonald: Of course. That is why the memorandum does not address BETTA issues. The second and more important point in response to your question is that, although the bill puts in place the British electricity trading and transmission arrangements, it does not go into the detail of those arrangements, which many people in the renewables industry are concerned about.

Since the committee heard evidence on BETTA last week, developments have continued. We are represented on the transmission issues working group, along with the DTI and Ofgem. That group deals with the regulation that should be made under BETTA to reflect the arrangements in a detailed way. At its meeting last Thursday, the transmission issues working group decided that it wanted to revisit some of the issues that have caused concern in Scotland. As members know, last June we won the case that no zonal transmission loss charges should operate under BETTA. The Scottish electricity industry and consumers welcomed that.

Chris Ballance: Another matter is the definition of the 132kV lines.

Lewis Macdonald: Our officials continue to discuss distribution charges and 132kV lines with other officials and to consider the best way of mitigating the effects of what has been proposed to ensure that Scottish renewables producers are not disadvantaged. Those discussions continue, but I reassure the committee that Stephen Timms and the DTI are as apprised as we are of the importance of ensuring that the detail of the implementation of BETTA does not disadvantage renewables producers. On that basis, we continue to work towards an outcome.

The Convener: I do not want to go too far down the road of matters that are outwith the Sewel motion, especially as we have an opportunity to raise such issues as part of our renewable energy inquiry.

Chris Ballance: Indeed. I just want to ask whether the minister accepts that all the Scottish

generators oppose the bill and feel disadvantaged.

Lewis Macdonald: The answer is no, because the points about which those people are concerned are not in the bill. Those concerns relate to the bill, but they do not concern provisions in the bill. The bill could accommodate a favourable or unfavourable outcome for Scottish producers. That is a slightly separate process, with which we are fully engaged.

Chris Ballance: I will move on to nuclear decommissioning at Dounreay. I understand that the UKAEA wants permission to transport low-level waste from Dounreay's decommissioning programme to Drigg near Sellafield, which would require a lorry-load on the A9 every fortnight for the next 10 years. I also understand that, in its early stages, the NDA will consider that matter.

In July 2001, Brian Wilson said:

"No clear preference emerged from UKAEA's assessment of the options, or the public consultation"

on whether fuel would be stored at Dounreay or transported, although all the local authorities in the Highlands, the Liberals, the Scottish National Party, local environmental groups and the neighbouring nordic countries all favour long-term storage at Dounreay. In March last year, the Radioactive Waste Management Advisory Committee's "Advice to Ministers on Management of Low Activity Solid Radioactive Wastes within the United Kingdom" said that the proposals raise

"fundamental issues for longer-term policy"

and give

"the impression of policy being made 'on the hoof' by the regulators".

Do you agree with that assessment? How will the NDA take into account the wishes of local people when it makes its decision?

Allan Wilson: I think that you are in danger of confusing the role of making policy with the role of regulating policy. The two are correctly separated in the proposals that we have put before you.

The specific instance to which you refer is clearly a matter for SEPA. I understand that SEPA has now issued the application for such public consultation and I obviously do not want to comment further while that consultation is going on.

We welcome what is currently the UKAEA's policy of consulting on individual projects in the Dounreay site restoration plan. Obviously I am not in a position to comment formally on what might or might not arise from either consultation.

Chris Ballance: In a reply to an oral question on 11 December, you admitted that the Executive had failed to respond to the consultation exercise on

the draft Nuclear Sites and Radioactive Substances Bill and said that Lewis Macdonald had written to the conveners of the relevant committees to apologise for the fact that the Executive had omitted to notice that a Sewel motion would be necessary in relation to the Energy Bill. How much consultation has there been? To what extent have the Executive's opinions on the bill been taken into account by the Westminster Government?

Allan Wilson: We have been wholly involved in the process. We have not formally responded to the UKAEA's public consultation on the site restoration plans, but we have been invited to comment on drafts prior to their publication. Any final options that are selected will obviously be subject to SEPA's assessment procedures in relation to the best practicable environmental option. Subsequent authorisation would be required for any resultant radioactive discharges under the legislation that we are discussing. Of course, Scottish ministers retain powers of direction and call-in should we consider that the regulatory bodies' proposals do not conform to our policy direction. The regulation of what is proposed is entirely and properly a matter for the independent regulators, such as SEPA, and the NDA, when it takes on the responsibility that the UKAEA previously exercised.

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): Dounreay is in my constituency and I am interested in probing ministers about the principle of setting up the NDA. Ministers will be aware that decommissioning is proceeding at Dounreay. As far as it has gone, decommissioning has been regarded as successful and as providing a vital cash injection into the local economy—I am talking about local working, local solutions, local research and the involvement of local businesses that grow on the back of the industry's jobs.

We have also talked in the far north about creating a department of the environment on the back of the UHI Millennium Institute, which would teach environmental studies and, perhaps, robotics. What bothers me and others is that it would be sad if the establishment of the NDA stood in the face of local working—devolution, almost—at Dounreay and in any way stymied what is good practice at the moment and could be even better. I hope that ministers recognise that and will perhaps give an assurance that the NDA will be flexible. Different solutions might apply in different places—what people do in Drigg might be very different—and the importance of local research and local companies to the local economy must be recognised. It would be worrying if the NDA were to be a centralising organisation. I do not know whether the minister can give me that assurance, but I am interested in his thoughts on the matter.

Allan Wilson: I would probably have been able to reassure you more if I had been permitted to stick to my original script, as I was about to emphasise the importance that we attach to the NDA's engagement with local authorities and other socioeconomic developers where it takes over responsibilities from British Nuclear Fuels Ltd or the UKAEA. We expect the NDA not only to develop and maintain long-term nuclear clean-up in its activities relating to the supply chain, skills and the knowledge base, but to encourage and support socioeconomic regeneration of the type that you describe in areas where it owns sites in Scotland. I am familiar with such matters from my constituency, the convener will be familiar with them from his former constituency and you obviously have a particular constituency interest. In each of those areas, we expect the NDA to engage at a local level with local communities and economic development agencies.

14:45

Mr Stone: Will you go a little further and give a commitment that Scottish ministers will exhort the NDA to work with the academic sector on cutting-edge techniques and technologies? Imagine if a department of robotics was based in Thurso. I am talking about a new and developing science. We could really do something for Scotland. It would be tremendously helpful if you guys could get in there and get the NDA to consider and discuss such things and meet people from the UHI.

Allan Wilson: I entirely endorse what you say. The UKAEA's work at Dounreay, through working in partnership with Caithness and Sutherland Enterprise and the UHI to develop strategies for furthering skills in using international expertise in engineering and related nuclear technology, is unmatched—it can be argued that it is unmatched globally. We expect the NDA, in taking up responsibilities from the UKAEA, to explore fully and to develop further such synergies so that the benefits of the skills base that has been amassed in Scotland as a result of the industry's presence can be maximised.

The Convener: I should point out that witnesses were asked to give a five-minute presentation, but I appreciate that the minister's understandable enthusiasm for his subject led him to expand slightly.

Christine May (Central Fife) (Lab): Good afternoon, ministers. I hope that you both recognise that not only is robotics important for the nuclear industry but it has great potential in respect of offshore industries and wave generation.

Both my questions are for Lewis Macdonald and relate to part 3 of the bill, or clause 105 onwards,

on electricity trading and transmissions. In your previous response, you seemed to suggest that the ability to vary the arrangements that are outlined in clause 105(1) would lie somewhere else. However, clause 105(1) seems to make it fairly clear that there will be a single market and a single set of arrangements. If you are suggesting that there will be flexibility to take account of distance from the grid and the proportionately higher loss of electricity that is transmitted from smaller generators, from where in the bill would power for that be taken?

Lewis Macdonald: The matter is reserved and I am not as familiar with the detail of the bill as my colleagues in the Westminster Parliament are. However, the lead responsibility for the development of BETTA and the process of reaching conclusions around, for instance, the 132kV lines or generator-charging issues lies with Ofgem, although Ofgem should work with the DTI and the Scottish Executive to reach conclusions. If I may stick to a short answer, I will say that it is primarily up to the regulator to put in place the regulations to implement the substance of the bill.

Christine May: You referred to the payment into the Scottish consolidated fund of moneys that are collected under the Scottish renewables obligation. How widely do you expect the parameters that are used to support the generation or production of renewable energy to be drawn? Could they be used, for example, to support manufacturing infrastructure?

Lewis Macdonald: The bill is helpful in that it simply says that the Scottish ministers should bring forward proposals that will lead to the promotion of energy from renewable sources. That leaves the matter up to ministers. To go back to Brian Adam's question on parliamentary scrutiny, whatever we propose will be in the form of a budget proposal, which will be presented in the usual way. That will allow Parliament the opportunity to comment.

There is a whole range of areas where having access to additional funds to promote renewable energy will be helpful. Those funds will go on areas ranging from the promotion of opportunities for communities to invest in renewable energy to work with the academic cutting edge here in Scotland to ensure that the sector has an even greater potential in the future.

Christine May: I could probably come forward with proposals to spend the lot in my constituency, but I thank you for those answers in any case.

Lewis Macdonald: You would not be alone in that.

The Convener: In your memorandum, you state:

"The Scottish Executive understands ... that the current total surplus in the Fund is likely to be of the order of £8-10 million."

That is the UK surplus. Do you have any idea what the Scottish share of that would be?

Lewis Macdonald: That is the Scottish surplus. It is around £8 million.

The Convener: I was remiss not to welcome Rob Gibson MSP to the committee earlier. He is here as reporter for the Environment and Rural Development Committee.

Rob Gibson (Highlands and Islands) (SNP): Thank you, convener. I put on record the apologies of Roseanna Cunningham, who would have attended had she been able to, but has had to go to a funeral.

I have a couple of questions to ask on behalf of the Environment and Rural Development Committee, although I think that one of them, on the extent of the expansion of the grid and the impact that that will have on Scottish consumers, has been dealt with. I do not think that we need to revisit that.

