



ENTERPRISE AND CULTURE COMMITTEE

6th Meeting, 2004 (Session 2)

Tuesday, 10 February 2004

The Committee will meet at 2 pm in the Debating Chamber, Assembly Hall, the Mound, Edinburgh

- 1. Renewable Energy in Scotland:** the Committee will take evidence from Dr Chris Anastasi, Senior Environmental Advisor, British Energy on its Renewable Energy in Scotland inquiry.
- 2. Renewable Energy in Scotland:** the Committee will consider a paper on possible case study visits as part of its Renewable Energy in Scotland inquiry.
- 3. 2005/06 Budget scrutiny:** the Committee will consider a paper on its proposed approach for Stage 1 scrutiny of the Scottish Executive's 2005/06 budget.
- 4. Mainstreaming equalities:** the Committee will consider a paper on mainstreaming equality issues.

Judith Evans
Clerk to the Committee (Acting)
Room 2.7, Committee Chambers
Ext. 0131 348 5214

The following meeting papers are enclosed:

Submission from British Energy
(circulated last week as EC/S2/04/05/1)

[EC/S2/04/06/1](#)

Paper on renewable energy case study visits

[EC/S2/04/06/2](#)

Paper on stage 1 scrutiny of the 2005/06 budget

[EC/S2/04/06/3](#)

Paper on mainstreaming equalities

[EC/S2/04/06/4](#)

SUBMISSION FROM BRITISH ENERGY

Summary

- The Scottish Executive has outlined broad policy targets of producing 18% of Scotland's electricity from renewables by 2010 and 40% by 2020.
- British Energy (BE) is working to promote renewables in Scotland and later this year will be applying for planning permission to build a 600MW and 60MW windfarm, respectively, on the Isle of Lewis and in Perth and Kinross.
- In principle, BE supports the development and increased use of renewable energy resources as part of an overall energy policy to provide economic, secure and reliable electricity supplies and to help deliver a low-carbon economy. BE does not believe that renewables alone will achieve these aims.
- Whilst Scotland has large potential renewable energy resources, achievement of the 18% target by 2010 remains challenging due to a number of significant barriers. These barriers - planning, infrastructure, cost and intermittency - become more acute as targets rise. In particular, a 40% target by 2020 will be extremely hard to achieve.
- A commitment to a high renewable target will have significant knock on effects on the price of electricity. Any disproportionate commitment by Scotland will mean that Scottish customers will be paying more for their electricity than those in England.
- Renewables targets need to be considered in the context of a broader UK Climate Change Programme, which has a target of achieving a 60% cut in GHG emissions by 2050. The proportion of carbon free generation, even if renewable generation reaches the 40% target, will be less in 2020 in Scotland than it is now.

Will the Executive targets be met, under current circumstances, and are they appropriate?**How were they arrived at by the Executive?**

1. It is not clear how the Executive arrived at these targets. In particular, the extent to which they are underpinned by independent analysis of the complete range of options to achieve carbon reduction, or the relative costs and benefits of different energy options. Such analysis should obviously include all the “hidden” costs such as the costs of abandoning our investment in part of our existing transmission infrastructure and the investment of new infrastructure, the costs of holding extra capacity reserve and so on.

What is their relationship with UK targets?