The UK Energy Bill includes a provision for a nuclear decommissioning authority. Is the minister aware that no environmental principles for the NDA to operate under are in place? Is he aware that, if the bill goes through as it stands, there might be a significant impact on Scotland's environment with regard to radioactive waste and pollution?

Allan Wilson: I think that to an extent I answered that question in reply to Chris Ballance, using the example of Dounreay. I sought to distinguish—and I do so again—between powers of regulation that are exercised independently of us and powers of direction and policy that are determined by Scottish ministers for the NDA. Where we believe there to be a disparity between the two, we will retain particular powers of call-in and direction, which we would utilise in support of the environmental principles to which we adhere and to which you refer.

Rob Gibson: Thank you—I just wanted to have that on record. I also have a couple of questions about the Scottish Executive's point of view on the transfer of responsibility for the regulation of waste storage. Have you thought about removing that responsibility from HM nuclear installations inspectorate to SEPA?

Allan Wilson: As I said in response to questions from the convener, we have established a commitment to consult on future decisions about storage. Directions can be made on the cleaning up, decommissioning, treatment and storage of hazardous materials on certain principal nuclear sites in Scotland. That is a significant change in direction from what was applicable previously.

I refer Rob Gibson to clause 9 of the bill, which deals with the general duties and powers of the NDA when carrying out its functions. It stipulates:

"It shall be the duty of the NDA, in carrying out its functions, to have particular regard to each of the following—

- (a) relevant Government policy;
- (b) the need to safeguard the environment;
- (c) the need to protect persons from risks to their health and safety".

Those provisions are therefore laid out in statutory terms in the proposal that we have put before you.

Rob Gibson: Under clause 38 of the bill, will the authorisations to discharge radioactive waste reside with the site licensee company and, if so, why is it necessary to give SEPA powers under chapter 4 of the bill to fast-track the transfer of authorisations?

Allan Wilson: It is necessary to provide for a smooth transfer between the parties in the event of a contractor either failing to adhere to their contractual obligations or ceasing to function. The fast-tracked authorisations are designed to ensure safety and to protect the environment in those circumstances.

Richard Baker (North East Scotland) (Lab): My first question is to Lewis Macdonald. The Executive has welcomed proposals to share the higher transmission costs for the north of Scotland with the rest of the UK. Those proposals will replace the previous hydro-benefits scheme, which protected consumers in the north from paying for higher transmission costs. That will be significant, because I think that the scheme took 15 per cent off some bills. Are you reassured that the new scheme will make provision for the old benefit to be fully compensated for?

Lewis Macdonald: Yes. The matter is reserved, but we expect that the DTI will table an amendment that will satisfy fully our ambitions in relation to the replacement of the hydro-benefit scheme. As you suggest, were no scheme put in place, there would be a significant impact on bills in the north of Scotland. The DTI's announced intention to amend the bill so that the cost of the subsidy to hydro customers in the north of Scotland is spread across all customers in the British electricity network will mean that the impact on bills will be negligible and shared equally up and down the land.

Richard Baker: I have a couple of questions for Allan Wilson as well. I am happy to hear that the NDA annual accounts will come before the Parliament. On the transfer of licences and the fact that new companies will come in to supervise the clean-up processes on sites, will the Executive have any role in the tendering process for the contracts or any say in which companies are awarded the contracts?

Allan Wilson: That is an operational matter for the NDA.

Richard Baker: My final question is on the transfer of pensions and other entitlements when employees move to the new companies. Do we know whether there has been adequate consultation with trade unions about the transfer of such contracts? Is there a role for the Executive in ensuring that appropriate liaison takes place with the trade unions when the transfers occur?

Allan Wilson: As you can imagine, knowing my background, I am assured that those commitments have been given and that the relevant consultations have been undertaken with the employees and their representatives. Their terms and conditions will be protected on transfer.

Brian Adam: Paragraph 81 of the explanatory notes says:

“Where the NDA is required to provide advice to Scottish Ministers without the agreement of the Secretary of State the NDA can charge them for the advice given.”

Is that not a rather odd arrangement to agree to? Why should the NDA be able to do that when the secretary of state disagrees? Can the NDA charge the secretary of state if the Scottish ministers do not agree, given that some of the decisions are co-decisions?

Allan Wilson: The paragraph relates to a commercial decision that would apply in the event that we sought advice outwith the norm of the advice that we would expect to be given. In those circumstances, the commercial arrangements would normally apply and charges would be appropriate—I am sure that you will agree.

Brian Adam: Will you give us an example of the sort of circumstances in which that might arise?

Allan Wilson: That goes to the heart of the NDA's role in relation to devolved and reserved functions. As you might imagine, there could be an obligation to consult Scottish ministers on matters that are our devolved responsibility but not on matters that are reserved to Westminster. If we were to seek the authority's advice on any proposition that might impact on our devolved responsibilities, the circumstances as outlined might prevail. However, I think that we are talking about the occasional circumstance rather than the norm.

Brian Adam: Given that someone has gone out of their way to insert that strange provision into the explanatory notes, they must have had a specific circumstance in mind. Otherwise, why would the provision be necessary at all?

Allan Wilson: Having been in the Parliament over the past four years, Brian Adam has experience of why such provisions are inserted

into legislation. Arguably, that is not always due to a conspiracy or because there is an ulterior motive. The explanatory notes simply reflect the belt-and-braces approach that is often adopted by legislators to ensure that arrangements that would not otherwise be provided for can be paid for.

15:00

Chris Ballance: There is an issue about the time that has been allotted to our consideration of the bill. I have various questions, but I will content myself with asking only one.

Given that the bill allows for the costs of decommissioning to be met by the public purse in certain circumstances, will the minister assure us that the cost of decommissioning a Scottish nuclear power plant operated by a Scottish company in Scotland will be met by the UK Exchequer rather than by the Scottish Executive?

Allan Wilson: I am not sure what motivates the question about that potential scenario—

Chris Ballance: It is motivated by Lord Whitty's reply in the House of Lords. On decommissioning costs, he said:

“in certain circumstances, it is inevitable that the operator will not have sufficient funds to cover those costs ... Ultimately there may be some liability to be borne by government”.—[*Official Report, House of Lords, Grand Committee on the Energy Bill [HL]*, 15 January 2004; c GC172.]

Which Government would bear that liability?

Allan Wilson: In the circumstances that you describe, Westminster would do so.

The Convener: I think that that is an instance of a minister giving a spending commitment on behalf of the Chancellor of the Exchequer.

Allan Wilson: You will find that Lord Whitty himself did that.

The Convener: That brings us to the end of the question-and-answer part of item 1, so I thank the ministers and their officials for their attendance.

We must now reach a decision, if we wish to do so, on whether to do anything in relation to the bill. The Sewel motion will probably come before the Parliament on 4 or 5 February. Various options are open to us, including doing nothing, so I want to take soundings from members.

Brian Adam: Will you spell out what options are available to the committee?

The Convener: If we had some concerns about the bill, we could prepare a report to the Parliament. However, such a report would have to be circulated either by e-mail or by having a brief meeting at short notice on, say, Thursday. Alternatively, we could lodge a reasoned

amendment to the Sewel motion on behalf of the committee. Obviously, it would be up to the Presiding Officer whether to accept it. Alternatively, we could do both of the above, or we could do nothing. Of course, that would not preclude individual members lodging whatever amendments to the Sewel motion that they wish.

Christine May: Given the wide-ranging and detailed questioning of the ministers by committee members, it would be helpful for the Parliament to have at least a record of the questions and answers by way of a formal report instead of just relying on the *Official Report*. I cannot think of an amendment that I would lodge to the Sewel motion. Perhaps other members have given the matter some thought.

The Convener: The *Official Report* of our meetings is usually available by the Friday following each meeting, so it will certainly be available before the debate. Do you envisage that, in addition to reciting what happened in today's meeting, the proposed committee report would come to any conclusions?

Christine May: I am not sure that any of the issues that were raised were of sufficient constitutional importance to draw conclusions that the Parliament necessarily need concern itself with. I suppose that my answer is no.

Chris Ballance: Because of the importance of the bill, which establishes how nuclear decommissioning is to be carried out in Scotland for the foreseeable future until another bill is introduced, it is entirely insufficient to give the bill about an hour's time in committee. We ought to prepare a report for the Parliament to ask for more time in which to take more detailed evidence. If that means that we have to lodge a reasoned amendment to the Sewel motion asking the Parliament not to agree to it in order to give us more time to consider the bill, so be it. Otherwise, we should prepare a report to the Parliament to say that the bill is so wide-ranging and important that we feel that we have not had enough time to consider it.

Mr Stone: I see where Chris Ballance is coming from, but I do not agree with him. All of us have read the bill and we have taken soundings on it. I do not think that we are going to get much more out of it than we got today. We may get a little bit more, but that is all.

I support Christine May's idea that we should put our views and the questions and answers that we got, possibly together with a short synopsis from the clerk, to other members of the Parliament. That would be instructive. We should do that soon, before the Sewel motion comes before the Parliament.

The Convener: I did not catch the last remark.

Mr Stone: We should do something soon, along the lines that Christine May set out. I assume that her intention was for us to circulate such a report to the wider membership of the Parliament.

Christine May: Yes.

Mr Stone: It would be quite instructive for colleagues to look at Sewel motions a bit more closely.

Brian Adam: I am not sure what would be achieved by the circulation of a report or the *Official Report*. If we were to circulate a memorandum today to all members, it would draw the matter to their attention, but I am not sure that it would be noticed in the plethora of e-mails that members receive.

Christine May: Can I help?

The Convener: I will come back to Christine May when Brian Adam is finished and after I have brought in Susan Deacon.

Brian Adam: It is open to individual members or parties to lodge amendments to Sewel motions. As Chris Ballance said, I do not know whether we have had enough time to consider the bill, given its importance and the significant ramifications that it will have across a range of subjects. Ministers told us that there were plans for three separate bills. It would appear from the evidence that we were given both today and previously that the Executive was rather late in engaging in the process. I am not convinced that the Enterprise and Culture Committee or the Parliament should rush to accept what is proposed in the bill.