2. Scotland is making a disproportionate contribution to the UK's renewable targets. Clearly, this reflects the greater renewable resources available in Scotland, however it also means any burdens of a very ambitious renewable policy target will fall disproportionately on Scotland and therefore on the Scottish consumer. A high target will mean customers in Scotland will pay more for their electricity than customers in England and Wales.
3. Assuming that the 40% target will not affect the RO, or the Renewables Obligation in Scotland (ROS), other measures are required to ensure it does not remain as a mere aspiration. Such measures could relate to planning and network resolution, capital grants and measures relating to the production or use of energy, other than in the form of electricity. (As examples, Renewable Heating Obligation, Renewable Investment Certificates etc have been mooted). Such measures could play a helpful role in developing renewables, to the extent that they do not conflict with the Renewables Obligations.
4. If it were the intention that the 40% target should be taken into account in the ROS, but not in the RO in England and Wales, the issues become more complex. The cost of supply to consumers is based on the costs of supplying electricity plus the cost of meeting the RO or ROS, if targets are higher under ROS. A differential target in Scotland would mean that the cost of supply to Scottish customers will increase and therefore the price of supply in Scotland will be higher. The fact that ROCs or SROCs are interchangeable for compliance purposes means that the actual levels of generation achieved in Scotland would not result in any benefit to Scottish customers. This approach could therefore challenge one of the fundamental principles of the RO, that the cost to customers must be acceptable. It could also challenge the objectives of BETTA to implement a single GB market.
5. It should also be borne in mind that the Renewables Obligation ensures that money is collected from customers in all circumstances except where there is a surplus of ROCs available at a price below the buyout price, irrespective of whether it delivers any new generation. The implication is

that a very high target almost guarantees that large amounts of money will be collected from customers, whether or not any additional generation is delivered. A more achievable, or even a low target, whilst providing less incentive to build, is more likely to deliver new generation at a reasonable cost. The key message is that the alignment of targets with realistic expectations is essential to the long-term credibility of the RO and that the marginal gains from unrealistically high targets may be delivered only at extraordinary costs.

Have assumptions been made about the contributions of different sectors?

6. It appears that at this stage, there are no specific sectoral proposals, although new instruments, such as a Renewable Heating Obligation, Renewable Investment Certificates etc have been suggested. Involvement of other sectors would undoubtedly help distribute the burden more widely through the economy and therefore could improve the chances for renewable sources of energy. Nevertheless, some consumer sectors could perceive double jeopardy and resist. Again, an analysis of the relative carbon mitigation costs as well as other costs and benefits would be an essential starting point.

What are the opportunities and implications for the economy in achieving the targets?

7. A large-scale renewable industry in Scotland provides an opportunity for growing a local industrial base and employment. This has clearly been the situation in Denmark, which has been able to retain its market share in a rapidly growing world market for wind turbines. However, a recent audit report of the Danish wind industry has produced conflicting views on the net gains to the economy of the industry after subsidies are taken into account.
8. Whilst there are still opportunities for developing new technologies, such as marine based systems, there is limited scope for a significant industrial development in a largely mature wind industry.
9. The 40% target if met, will lead to a significant rise in the price of electricity in Scotland, which will have a knock on impact on the wider economy. The higher the renewable target the higher prices will rise. They will be driven by the higher underlying costs of renewables against conventional technology and the costs of completely re-working the grid to support them.
10. Based on the current cost of the renewables obligation to suppliers (£45/ROC), supplying renewable generation costs, at present, three times more than current electricity prices (£20/MWh). This excludes the additional cost of grid strengthening and stand-by plant (see sections 22-27 of this submission) needed to support this generation.
11. On this basis, a 40% renewable target means consumers will pay significantly more than they do today. This could have implications for the

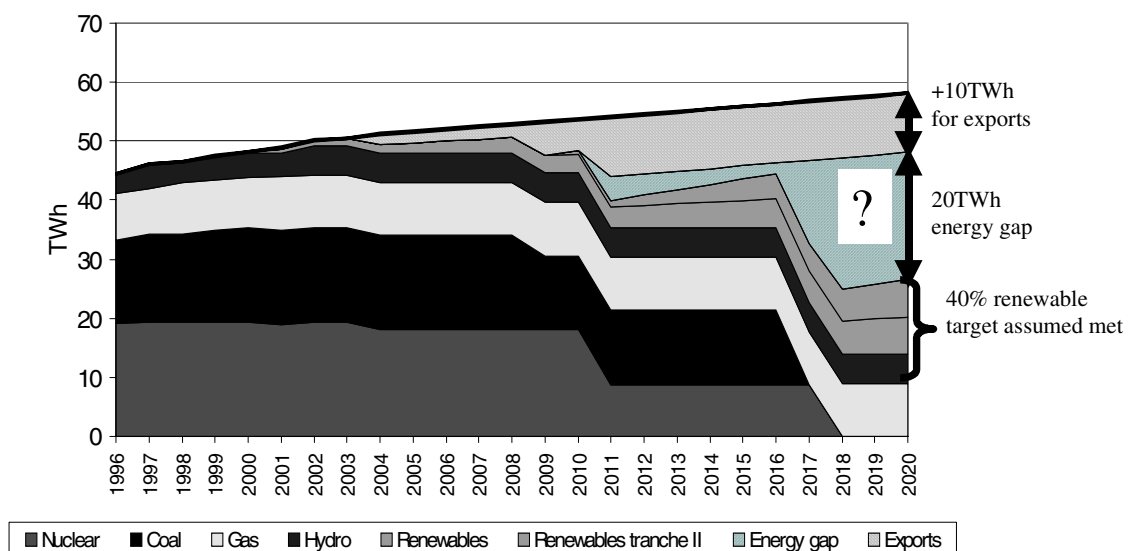
competitiveness of Scottish industry and decisions for companies to site their operations in Scotland.

- 12. The low power density of renewables and planning restrictions could mean that meeting this ambitious target will push new renewable build to sub-optimal sites. Output will thus fall, pushing up costs per unit of electricity even more.
- 13. This ambitious target coincides with the closure of 60% of existing generation in Scotland. It is not clear if the implications and practicality of trying to replace the loss of large (GW) blocks of power with incremental increases (MW blocks) of renewables has been fully assessed.

What are the implications if the executive’s targets are not met?

- 14. Although Scotland currently enjoys a maximum demand of only 60% of its installed capacity, enabling Scotland to be a net exporter of electricity to England and Wales, this situation could be reversed within a decade, if no new conventional generation is built.
- 15. It is estimated that, even assuming the 40% renewables target is met, the closure of Scotland’s nuclear and coal generating plant will lead to a supply gap, estimated at ~20TWh, by 2020 (see Figure 1).

Figure 1- Scotland’s electricity mix to 2020



Assumptions : Demand growth 0.8% p.a. Station closures as reported.

- 16. An additional 10TWh would be needed to continue to export power at current levels to England. Exports bring earnings of several hundred millions pounds to the economy (10TWh *£20/MWh = £200M) and employment to Scotland.

17. Gas fired plant is likely to be the conventional replacement capacity that closes this capacity shortfall, at a time when the UK is expected to become increasingly reliant on gas imports. Because fuel, rather than capital costs, are more significant to gas fired station operating costs, electricity prices would rapidly reflect any changes in underlying gas prices, causing increased price volatility.
18. Failure to meet this target will exacerbate a reliance on gas. Failure will also have a knock on effect on greenhouse gases and other air pollutants in Scotland.

If not, why not? (What are the current barriers, and what action needs to be taken to ensure that the targets are met?)

The Renewables Obligation (Scotland) and the UK energy framework

19. In the UK as a whole, there is a substantial shortfall between what has been intended to be built and what is built, largely because of the planning process. A very rapid growth rate in renewables is being expected to meet the Scottish 2010 and 2020 targets, but new renewables (renewables other than existing hydropower) currently produce less than 1TWh of electricity.
20. The 2010 Scotland renewables target implies output of ~10TWh and the 2020 target implies output of ~19TWh (with no exports) or 23TWh with exports (see Table 1).
21. Scotland will need to double its current annual rate of renewables deployment (currently estimated at around +0.3GWh p.a) to meet its 18% market penetration target. It should be remembered that 8% (5TWh) of this first target will be met by classifying existing hydro-power as renewable. To reach a 40% target by 2020, Scotland will need to reach six times the current renewable growth rates for the period 2010 to 2020.