If the committee were to lodge a reasoned amendment that sought to defer consideration of the Sewel motion to allow more time for evidence gathering, I might be willing to support that amendment. I seek guidance from the convener on the timescales. When does the Executive plan to bring the Sewel motion before the Parliament?

Sewel motions have caused a lot of distress in the Parliament. At times, they have brought the Parliament almost into disrepute. At the last minute, we are given an hour, half an hour or even just a few minutes to rubber-stamp what has come out of Westminster. The issues involved are so important that we should give a little more time to the matter.

Susan Deacon: I will say a word about Sewel motions. Although the discussion has been reasoned and measured, there is a danger that—as often happens on these occasions—when we go into the chamber we end up in a sterile debate about whether we are for or against Sewel motions. The reality is that constitutional politics enters into those debates. For what it is worth, my view is that Sewel motions have their place, and it could be argued that this is one such instance.

However, as the previous Procedures Committee identified in its report—I was involved in that discussion—there is a need to improve greatly the amount of consideration that the Parliament can give to issues that are dealt with under the Sewel motion procedure. I am not sure that we have got it right yet. It is not just about the time that we have to consider issues in the Parliament; it is about the depth and breadth of the Parliament's and the Executive's involvement in the process. Again, I do not think that we are there yet, as has been acknowledged today.

The die is cast, to an extent, in procedural terms. I do not agree with Chris Ballance that we should seek more time and go further into the matter. We are too far down the procedural track, aside from anything else. I look to the clerks for guidance, but I would be surprised if the parliamentary timetable allowed us to take that approach. In any event, I am not sure that that is the right way forward. Nonetheless, it would be legitimate for the committee to comment—in, I hope, a constructively critical way—on the fact that we have not yet developed practices that give us sufficient Scottish input, via the Parliament and/or the Executive, into an issue of this import. If we can inject that note into the debate, I hope that it would not become just a part of the pretty crude political football that is the Sewel motion debate. It is a matter of growing and evolving the devolutionary process.

I asked a further question today on the issue of energy policy in general. As members know, I have asked similar questions elsewhere and different witnesses have also raised the issue. The only other thing that I would like the committee to do at this stage—in a pretty non-committal way—is to raise the issue of recognising both the complexity and the importance of energy policy. It is a bit like the Sewel motion point that I made. We are all learning as we go how to deal with the relationship between devolved and reserved matters, and I sense that ministers are learning, too. Once we go further into our renewables inquiry, we are bound to get further into such areas, given the fact that we have a distinct set renewables targets in Scotland but not a distinct energy policy. It would be appropriate for us to flag up our sense of the complexity of the area without committing ourselves on where we should go.

In essence, I disagree with what Chris Ballance has said. I also question the distinction that Christine May draws between an *Official Report* and a report. Although I am not necessarily against Christine's proposal, I would like us to add to the questions and the substantive report of our meeting today some observations about the wider processes and interrelationships that exist north and south of the border, which underpin all this, and the need for further movement towards a

developed policy in this area.

The Convener: I will clarify the timescale. The Sewel motion is likely to come before the Parliament next week. The bill is a House of Lords bill and is at its committee stage in the House of Lords. After its third reading, it will go to the House of Commons. I suspect that the Executive will be keen to get the Scottish Parliament's rubber stamp—or imprimatur—for the bill to continue, as it contains significant devolved issues.

I do not sense that a majority of members want to issue a report that is significantly different from a simple résumé of the evidence. I wonder whether that would be worth while, given the fact that the verbatim evidence will be available in the *Official Report* on Friday morning, if previous timetables hold good.

Christine May: I have had time to sit and clarify my thoughts on that. The one difference between the *Official Report* and something that set out the issues that were covered by the committee in its questioning is that whereas the verbatim report moves from point to point—as we did here, touching on BETTA a number of times, touching on the nuclear decommissioning issue a number of times, then touching on miscellaneous issues—something that set out those issues together and gave a clearer indication of what we had covered and the answers that had been given on the specific parts of the bill would be more helpful to our parliamentary colleagues.

15:15

Chris Ballance: I very much agreed with what Susan Deacon was saying until she came to the bit where she said, "I do not agree with Chris Ballance." I wonder whether the way forward might be to lodge a reasoned amendment to say that we regret the lack of time that we have had to debate the issue. I am not sure what Susan Deacon might like to add about the procedures for Sewel motions.

Susan Deacon: My view is that that would not be an amendment; that is a comment or view.

Chris Ballance: I think that "reasoned amendment" is the official name for it.

The Convener: Given the points that Chris Ballance has raised, we could write to the minister or ministers involved to express some of the matters that we have discussed. That does not preclude any member moving their own amendment or opposing the Sewel motion next week, if that is what they wish to do. The things that we are discussing now would perhaps best be summarised in a letter to the minister. It might be difficult to put together a themed synopsis of what we have been discussing until we get the *Official Report* to see what was said.

Chris Ballance: That is part of the whole problem. It is entirely unacceptable for something to be rushed through like this, with only an hour in which to discuss the future of radioactive waste management in Scotland and no time for us to produce a report and say what we think of the subject before the Sewel motion is put to Parliament. I really do not like the way in which the bill is being rushed through.

The Convener: You may well be right about that. I suppose that, equally, we could be criticised. It was open to us to launch an investigation some time ago into the Energy Bill, which has been published for some time, and—

Chris Ballance: Except that the Executive forgot—or appears to have forgotten—that the bill involves devolved matters and did not lodge a Sewel motion until rather late on. I believe that it has already apologised for that.

The Convener: We know what the Sewel motion would say, however, so it is not as if the content of the Sewel motion will surprise anyone. Anyone who looks through the bill would realise that it impacts on Scotland in relation to devolved matters. There is no surprise there; you did not need to be a political scientist to work that out.

Brian Adam: I endorse Susan Deacon's remarks about the process. The relatively short time between the matter appearing before the committee and the Parliament having to make its decision is driven by someone else's timetable, and not by ours. I suggest that, as there are concerns about the process, the committee refer the matter to the Procedures Committee for its consideration, so that it can consider Sewel motions and the Scottish Parliament's view of the process. That committee could also invite the Executive to come along and give its view, so the whole process could be examined.

We should not be obsessed by the process, however. There are real issues to consider that are of concern. I am quite happy to engage with those issues by writing to the minister, and I am happy to participate in discussions within my own party as to how we will deal with the Sewel motion next week. I am not convinced about Christine May's idea of a synopsis, although it is fair to argue that that would allow us the opportunity to express a view as a committee—that would be the big difference. However, I do not think that there is unanimity around that, and I do not—

Christine May: If we are going to—

The Convener: I propose that we write a letter to the ministers involved and either bring that back to the committee next week so that members have sight of it or circulate it by e-mail. We can also write a letter to the convener of the Procedures Committee, expressing some of the concerns that

we have raised. I will bring that letter back to the committee. Clearly, individual members may do what they will next week, when the Sewel motion comes before the Parliament.

Individual Learning Accounts

15:19

The Convener: We move on to agenda item 2, which is individual learning accounts in Scotland. We have in front of us the Deputy First Minister and Minister for Enterprise and Lifelong Learning, Mr Jim Wallace. I am sorry that you have been kept waiting, minister. Do you wish to say a word about individual learning accounts?

The Deputy First Minister and Minister for Enterprise and Lifelong Learning (Mr Jim Wallace): Indeed. I am grateful to you. Perhaps I should begin by introducing the officials who are with me today. Dr John Rigg is the head of the funding for learners division in the Scottish Executive Enterprise, Transport and Lifelong Learning Department. Laura Barjonas is head of the ILA policy team in the division.

I am pleased to be able to brief the committee on my plans for introducing a new ILA scheme in Scotland. Good progress has been made in developing the scheme and we are on track to meet the partnership commitment to introduce the improved ILA scheme in 2003-04. It is fair to say that the Enterprise and Lifelong Learning Committee expressed strong support for the principles of ILA and I know that members will want to understand how we plan to build on the positive elements of the first scheme while tackling rigorously the flaws that led to its closure.

I refer at the outset to the recently published Audit Committee report on the first ILA scheme and the department's response to the report. I certainly welcome the publication of the Audit Committee's report. The process of audit and scrutiny of the first scheme has been a lengthy one. I think that Audit Scotland initiated its review in September 2002 and the Audit Committee's report was published just over a couple of weeks ago. It is crucial that we understand all the lessons that have been learned and, understandably, it has taken time to complete that process.

My department will respond formally to the Audit Committee in the next few weeks. I make it clear that it is not my intention today to pre-empt our proper full and final response, which will set out in detail how we are tackling the problems and flaws of ILA 1 and make clear how the Audit Committee's specific recommendations are to be addressed. It will become clear, as I outline my plans for the new scheme, that the Audit Committee's recommendations on what needs to be done to ensure an effective and efficient new ILA scheme chime closely with our own view of the key requirements for the scheme's success.

I think that it was April 2002 when Wendy Alexander updated members of the Enterprise and

Lifelong Learning Committee on the position after the first ILA scheme closed. Therefore, I crave some indulgence from the committee if I take more time than usual to set out the key features of the proposed successor scheme. Afterwards, I will be happy to answer members' questions. It might help if I give a brief overview of the essential policy and operational elements.

I hope that members have received draft copies of the proposed new ILA regulations. I understand that some members received them only earlier today. We have also provided draft operational rules and guidance. Just in the past week or so, there were intensive workshops with groups of providers to road test the draft guidance. The draft that members have was updated and amended in the light of the productive discussions with providers. I hope that it provides a useful context for what I have to say on the policy and the operational plans. Obviously, the regulations for the new scheme will be formally laid before Parliament and the committee will be able to consider them formally at that stage. I can certainly confirm that officials will be more than willing to provide an additional detailed briefing as and when required.