Table 1 - Scottish renewables targets

New Renewables			Estimate	Target*	Target*
MW	2000	2001	2002	2010	2020
Wind	55	147	286		
Hydro	12	12	12		
Biomass	10	10	10		
Wave	0	1	1		
Wastes	25	25	25		
Total	101	193	333		
Increase	-	93	140		
TWh					
Wind	0.12	0.31	0.61		
Hydro	0.02	0.02	0.02		
Biomass	0.05	0.05	0.05		
Wave	0.00	0.00	0.00		
Wastes	0.13	0.13	0.13		
Total	0.32	0.52	0.81	10	19**
Increase		0.19	0.30		

* Targets assumes 0.8% growth in underlying demand

** Add 4TWh if seeking to sustain exports at current levels

Source : 2000 & 2001 data Scottish Executive Energy Policy Unit. Other data BE assumptions. Demand growth assumed at 0.8% p.a.

22. These assumed new projects will be the incremental result of many planning applications - rather than being build in large blocks. It is not clear that all of them will receive go ahead or be built.

23. Renewables need to be considered in the context of a broader UK Climate Change Programme, which has a target of achieving a 60% cut in GHG emissions by 2050. Scotland currently has over 50% carbon free generation, but even if renewable generation reaches the 40%, target, this proportion will actually fall by 12%, as existing nuclear stations close. The net impact of these changes on emissions will depend on the relative proportions of coal and gas in the remainder of the mix. In the absence of new nuclear build a modest decline in emissions is the best that can be expected in this important sector.

The electricity market

24. See paragraph 8-9

The transmission network (inc. the Scottish national grid)

25. See paragraphs 20-25

Local issues -What opportunities are there/should there be for local community involvement in, and economic benefit from, renewable energy schemes?

26. See paragraph 4

Examination by technology

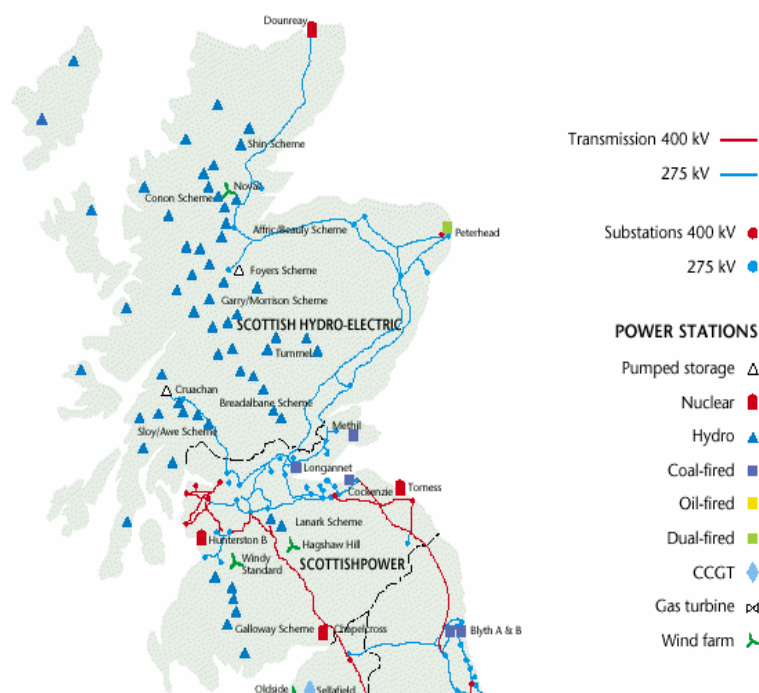
27. The only commercially viable technologies, at present, appear to be wind (on and offshore) and possibly biomass. Marine technologies are currently in the early stages of technical development and are likely to make a relatively small contribution to the RO in the next two decades.

Are there implications for the reliability of supply if the Executive’s aspirational target is met?

28. Most renewables are intermittent power producers which will be located on distribution networks which are not designed for bi-directional power flows. A significant growth in the deployment of embedded generation could necessitate investment in actively managed distribution systems and at significant additional cost.

29. The level of intermittency that can be effectively managed on the grid at a national level is uncertain. High levels can be managed provided there is good interconnection to other networks that have high levels of conventional plant, such as in Germany (connected to 9 other European countries). Scotland, however, may well be little better off than Ireland which has recently announced a moratorium on grid connection offers for wind farms with 700MW (able to deliver about 8% of the country’s power when completed) because of concerns about grid stability.