In looking at the successor scheme, I do not want us to lose sight of the positive aspects of the original scheme. ILAs were beneficial for a significant number of learners and they stimulated a welcome increase in business for reputable learning providers, who formed the majority of providers who participated in the scheme. It is fair to say that there has been widespread support among learners and providers for the principles of individual learning accounts. There is now a strong demand from learners, providers and intermediaries for a new scheme to be put in place without further delay. I note that the Audit Committee expressed in its report the hope

"that an effective and efficient scheme can now be established as swiftly as possible."

That is certainly our intention.

I want to ensure that members have a clear understanding of our policy aims, and I want to outline the main actions being taken through detailed operational planning to ensure that the scheme delivers on its objectives and that the problems that were encountered in the previous scheme do not recur. I also want to give members a sense of the timetable for introducing ILAs.

We have decided to call ILA mark 2 ILA Scotland because it will have a specific Scottish theme. It will directly address Scottish needs and build on the particular strengths of the lifelong learning landscape and infrastructure in Scotland. The evaluation of the first scheme provided a solid and positive basis for developing our policy

thinking. We conducted our own internal review of the lessons learned and those lessons, together with the findings of the Audit Committee and external audit and review processes, have provided us with a comprehensive checklist of required policy and operational improvements. To test policy and operational plans, a number of workshops have been held with learning providers and intermediary organisations, and samples have been taken from focus groups of potential ILA learners. Those have been reflected in the model that we are discussing.

The policy aims and priorities in relation to learners are that we should retain a fundamentally learner-centred approach, with funding being allocated to an individual through a virtual account for use with the provider of the learner's choice, and that we should encourage individuals to establish a greater sense of personal ownership of their learning. That will be achieved by learners having their own account, which they can use to support learning and learning progression over an extended period, and by the retention of the principle that all learners will make a personal contribution to the cost of their learning.

In relation to learning providers, a top priority is that there should be high-quality standards throughout the scheme. We do not intend that ILA Scotland should seek to stimulate any significant growth in the overall size of the provider base, but we hope that the reintroduction of an ILA funding stream will encourage quality providers to develop a wider range of short, flexible courses to help to make learning more attractive and more accessible.

We want to ensure that we provide better added value. The previous scheme had dead-weight—people who benefited from the support but would have undertaken the learning without it—which was estimated at something like 53 per cent of participants, and we are keen to ensure that we reduce the dead-weight and get better added value from the investment. We will do that by targeting funding at learners on lower incomes, for whom funding is the real barrier to participation in learning, and by focusing funding on skills needs. The scheme will target basic skills in information and communications technology. Funding will be limited, initially at least, to ICT courses leading to qualifications or certification up to and including the equivalent of Scottish credit and qualifications framework level 5, which is Scottish vocational qualification level 2.

We want to ensure that ILA learners have a good-quality learning experience and that active use is made of the ILA funding entitlements. That will be tackled principally by learndirect Scotland developing on-going learner contact. We will look to intermediary organisations, such as the Scottish

Trades Union Congress, Careers Scotland and voluntary bodies, to play an important role in encouraging uptake in conversion by providing informed and focused advice and guidance to learners.

On the scheme's operation, I want to ensure that we take full account of all the lessons that have been learned from the first scheme and that there are robust, clear, accessible and user-friendly mechanisms for learners to apply for and use the ILA funding and robust, clear, accessible and administratively manageable mechanisms for learning providers to use the scheme. I am sure that many of you will appreciate the underlying tensions between aims and objectives that have had to be resolved in the design of the new scheme, and I think that we have struck the right balance between rigorous controls and the necessary ease of use for learners. We want to widen participation in adult learning by increasing interest in uptake. The scheme is an opportunity to introduce new learners to adult learning, to provide an opportunity for those who have not recently participated in learning to do so and to encourage individuals to invest in their own learning and therefore take ownership of it. It is also an opportunity to prioritise the learning needs of certain groups of learners, to encourage more learning progression and, which is important, to support the development of a quality learning-provider base in Scotland.

I will discuss the scheme's key features. First, the feedback from an early evaluation of the previous scheme in 2002 indicated that, for learners, the ILA brand name was not particularly tainted by the problems that arose from the misuse of the first scheme. A clear distinction was drawn between the positive aspects of the concept and its weakness in delivery. Therefore, the new scheme has been developed to address specific Scottish circumstances, and we believe that the individual learning account name continues to have solid promotional value.

With regard to the target audience—or, more accurately, target audiences—although we intend to maintain a universal approach to learner eligibility, which will be an important element in building up momentum for positive attitudinal change to learning through ILAs and enabling a wide range of people from various backgrounds to benefit, the main thrust is to make a real difference for non-traditional learners with low skills and on low incomes. That potentially includes people on benefit but, although there will be a number of passported benefits that will provide ready access to eligibility, people who are on benefit will in many cases already be able to apply for free learning through fee waivers, for example. We will aim to steer such learners towards the type of funding that suits them best.

Our main target group is people who are in work but on lower incomes, who often have lower levels of skills and qualifications, whose disposable income will not readily cover the costs of learning and for whom ILAs can provide a crucial incentive to take the first steps into or back into learning. We will therefore offer priority ILA funding to learners on low incomes. Learners in our priority group will be those who earn less than £15,000 a year, who will be able to claim up to £200 per year in ILA support, which they will be able to use for a course of their choice. The income assessment process will be managed by the Student Awards Agency for Scotland. The process has been designed to be light touch and as accessible as possible, while meeting the necessary standards of learner income verification and auditability.

15:30

For low-income learners, the types of eligible learning will generally be defined by exclusion, to allow learners in that priority group to choose from a wide menu of learning. For universal learners, eligibility will be much more broadly defined than for the low-income priority group and all individuals who are over 18 and who are ordinarily resident in Scotland will be able to apply to open an ILA account. To ensure that we target skills needs and maximise added value, the universal offer will, at least initially, be focused on ICT courses at the basic skills level that lead to qualifications or certification. Universal learners will be able to claim up to £100 per year.

The personal contribution element of the first scheme received considerable support because it encouraged greater ownership of the learning, and the recent consultation was also positive on the issue. A key change in the new scheme is that we will have a flat-rate minimum personal contribution for learners that will be set at £10 per learning episode. That contrasts with a general minimum contribution of £25 under the previous scheme. I believe that the measure will make the ILA offer more attractive and will make ILA Scotland funding more readily understandable for learners than the percentage discount model that applied under the previous scheme.

In order to focus on low-income, non-traditional learners, intermediary bodies will have a role in helping to encourage participation. We envisage the STUC, Careers Scotland, local authorities, the voluntary sector and Jobcentre Plus all being much more actively and systematically involved with ILAs than they were before.

A phased approach will be taken to implementation. When we consulted learners, providers and intermediaries in the summer of last year, we received a strong message of concern about introducing both the low-income and

universal elements of the scheme at the same time, as that might risk losing the impact of the scheme for the target group because of the likelihood that provider efforts and budget resources would be more focused on universal learners. For that reason, we will launch the scheme for low-income learners only and roll out ILA funding to universal learners from April next year.

Finally, with regard to the operational framework, the delivery partner arrangements will be different from those in the previous scheme. The scheme will be delivered jointly by the Student Awards Agency for Scotland, replacing Capita, which was the ILA service provider under ILA 1, and by the Scottish university for industry, which is known to the public as learndirect Scotland. SUFI will have responsibility for marketing and promotion and on-going communications with learners, learning providers and intermediaries, including the provision of scheme information and guidance. SUFI's other key focus will be on quality: it will be responsible for learning-provider and course registration, quality assurance and compliance monitoring of providers. SAAS will have responsibility for processing learners' applications for membership, including the income assessment process for low-income learners, and for overall learner-account management. SAAS will also manage the booking of learning by learning providers and be responsible for making payments to learners.

We have been working intensively for some months with ILA project teams in both SAAS and SUFI to design and develop a fully integrated range of services for learners and learning providers. We will build on the existing strengths and experience of the two organisations. As I said, it is imperative that we have good-quality learning providers and courses. The department will address that issue thoroughly in its response to the Audit Committee. We think that features of the new scheme will assure quality, such as the stringent learning-provider registration process through SUFI; the formal contracts between learning providers and the delivery partners that cover the provider's legal obligations; a clear, single complaints process; on-going learner contacts through SUFI to monitor learner satisfaction; and a rigorous and risk-weighted compliance monitoring process, including site visits to providers. A key component will be the provision of clear and timely rules and guidance. Members will notice from the draft text that has been provided that the guidance for learning providers is well developed. Learner guidance will be similarly clear and comprehensive.

I want to highlight key milestones in the process before the scheme goes ahead. As has been made clear on a number of occasions, we will go

ahead only when I am satisfied that the necessary improvements have been taken into account and are in place. Therefore, the timetable includes an extended period for testing prior to launch. We are planning a gateway review process for ILA Scotland. A team of experts from outside my department has undertaken regular reviews of the project's progress and a final gateway review will take place shortly before the scheme launch, which will involve a rigorous and comprehensive assessment of the scheme's overall readiness for service.

Finally, on the timetable, we hope to lay the new regulations in the near future, perhaps early next month. Learning-provider engagement, with a series of workshops, is scheduled for the latter part of March. During late spring, we will liaise with intermediary bodies and we plan to launch the scheme for learners in early July. It is a challenging timetable, but I have made it clear that it will be subject to necessary testing and review at milestones.

I am grateful to the committee for bearing with me on this important series of points about the operation and the objectives of the new ILA scheme in terms of quality assurance. The scheme is important to the support of lifelong learning and to the stimulation of skills and workforce development. The previous scheme was an innovative policy initiative. ILA Scotland remains highly innovative in terms of what it is trying to achieve and how it is trying to achieve it. We will monitor, review and adjust as necessary but, at the moment, I will be happy to take questions from members of the committee on the draft documents before them.

Mike Watson (Glasgow Cathcart) (Lab): We have seen the Audit Committee report to which you referred. Obviously, a number of lessons could have been learned from ILA 1. What overall lesson that has gone into the thinking on ILA Scotland would you highlight?

Mr Wallace: The main lesson is the need for quality assurance and close, rigorous scrutiny and management. I will give more detail in my response to the Audit Committee, but I hope that I made it clear, albeit in a truncated form, that it is important that proper scrutiny and assurance of the scheme is being delivered on the mechanism and quality of the learning.

Mike Watson: My fellow members can speak for themselves, but I think that they would agree with me that it is encouraging to hear that. You have talked about rigorous controls, quality assurance and close scrutiny. Irrespective of your answer to my first question, I want to ask about monitoring. We have not had all that long to go through the operational rules and supplementary guidance and the regulations, but I have had a

look and I cannot see the word "monitoring" mentioned at all. I also see no evidence of the close scrutiny to which you refer. It seems to me that that will be fundamental to the success of ILA Scotland, and we all want to see that. Why is there no mention of that up front in the documents? Are there other documents that committee members have still to see?

Mr Wallace: The provisions in the operational rules and supplementary guidance go a long way towards ensuring rigorous levels of quality. It would be a brave person who would put their hand on their heart and say that they had eliminated all scope for abuse. However, the provisions go a long way towards limiting any prospective abuse.

There are several processes. The registration process for providers will be much more robust than it was for the first scheme. It will be handled by SUFI and the information that any prospective learning provider has to supply will be far more comprehensive than in the first scheme. SUFI will actively check and verify key elements such as the quality standards that the applicant learning provider claims to have.

Once its application is approved and it is claiming ILA funds, the provider will be subject to regular and ad hoc checks. I certainly seem to recall reading in the rules that that can include visits to premises to monitor compliance with the scheme's rules. Learning providers that are assessed by SUFI as being acceptable but presenting a higher risk, possibly because they have a shorter track record and financial information indicates the need for closer monitoring, will be subject to earlier and more frequent checks. The learning provider will have signed a registration and payment agreement with SUFI that will give us a contractual basis on which to pursue any action on non-compliance or a serious abuse of the scheme.

Mike Watson: I accept and welcome what you say. You have given more detail than is in the documents that we have, which are about what the provider must do rather than the role of SUFI. There is little mention of SUFI as an organisation in the guidance. However, I take your point.

It is important to put the emphasis on the individuals to ensure that they are complying with all the regulations. I was concerned about the monitoring and what was being done to follow that through, because the Auditor General for Scotland's report stated:

"Responsibilities for scheme monitoring were unclear and not fully agreed".

The report goes on to talk about the holes in the net. I am pleased to see now the robust monitoring and audit arrangements that the report said could have been considered at earlier stages. However,

it would be helpful to know how those arrangements will be enforced, rather than simply saying to individuals, "You must do this." What if the individuals do not do that? That is the point that I was trying to get across.

Mr Wallace: There will be contractual arrangements, which will be much easier to activate than was the case under the initial scheme. Laura Barjonas can elaborate on the details.

Laura Barjonas (Scottish Executive Enterprise, Transport and Lifelong Learning Department): One of the other main lessons arising out of ILA 1 was that it was not any one thing that was a weakness in the scheme, but a combination of different things all coming together, which meant that the problems were magnified. One of the key issues relating to the documentation and the regulatory and contractual framework is the need to understand how all the different elements fit together. The documentation that we have before us—the regulations and the draft guidance—represents the top level of a whole suite of documentation that sets out exactly what the different arrangements are.

The minister mentioned the registration agreement and the payment agreement, which are crucial documents in the whole process. Specific processes and procedures will also be set out in considerable detail in respect of the registration process. How the compliance monitoring process will be carried out and who will be responsible for it will also be detailed. An additional element that was not in the first scheme is learner tracking, which will aim both to track learner satisfaction and to pick up on learner feedback to inform a sense of learning-provider compliance.

There are a number of additional detailed elements, which will obviously be covered in the response to the Audit Committee. Those elements sit below the regulations and the operational rules, which set out the top-level framework from which that flows, who the authorities are and what is delegated to the administrators, SAAS and SUFI, in carrying out the more detailed responsibilities.

Mr Wallace: Paragraph 25 of the operational rules and supplementary guidance considers the audit requirements. Paragraph 31 says what may not happen, and paragraphs 33 to 36 say what might happen if there were a failure to comply with the rules. That includes investigations involving SUFI, visits to premises and the requirement for documentation to be maintained for a period of years.

Mike Watson: My point is that the guidance does not say when that will happen and on what basis. Would there be unannounced visits? Would SUFI representatives just turn up? I would like to

think that the providers were on their toes and that they would not just be told by SUFI, "A week on Tuesday we'll be there. Get your books in order."

Mr Wallace: It is certainly intended that the providers should be kept very much on their toes.

Mike Watson: On what Ms Barjonas said about the various checks and balances, one of the problems was said to be the fact that, to some extent, the Scottish system had piggybacked on the English one in round 1. You may say that, for very good reasons, you are not looking at what is happening in England. Are you conscious that the mechanisms that you outlined go beyond what is happening south of the border, or are you simply looking at the Scottish experience and saying, "We'll learn from our mistakes and go forward from that"?

Mr Wallace: The new scheme has been designed in Scotland for Scotland. I understand that, in England, it has been decided not to have a stand-alone ILA scheme. Northern Ireland has the position under review but no successor scheme planned. The National Assembly for Wales launched an ILA successor scheme last summer. We are monitoring that scheme and liaising with colleagues in the Assembly to share their experiences and their lessons, given that they are a number of months ahead of us. That has clarified some of our thinking, but the scheme that we propose is very much a Scottish scheme.

Mike Watson: My final question is really to do with the financial aspects of the scheme for each individual learning account. In the first round, up to £150 was available, with those participating liable to pay £25. I note that, this time, the figure has gone up to £200, with those participating liable to pay £10. You said in your opening remarks that you wanted to make the scheme more attractive and more understandable. Perhaps it is more understandable, but I would not have thought that it needed to be made more attractive. There was huge interest in round 1. After all, the target of 100,000 that was supposed to be achieved within two years was reached in a far shorter time. Why does it have to be made more attractive? Is it because of the problems that were experienced the first time round rather than the scheme's educational aspects or the job opportunities that might emanate from it?

15:45

Mr Wallace: I said earlier that we carried out some focus group work with potential learners, and that information has helped us to shape our plans on setting various monetary figures.

You are right to point out that we did very well with the numbers in the first scheme. However, 53 per cent might have been described as dead-

weight. In other words, those people would have accessed learning even if funding had not been available. Moreover, there was some evidence that much of the learning provision was being targeted at that group, which—to put it frankly—made it easier to get the numbers in. One important distinction is that the new scheme will be far more targeted than the first scheme.

Market research indicated that most people expected to make a contribution. However, we also found that the main issue on the need for a personal contribution was confusion about the amount of that contribution where it was calculated as a percentage of total cost. That is why we have tried to keep things simple with a flat-rate contribution.

We have listened to potential learners and have taken into account the fact that not only was there a lot of dead-weight in the first scheme but actual registration did not follow through into activation—if that is the best way of describing the matter. We are anxious that people should not only register but take up the course.

Mike Watson: I see the benefits of targeting the scheme. However, you also said that universal introduction will take effect from April 2005. Will the targeting that you mentioned remain when that happens?

Mr Wallace: I should draw two distinctions in response to that question. First, the scheme that is targeted at people on low incomes covers a broad range of courses. Secondly, universal introduction—which we are delaying—has a lower funding rate of £100 as opposed to £200 and will be limited to ICT up to SVQ level 2.

Murdo Fraser (Mid Scotland and Fife) (Con): I appreciate that you are not here this afternoon to respond to the Audit Committee's report. However, it is clear from the report that ILA 1 was not a success partly because of management failures in the department. What assurances can you provide that those failures have been addressed? Are you confident that they will not be repeated as we proceed towards ILA 2?

Mr Wallace: I am as confident as anyone can reasonably be. I should say that the points that you have raised are undoubtedly the internal departmental issues on which the Audit Committee will require a response and on which we will respond fully.

Some institutional arrangements also relate to management. For example, the fact that we are using SUFI and SAAS, both of which have proven track records in the areas in which we are asking for their involvement, should also give people confidence that we are taking a systematic approach. Furthermore, gateway reviews to test the scheme have taken place outside the

department and we will carry out a final test to ensure that it is ready for implementation.

Murdo Fraser: My second question is about timescales. The original scheme was wound up in December 2001 and—if I understand you correctly and if all goes according to plan—the new scheme will be introduced this July. That means that we have been without an ILA scheme for at least two and a half years. During that time, many people who could have benefited from some sort of training have not had the opportunity to access it. Moreover, many training providers have lost a good and secure source of income. Are you disappointed that it has taken so long to get a replacement scheme up and running? Why has it taken this time to get the scheme into place?

Mr Wallace: I am disappointed, but that should not be interpreted in any way as being a criticism of those—either Audit Scotland or the Audit Committee—who are engaged in the audit process. In terms of learning lessons, we conducted an internal departmental review, which was important, and we now have an opportunity to consider the findings and recommendations of the Audit Committee. We might have been open to criticism if we had launched into the new scheme while we were awaiting the Audit Committee's report.

There is a question of balance. I would like to think that we have put our time to good use by working up the scheme that we have, by market testing it to find out whether it fits with what the client group wants, by engaging in workshops with the learner providers and by testing the mechanics of the system.

Christine May: You spoke about targeting a particular group and one area of competence, which was ICT. Is it your intention to target other areas of skills shortage at a later stage? Do you intend to manage the tension between courses that folk might wish to do for their own gratification and courses that will address areas of skills shortage in Scotland?

Mr Wallace: The courses that will be available to the targeted group will not be limited to ICT, although ICT courses are what will be available on universal roll-out, when that happens. We intend that a much broader menu of courses will be made available.