30. There is currently no high voltage transmission network in Northwest Scotland (where much of the renewable resources are) and transmission distances to demand centres can be large and costs of connection high.



31. There will be a significant infrastructure requirements to connect what will be a large number of relatively small, remote renewable energy generators. It is not clear how this would be financed and whether there is public acceptability for such infrastructure developments.
32. The need to ensure power supplies are maintained means that conventional fossil stations need to operate at lower load factors (less economic, less efficient and more polluting to accommodate intermittent generators. In general it is coal generation that currently provides much of the system flexibility.
33. It has been estimated by Ilex that a contribution of 20% intermittent generation in the UK could add a cost of between £3.3-9.3/MWh, to the cost of that generation for the management of its intermittency. Whilst it is not clear who would pay for the additional cost of maintaining stand-by plant, such costs will likely be passed on to consumers.
34. Given the potential generation gap highlighted in paragraph 9, and the need to provide secure stable supplies on calm days, importing, rather than exporting power could become necessary.

26/01/04
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Enterprise and Culture Committee

Meeting 10 February 2004

Case study visits

Summary

This paper seeks agreement to up to three case study visits relating to the renewable energy inquiry.

Background

The Committee agreed at the start of its inquiry into renewable energy to seek the necessary approvals to undertake a number of case study visits. It was agreed not to specify venues for visits until the inquiry was underway and members could determine the most useful sites and subjects.

Issue

The Committee has already undertaken one visit to a wind farm and much of the evidence received to date has focused on windfarms. At the meeting on 3 February, members indicated that they would wish the remaining case study visits to concentrate on other forms of renewable energy.

To this end, the Clerks have identified three potential areas for case study visits. Each would enable members to explore a number of different renewable energy technologies, and efforts would be made to ensure that local businesses and experts based in the area were fully involved in the studies.

In addition to this, there are a number of renewable energy consultancies in Scotland, and members might wish to arrange an informal briefing (in Edinburgh) with invited experts in specific areas to discuss issues such as timescales for development, distance to market, potential for public sector intervention etc.

Recommendation

Members are invited to:

- 1) indicate their preferences for case study visits on alternative sources of renewable energy; and**
- 2) agree to arrange an informal briefing on various technologies and their nearness to market.**

Alasdair Morgan
Convener

Proposals for case study visits

	Marine	Biomass	Solar	Wind	Post-nuclear	Hydrogen
Case study 1: Dumfries and Galloway		Stevenscroft, Lockerbie (planned)	Office for Natural Power	Robin Rigg	Chapelcross	
Case study 2: Orkney*	Wave test centre			Small-scale local wind production		
Case study 3: Aberdeen/Fife	Tidal/wave power at Robert Gordon University	Westfield Biomass Plant, Fife				siGEN, Aberdeen (tech company)

*Westray, together with the Shetland Island of Unst, has received funding from the EU for aiming to be a 100% renewable energy community

Draft Proposal from Scottish Enterprise for Case Study Visit to Dumfries & Galloway

On behalf of BNFL, Powergen and a wide range of local public sector agencies, we would like to invite the Committee to visit Dumfries and Galloway as part of their current enquiry into the Renewable Energy sector in Scotland.

The following proposal outlines the benefits we believe could be gained, and possible elements of a programme.

The main point of contact for co-ordinating the visit would be Susan Gemmell, Scottish Enterprise.

Background & Context

From evidence submitted to date and the Committee's early discussions, there are some key themes clearly beginning to emerge:

- link between renewable energy sector and rural economic development;
- community involvement;
- planning issues and the role of the MoD;
- stimulating R&D
- the optimum fuel mix to ensure base supply, incl role of thermal/nuclear;
- intermittency of supply, and distribution of generation across the national grid;
- transferring skills from traditional thermal/nuclear generation to the renewables sector, and the need to encourage the right skills to support the sector's growth

Why Dumfries and Galloway?