Christine May: But you will be specifying those courses that are available.

Mr Wallace: The menu will be available to those who wish to learn.

Christine May: So, it will not be the case that anyone can apply for any course that takes their fancy.

Mr Wallace: People will not be able to apply for any course that takes their fancy; some courses will have to be approved.

Laura Barjonas: The definition of eligible learning sets out the types of excluded courses. The scheme is broadly comparable to the first scheme, but it has been significantly tightened up in certain areas. Only courses that would not be excluded by that definition would be covered by the low-income offer.

Christine May: In ensuring that you have dealt with all the issues that the Audit Committee commented on in relation to the first scheme, are you confident that you have done so without making the new scheme overly bureaucratic either for providers or for learners?

Mr Wallace: I hope that we have not made it so. Our intention has been to strike a balance between ensuring that the necessary safeguards are in place and making the system user friendly and accessible. For example, as I said in response to Mike Watson, having a flat-rate contribution instead of a percentage contribution is one of the ways in which we have tried to simplify the system. I hope that, by consulting and engaging with stakeholders, we have managed to strike the correct balance.

In response to the previous question, I draw the committee's attention to paragraph 7 of annex B of the draft operational rules, which sets out the kind of learning courses that would not be eligible, including things like private flying lessons, scuba diving lessons and so on, as well as some other full-time higher education courses. The list is quite comprehensive.

Christine May: I was thinking more of targeting areas in which there are specific skills shortages. For example, there are well-documented shortages in areas such as engineering. Rather than specify courses that are excluded, will you give direction on courses that might be recommended?

Mr Wallace: That might be the next stage in the evolution of the scheme. However, I have talked about the importance of the learner's personal ownership of the ILA. Part of that personal ownership will come about through the fact that a personal contribution will have to be made. We think that the choice of learning for which an ILA is used should rest with the learner. The learner will be able to identify within a local skills market what skills are needed, but the scheme is meant to have that element of choice.

The Convener: I will follow that point up because a theme that we have picked up in one or two of our meetings is that there are definitely specific skills shortages. Has consideration been given to doing it the other way round and specifying a list of courses that would qualify?

Mr Wallace: Not so far. The important principle is that we are trying to target people who do not necessarily have a tradition of learning. We want to try to make the scheme user friendly for them. If we had been over-rigid in saying that they could do only certain courses, that might have defeated our purpose. We hope to get people back into—or perhaps into for the first time—a learning culture and a learning environment.

Susan Deacon: As a member of the Audit Committee, I acknowledge that much of what you said in your opening remarks indicates that certain elements in the new scheme are being developed to respond directly to much of what the Audit Committee said. I am sure that the Audit Committee will explore that in greater detail; I look forward to it.

I will go back to the question that Murdo Fraser asked about the timescale for development of the new scheme. It is now in excess of two years since the previous scheme was suspended. I think that I am right in saying that it is more than a year—in fact, by the time the new scheme is introduced it will be between a year and 18 months—beyond the initial intended relaunch date.

I note what you say about waiting for the outcome of the Auditor General's report and the Audit Committee's report. However, as you acknowledged, an awful lot could and should be done in the interim. You said that the time—the two years since suspension of the previous scheme—had been used well. Can you elaborate on how the time was used? For example, when were stakeholders brought together to review the experience of the previous scheme? I am aware, for example, that some of the seminars on developing risk assessment procedures and so on took place only a matter of months ago. I acknowledge and respect the fact that you would want to examine the findings of the audit process, but it strikes me that that seemed to be given a great deal of weight—which I did not quite recognise—in your reason for the delay.

Mr Wallace: Obviously, there was an internal review of what had happened. Apart from any Audit Committee or Audit Scotland considerations there was our own internal assessment of where things needed to be tightened up. The next stage was preparation of the policy position which—if my memory serves me correctly—was discussed by ministers before last year's election. I do not think that I am giving away secrets because we have at today's meeting already touched on some of the points that were discussed.

The balance between universal and targeted provision required debate. There is not necessarily a right or a wrong answer, but it took time to work up our policy position. Many focus group

discussions took place last summer and we have been trying to test the system robustly. It is a new system that maintains many of the features and principles of the previous system; however, it is very much a new system. Earlier, someone spoke about piggybacking on the English system, but by no stretch of the imagination can we be said to be doing that. We have worked up our own self-standing Scottish system.

In answer to Murdo Fraser, of course I would like provision to have been in place earlier because people may have missed opportunities and I would regret that very much. However, I like to think that we have been able to test the proposals rigorously so that they will stand the tests of time and use.

16:00

Susan Deacon: I want to turn to a question of money that I raised with you when you came to the committee to speak about the departmental budget. Obviously, with each month or year that goes by without the scheme going live, budgeted resources are not being used. You have answered this question in relation to the previous financial year, but we are coming to the end of another financial year, so how are those budgeted resources being used? Will they be used for other aspects of training and development if a new ILA scheme is not in place?

Mr Wallace: For this financial year, the estimate for getting the system up and running and for the preparatory work is £3.4 million. As I said, there are plenty of pressures on my department's budget so I cannot—off the top of my head—give details on where other funding has been deployed. In the first month or two of 2004-05, there will be continuing development funding before we launch the scheme. The budget for 2004-05 is just over £18 million and for the final year of the spending review—2005-06—it is £18.5 million. I am certainly allowing for an element of funding in the next financial year to go into development. The system is, in many respects, demand led and I hope that the take-up is such that we can make progress.

Susan Deacon: I do not doubt that any resources that are not used will be put to good use somewhere in the enterprise budget, but I would like to receive more information on that at a later date. Will the resources be used for some equivalent form of training and development? You were not able to assure me on that the last time I asked.

Mr Wallace: No, I was not and I am not able to do so off the cuff this time. However, I can give you some indication as to where the balance has gone.

Susan Deacon: I want to ask a final question—the convener was looking away for a moment and

was not quick enough to give me the evil eye to stop me. I want to play devil's advocate on the general policy. It is not necessarily a view that I subscribe to, but I have heard it said by people in education—in particular, in the further education sector—that the ILA scheme resulted in many people being paid to take up learning opportunities that they would have taken up anyway. It was said that, if we wanted to have a more significant impact on target groups, and if we wanted to address skills-gap issues, we would be better to do so through established means such as the FE colleges. Will you respond to that assertion? I am especially interested in whether some of the measures that you described to attract and target people who are on low incomes will go some way towards addressing that situation.

Mr Wallace: That assertion has some merit. Perhaps the term “dead-weight” is an unfortunate description, but we estimate that 53 per cent of people who signed up under the first scheme would probably have signed up for training even if the scheme had not existed. In designing the ILA Scotland scheme, we have been conscious of the criticism that you described, so we will target people on low incomes. Intermediary bodies will be important because they will promote the scheme and provide information to people who might benefit from it. That will ensure that the people who are targeted are those who might not have wanted to get into the learning environment without the incentive.

The roll-out of the more universal scheme will be limited to ICT learning up to a specified level. In that way, we hope to maximise the impact of the service and to provide a useful learning opportunity. I will not say that we will have zero dead-weight; that would be wishful thinking. However, we have gone a long way. In designing the scheme, one objective was to minimise dead-weight, about which the criticism to which Susan Deacon referred has been made.

Mike Watson: I apologise for not asking my question earlier, which is to Ms Barjonas and is based on my reading of the *Official Report* of an Audit Committee meeting last September. I understand that all learning providers must now register directly with SUFI. In answer to a question from the Audit Committee, you talked about learning providers from south of the border—I assume that that means England. Do you expect English learning providers to register with SUFI and to be part of the new process?

Laura Barjonas: That is possible. Such bodies would be eligible to apply for registration. They would have to follow the registration process and meet the required standards.

Mike Watson: In other words, when the new scheme is up and running and advertised, you

expect applications to come not only from Scotland.

Mr Wallace: That is correct, but all applications will be subject to the Scottish registration and quality requirements.

Laura Barjonas: Specific changes to strengthen the distance learning requirements will be made. They might well be a disincentive for some providers that are not based in Scotland. However, if they met all the standards and requirements, providers from outside Scotland could apply to provide courses.

Mike Watson: Those providers would be subject to the scheme's criteria.

Higher Education Bill

16:08

The Convener: Agenda item 3 is on the Sewel motion that will go before the Parliament on the Higher Education Bill. We have with us again Jim Wallace MSP, who will speak to the motion.

Mr Wallace: I will speak more briefly this time. With me as support are Andy Bishop and Isabell Donnelly.

I am grateful for the opportunity to speak to the memorandum on an important Sewel motion. In the motion, we will ask Parliament to consent to the provisions in the Westminster Parliament's Higher Education Bill that will establish a new UK-wide arts and humanities research council. I emphasise that only the provisions in part 1 of the bill that relate to the AHRC's creation are the subject of the Sewel motion. Other parts of the bill are not covered. Members might have heard that the bill's second reading takes place today.

The provisions will enable the existing UK Arts and Humanities Research Board to be replaced by a UK research council that will be established by royal charter. That will place the arts and humanities research body on a similar footing to that of the seven UK science research councils.

As with the existing research councils, it is proposed that the new arts and humanities research council will be a reserved matter for the purposes of the Scotland Act 1998. Part 1 of the bill makes provision for direct funding of arts and humanities research by the Scottish Executive in addition to funding of research by the proposed new research council—again, that is to ensure that there is parallel treatment with science research.

The memorandum explains why the change is being made, and the considerable advantages that both the Executive and the UK Government believe will result. I emphasise that there has been detailed and extensive consultation with the academic sector. It is clear that there is widespread support for the change from the arts research community in Scotland, which has written to express its strong support for the change. It states:

"The Scottish academic community, after wide consultation, strongly supports proposals to establish an arts and humanities research council. This includes academics with specific Scottish studies interests, who are satisfied that there will be good safeguards for their subjects. Universities Scotland believes that, as in other research areas, Scotland will achieve a larger share of funding than our share of the UK population."

Current funding of arts research is devolved, but the Scottish Higher Education Funding Council and the other funding bodies provide financial contributions through the Arts and Humanities

Research Board, which operates UK wide. The change will require us to transfer those powers to Westminster, together with SHEFC's budget for the AHRB of about £5 million. Parliament is asked to agree to Westminster's legislating to create the proposed new research council. Once the legislation is in place, there will be a process of transferring powers and funding, which will require an order under section 30(2) of the Scotland Act 1998 to be laid in both Houses at Westminster and in the Scottish Parliament. Depending on the progress of the Westminster bill, we anticipate that that will happen in the summer or autumn of this year. Parliament will therefore have another full opportunity to consider the implications of proceeding to reserve the new AHRC. If Parliament chooses not to take that step, that will create an unfortunate anomaly that would require us to establish a completely different structure for funding arts research in Scotland, which would be out of kilter with science research funding and different from the arrangements for the rest of the United Kingdom. It is clear that the arts research community here would be very much against that.

Members will note that some arts research is culturally specific and will need special protection when the matter is reserved. We have therefore worked to ensure that the royal charter that will establish the research council, and its other founding rules, will incorporate a range of safeguards that will help to monitor and protect such research. Some reassurance on that can be found in the figures for Scottish research that is funded by the AHRB, which is already competed for on a UK basis. Scotland has consistently won more funding than SHEFC has put in: between 1999 and 2002, Scotland won 14 per cent of the total that was available, compared with a contribution by SHEFC of 12.5 per cent to the UK pot. As well as small-scale research grants, a number of major projects are being funded here by the AHRB, including much research that is specifically Scottish in its themes. Four of the 17 research centres that are funded by the AHRB are in Scottish higher education institutions.

Another important reassurance is that Scottish ministers will have the same powers to fund arts research projects that they currently have to fund science research projects. That will allow us to fund research that we consider to have strategic importance.

In conclusion, I believe that it is important for Scotland's arts and humanities research to remain fully connected to the UK funding system in order to maintain our competitiveness. That will be achieved through being part of the proposed UK-wide arts and humanities research council. I hope that the committee, having considered the issues, will support the Sewel motion and the proposals that are contained in the memorandum.

The Convener: Thank you. I note that the proposed research council will be funded by the Department of Trade and Industry. I understand that it funds the other research councils, but is it the best organisation to fund an arts and humanities research council? Does it have much—or any—expertise in that area?

Mr Wallace: It is not for us to work out how Whitehall orders itself.

The Convener: Five million pounds of our money will go there.

Mr Wallace: The review of arts and humanities research showed that—perhaps more than one would realise from looking at the matter at face value—there are more similarities or synergies than there are differences between science research and arts and humanities research.

One of the purposes of the measure is to put the arts and humanities research body on a similar footing to the science research councils, which come under the auspices of the DTI. Through the bill, we are trying to eliminate boundaries. I suspect that the differences in methodology and approach between science and the arts are narrowing. For that reason, it was thought appropriate that they be badged or brigaded together.

16:15

Richard Baker: I am aware that significant additional funding for the AHRB, which will become the AHRC, has been pledged by the Westminster Government even before the passage of the Higher Education Bill. That should be good news for our universities, if they can continue to punch above their weight in terms of the money for research that they are able to secure from the new council. Can we be confident that Scottish universities will in future be able to get from the proposed new council funding that is greater than the investment that the Executive makes into the overall pot of cash?

Mr Wallace: I certainly hope so. I have a reasonable expectation that that will be the case because those funds are bid for and until now Scottish higher education institutions have, under the Arts and Humanities Research Board, done disproportionately well because of the quality of their bids. I do not expect there to be any diminution in the quality of the projects that are proposed. I sincerely hope that that quality will ensure that we continue to punch above our weight and that we get more out of the pot than we surrender.

Richard Baker: I presume that we are not investing 10 per cent of the overall funds that will be available to the new research council.

Mr Wallace: The figure that I gave in my opening remarks for our contribution to the pot was 12.5 per cent—£5 million. However, between 1999 and 2002 we won 14 per cent of the total funding that was available. That is a reasonable difference.

Richard Baker: My second question relates to the threshold changes. Will the increase in the threshold from £10,000 to £15,000 have a short-term economic impact on Executive expenditure? Will that cost us anything?

Mr Wallace: That is an entirely separate question. The committee will recall that the partnership agreement committed us to increasing the threshold for repayment of loans. Members will also recall that one reason why the Executive did not go down the road that the Cubie committee proposed—having a higher repayment level for the graduate endowment—was that if there were two separate levels for repayments, money that was earmarked for student support would be spent on administration. We did not think that that was a very good deal. To ensure that we do not get ourselves into that position by default, we will match the changes in the repayment threshold south of the border in order to ensure that there is one administrative arrangement. That is a cost that we have anticipated.

Mike Watson: The memorandum states that SHEFC supports science research and that it is planned that the same will happen in respect of arts and humanities. How will that happen—what will be the resources for that—if, as the memorandum states, the £5.4 million that currently goes to the Arts and Humanities Research Board will be transferred

“from the Scottish Executive to the OST”?

I am not clear about that.

The memorandum also states:

“This will be a once-for-all transfer”.

I presume that that means from 2005-06 because money for the previous years has already been earmarked for Scotland. From 2005-06 onwards, money will not come from London, but will stay there.

Mr Wallace: That is correct.

Mike Watson: What will SHEFC be able to do with funding that it decides to target, after the £5.4 million or the uprated equivalent sum is no longer being paid?

Mr Wallace: We already have science research councils at UK level, but there is still provision for science research funding to come from SHEFC and from the Scottish Executive budget. As I said, there will be provision in the bill for direct funding by the Scottish Executive of arts and humanities

research. We will have the competence and power directly to fund arts and humanities research over and above what is successfully bid for through the research council. That would be done in the normal way of—

Mike Watson: Would that be from within SHEFC's resources, minus the other money?

Mr Wallace: Yes. That money will be transferred and will not be renewed. Obviously, we have the power to set SHEFC's budget and, under the bill, we will have the competence to continue to make separate funding available for arts and humanities research.

Mike Watson: I understand that this is not an exact parallel but, to indicate what might happen, can you tell us what sort of science research funding SHEFC has funded on its own, say in the past three years?

Mr Wallace: I have been advised that around £10 million to £15 million per year has gone through SHEFC.

Mike Watson: That is a substantial amount.

Mr Wallace: It is.

Brian Adam: Will you give us an idea of the nature of your consultations with the academic community? Has there been consultation as part of the Executive's overall consideration of the bill's implications? Have views been expressed to you by the new universities, which tend not to do quite as well from science research council funding because of the bidding processes? Do you have any concerns about recent moves to concentrate research funding on an even smaller number of elite institutions? Do those moves have any implications for the future of arts and humanities research?

Mr Wallace: On your final question, we have said that we do not intend to focus funding on a limited number of higher education research institutions. In 2002, the UK Administrations carried out a joint review that considered whether there was a case for converting the board. The board was established in 1998, but SHEFC became part of it and started to contribute to it only in 1999. The review concluded that there would be benefits and improvements as a result of establishing a research council for arts and humanities on the same basis as the science research councils.

There have been a number of discussions with the academic community. The Executive consulted widely on the proposal to convert the AHRB into a research council after the publication of the UK review document in 2002. There were discussions with deans of arts faculties and letters were received in support of the proposal. The conclusion that we reached was that the university sector overwhelmingly supported the proposal.

Since I have taken on responsibility for the portfolio, the issue has been raised with me. People have sought assurance that I support the proposal and the issue has been raised in a number of individual and collective meetings that I have had with principals. There was a meeting between my officials and the universities on 21 November 2003 that involved a number of sector representatives, including deans of arts faculties, Universities Scotland and the Royal Society of Edinburgh.

One concern that was raised when I took over responsibility for the portfolio was about Scotland-specific cultural issues. We have been working to ensure that such issues will be covered in the royal charter and the founding rules and regulations. Written into the charter will be the fact that research, as well as being Scotland specific, will be obliged to have regard to the distinctive regions of the United Kingdom. That was the only concern that was raised and I believe that it has been addressed. Certainly, any discussions that I have had have been one-way traffic, because I have not heard a contrary view.

Brian Adam: Do you accept that there is a move towards concentrating science research council funding on a smaller number of institutions? You said just now that SHEFC does not want a policy that targets resources in that way. How can SHEFC influence the policy once it has passed over—in perpetuity—the £5.4 million to a body that it does not control? Might it have some say in what the body does?

Mr Wallace: As I indicated earlier in a response to Richard Baker, the proposed council will have to fund, on the basis of competitive bidding, the best projects in the arts and humanities wherever they originate. We will not limit Scottish higher education institutions' bids. Scottish HEIs must compete and win research awards. Their performance to date shows that they are capable of winning a disproportionate share of the awards. There will be rigorous peer review of the projects and they will be judged against well-established criteria—relevance, quality, innovation and originality.

We will not put restrictions on Scottish universities. I am not saying that it will happen like that south of the border, but we will not discourage Scottish universities from putting forward their projects—far from it. I do not see why any change of attitude south of the border should detract from the proven quality of the bids that Scottish HEIs have a track record of submitting.

Brian Adam: You rightly referred earlier to the fact that the bill is being debated elsewhere today. Is the proposed arts and humanities research council the only area of the bill that will have a direct effect on Scottish HE?

Mr Wallace: Our view is that it is the only area of the bill that requires a Sewel motion.

Brian Adam: The point is whether the bill directly affects Scottish universities.

Mr Wallace: As I have indicated on a number of occasions, there are potential implications for Scottish universities of a different funding regime south of the border. That is why we set up an HE funding review as part of phase 3 of the overall HE review. The funding review is looking into some of the possible implications for cross-border student flows and the retention and recruitment of staff, to name but two areas. However, a Sewel motion is not required to cover that.

Susan Deacon: I hope that my question flows on neatly from what has just been raised.

The Convener: Is your question about the subject of the Sewel motion?

Susan Deacon: Absolutely.

The minister's opening remarks and the memorandum that we received set out the rationale for the proposed new research council and for the Sewel motion. Earlier, the minister expressed explicitly the benefits of Scotland being part of a UK-wide research community, and the memorandum sets out the rationale for and the benefits of Scotland participating in a UK-wide research council for arts and humanities. Would the minister like to take the opportunity to note explicitly the fact that there will also be benefits for other parts of the United Kingdom from Scotland contributing to that research output? Indeed, Scotland punches above its weight in many other research fields in its participation in research councils.

Mr Wallace: There are benefits to the UK not only from Scotland's participation in research councils but from the change of the present board into a research council that will have a royal charter. That is certainly the view that emerged from the UK Administrations' review and we recognise that the step will help multidisciplinary research and will contribute to an arts and humanities perspective in the development of research policy in other spheres. Such a UK-wide approach promotes collaboration between Scottish researchers and their counterparts in the rest of the UK and so benefits both Scotland and the UK. The Westminster and Scottish Administrations have agreed to move forward on the basis of that wide view.

16:30

Susan Deacon: The proposal both implicitly and explicitly recognises the existence of a UK-wide research community and the strengths for all the component parts of pooling our research capacity

and building on our potential on a UK basis. Do you agree that the UK Government ought expressly to recognise that there is a UK-wide research community when framing the bill's wider aspects and other aspects of higher education policy? Indeed, the committee made that observation in its Scottish solutions inquiry. In other words, the recognition of a UK research community in one aspect of the bill must be reflected when the UK Government develops other elements of policy that impact on research output.

Mr Wallace: I am very wary of speaking on behalf of the UK Government. Indeed, I am sure that the UK Government itself would be wary of my speaking on its behalf on—

Susan Deacon: With respect, the question is whether the Scottish Executive and the Scottish minister would want to make those points to their UK counterparts.

Mr Wallace: I assure the committee that, since I became minister, I have had regular discussions with Charles Clarke and Alan Johnson on a range of higher education issues including the one that will be the subject of this Sewel motion. I think that Susan Deacon is aware of the time-honoured phrase that such communications are best kept confidential. That said, I know from the committee's report that the committee was concerned that the best level of engagement was not happening at an earlier stage. However, since I became minister, I cannot complain about UK ministers' willingness to enter into dialogue.

The Convener: That concludes the question-and-answer session and I thank the minister and his officials for their attendance.

The same options are open to us as there were with the previous Sewel motion. However, I suggest that we take no further action on this item. Are members agreed?

Members *indicated agreement.*

Broadband Access Inquiry

16:33

The Convener: The fourth item on the agenda is consideration of a paper on our proposed inquiry into broadband access in Scotland. I will briefly run through the issues that the paper raises.

First, it points out that, as our predecessor committee already held a partial inquiry into broadband and a lot of other information exists on the subject, we want to avoid any duplication in our inquiry. We should examine the implementation of the Executive's strategy and the barriers that are being encountered in rural and certain urban areas, and find out whether individuals and businesses are benefiting from the roll-out. A draft remit covering those issues is suggested in paragraph 9 of the paper and certain recommendations are set out in paragraph 20. Before I go through those recommendations, are there any general or specific comments on the remit or any other matter?

Christine May: The impact on business of the roll-out of broadband is referred to. There is evidence of difficulties in accessing the grant system that is available through the enterprise companies for small businesses. There is a reluctance to give detailed invoices showing the breakdown between access for personal use and access for business use. That is a particular problem for people who run their business from home. It might be worth while to have some written or oral evidence on that matter.

The Convener: Are you suggesting that the matter should be written specifically into the remit?

Christine May: No—it can be covered under the impact on business.

Susan Deacon: I agree with what is said on the first page of the proposed remit about the importance of building on work that has been done to date and not repeating it. I am concerned about some of the questions in the remit—about the current status of roll-out and so on. We could fast-forward a little. We have a lot of factual information that provides a snapshot of our starting point, so I think that we can move on quickly. In the questions in the remit, we should shift the balance more towards questions to do with barriers to implementation—the precise point that Christine May raised. No one needs to go back to the fundamental questions of whether there are benefits in roll-out; rather, we should be asking how we can make things happen. I am happy to speak further to the clerks or to produce a written note about that. Although page 1 of the remit mentions the aspiration to move on, the questions

that are posed will result in people giving evidence that reinvents the wheel. We could get some of the answers quickly on paper and so start a bit further along the road.

Mike Watson: I take Susan Deacon's point; I would not want to go over ground that is well-trodden. We should be as focused as possible. Duplication will be likely to appear in written evidence and it will be up to us, in the people whom we call in and in the questions that we ask, to focus on issues that will take us forward and not simply repeat work that was done by the Enterprise and Lifelong Learning Committee in 2001. I accept the possibility of our falling into that trap.

The Convener: We have to be aware of that but there are significantly large areas of the country in which broadband is not available and in which there are no signs of its becoming available. We cannot ignore the issue of coverage or likely roll-out and many of the questions may well be answered in written submissions.

Susan Deacon: The proposed remit asks:

"what gaps in availability remain?"

Is that information not available? Can we not get a written report on that? The question is not one that we need to pose throughout the investigation; we should get that information in a written report at the outset.

The Convener: I am sure that we can establish where the gaps are, but it might be interesting to find out how those gaps are to be filled under the existing mechanisms.

Mike Watson: Thirteen months ago the Executive set a target of 70 per cent coverage by March of this year. It is a simple question to ask where we are on that. Are we at 65 per cent, with the further 5 per cent coming in the next two months, or are we only at 45 per cent?

The Convener: I do not know whether those comments require anything to be changed in the proposed remit. Are people generally happy with it?

Brian Adam: The outline inquiry schedule shows that, on 9 March, we plan to hear from an urban digital exclusion panel and a rural access panel. Will that be industry based or individual based? Who will be giving us evidence that might be useful?

The Convener: We will need to do some research to find out, but I suspect that we would want to focus to some extent—although not exclusively—on businesses, given that we are the Enterprise and Culture Committee. For that matter, those who run small businesses will not separate their personal use from their business

use, and personal use often has a business impact.

Brian Adam: We are not only the committee that deals with enterprise; we are the committee that deals with lifelong learning, and one of the principal ways of accessing lifelong learning now is through the internet.

The Convener: In answer to your original question, I hope that the make-up of the panels, without their getting out of control, would enable the spectrum of potential users that come from such areas, be they business or personal users, to be reflected. Some effort will be required to find out who those people are and to avoid getting simply the usual suspects or the people who shout the loudest, but I am open to suggestions from members of the committee.

Chris Ballance: I want to ensure that we also cover what will happen in those areas in which there will never be broadband, because there will never be 100 per cent broadband coverage—at least, not in the foreseeable future—and there may be alternatives to broadband that would equalise people's opportunities to access the internet throughout Scotland. I am not sure whether that is included, but I would like us to consider it.

The Convener: Forgive me if I am wrong about the technology, but I suspect that ADSL will not be everywhere but that it is not an impossible target for broadband—as defined simply by the amount of data that can be transferred in a given amount of time—to be available everywhere, as it requires only different technology to implement it.

Chris Ballance: I am probably confusing ADSL with broadband.

Mike Watson: Our Scottish Parliament information centre adviser is here, so perhaps he could comment.

Chris Ballance: He was nodding his head vigorously during the convener's comments, so I take it that they were right.

The Convener: Do we agree the recommendations?

Members indicated agreement.

The Convener: I am conscious that we have already lost two members of the committee. There is nothing time barred in the review of progress to date on the renewable energy inquiry under item 5, so I suggest that we defer that item to the end of next week's meeting, with the proviso that we will discuss it then, even if we run on a bit.

Mike Watson: Why not make it item 1 of next week's agenda?

The Convener: Well, we have three panels of witnesses and it is often difficult to keep to time if we have an open-ended item at the beginning. I would rather start at least one set of witnesses on time, if nothing else.

Mike Watson: That is one way of looking at it; the other way of looking at it is that it concentrates the mind. However, I am happy to go along with your suggestion.

Chris Ballance: I agree with the convener's suggestion, but I presume that we have just agreed the schedule for the broadband inquiry, and I am worried that we are putting too much into some of the meetings. For example, on 16 March, we might have evidence from persons who make interesting written submissions. I worry that we are giving ourselves too much to do in some of the meetings.

The Convener: The schedule is simply indicative at the moment. We can decide nearer the time whether it is too heavy. We can usually manage to get through at least three panels of witnesses, if we are to justify our salaries.

Susan Deacon: I realise that a balance must be struck between formal committee business that is reported in the *Official Report* and informal events, but it strikes me that broadband is a topic on which the early stages of our deliberation lend themselves to a more round-table session that doubles as a briefing and lets us get quickly up to speed on the stage that the technology has reached and some of the practical problems of implementation. At the beginning of the parliamentary session, we discussed the fact that we want to continue to develop and explore innovative ways of engaging with people, as the previous Enterprise and Lifelong Learning Committee did, and there might be scope to do that on broadband in a way that adds value and does not detract from formal evidence-taking sessions.

The Convener: Recommendation (e) in paragraph 20 of the paper mentions that there will be an informal event on broadband.

Mike Watson: It is mentioned in paragraph 18.

The Convener: Yes. It is also in recommendation (e) in paragraph 20. Scottish Enterprise has planned an event, provisionally for March, in which we will brainstorm on broadband in the same way as we did at the event on energy.

Mike Watson: Whether the timing will fit with our inquiry is a little bit iffy. Perhaps we could ask the clerks to contact Scottish Enterprise and firm up the date so that it will fit. If Scottish Enterprise was to say that it has decided to run the event in June, that would not help us.

The Convener: I think that Scottish Enterprise is conscious of the timescale of our inquiry and is keen to organise the event to fit in with it.

Meeting closed at 16:45.

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