The energy sector is vital to the local economy of Dumfries and Galloway. The region is mainly rural in character, and a major local employer is Chapelcross, a Nuclear power station on a key strategic site on the national grid, which is due for closure in 2005. There are several exciting developments planned in wind and biomass. These developments have exposed Dumfries and Galloway to many of the issues and opportunities which are emerging in the Committee's enquiry. The visit would benefit the Committee's enquiry because:

- it is an opportunity to address a range of emerging issues from the enquiry within one case study visit;
- there is a good fit between the activity and issues facing Dumfries & Galloway, and the early issues emerging from the committee's enquiry – see the programme options for more detail;
- several Committee members have expressed an interest in visiting a Nuclear Power Station;

- the work of the local Gretna, Lockerbie and Annan Corridor Regeneration Steering group is ground breaking, and the economic development opportunity posed by the idea of a Centre of Excellence for Decommissioning for Scotland, would have national significance;
- it will provide a geographical balance with other possible case study sites, which are mostly in Highlands and Islands.

Suggestions for Programme

The programme would be tailored to meet the specific requirements of the Committee. However, we would recommend holding a session on Robin Rigg and the biomass developments at SE Dumfries & Galloway, with Powergen, followed by a session looking at Chapelcross, include a briefing from the Steering Group on the economic opportunities surrounding the decommissioning, and followed by a site visit to the Station. Finally, if there was time we would recommend a visit to the Office of Natural Power.

i) Chapelcross Nuclear Power Station

The announcement by BNFL of the closure of Chapelcross Nuclear Power Station was the Catalyst for BNFL to get together with public sector agencies to look at economic development and regeneration opportunities arising – projects being considered include developing a mixed fuel power station at Chapelcross and developing a Centre of Excellence for Decommissioning; re-skilling the Chapelcross workforce to take advantage of renewable opportunities and developing the local supply chain.

- Briefing on the work of the Corridor Regeneration Strategy
- Can the skills be transferred to other forms of energy production uses?
- The future or legacy energy generation sites – beyond decommissioning
- Nuclear's role in ensuring base supply
- Turning decommissioning into an economic & regeneration opportunity
- Attracting the Nuclear Decommissioning agency to Scotland
- Visit to Chapelcross Nuclear Power Station

ii) Stevenscroft and planned Biomass Facility

Dumfries and Galloway provides an ideal environment for the location of a wood fuelled power station - the majority of the fuel supply (round wood, sawdust and saw chips) will come from a 50km radius of the site. The Steven's Croft timber processing hub at Lockerbie offers the plant a home that enables Powergen to be physically close to a fuel source. Potential economic benefits are 41 indirect jobs and 303 indirect jobs. The project offers very significant downstream economic benefits to saw millers, harvesters and transportation businesses in the region.

The public sector has been instrumental in supporting the project. Public sector support has been welcomed by Powergen and provides comfort to the DTI who Powergen are approaching for a grant from the bio energy capital grant scheme. Through the Renewables Obligation, the UK Government has set challenging targets

in a difficult environment so any assistance from public sector is most welcome. Through the SE forestry cluster significant assistance has been delivered through market supply studies, contacts, forecast volumes and expertise in all areas of forestry. The Scottish Executive energy policy unit has been kept informed and is very keen to see a workable project arising from the grant funding in the scheme - at present no projects are operations.

Barriers - presently there is a problem with Scottish Power presenting a workable technical solution to Powergen for connecting their generated power to the grid. Powergen and Scottish Power have met recently, and it is hoped that a resolution can be agreed which will prevent this from hampering significant business and economic development.

iii) Robin Rigg Wind Farm

Robin Rigg - economic opportunities have been identified through the manufacturing of components for off shore wind turbines. Dumfries and Galloway has very favourable assets in terms of large areas of land being next to the sea with good access (Kirkmabreck and Cairn Point). This has attracted a manufacturer of off shore foundations who is planning a facility in Kirkmabreck. This could potentially create 120 jobs in an area which is currently short of employment opportunities. It also offers a rare opportunity to re-introduce a heavy manufacturing industry to the region bringing a requirement for new skills and potential for attractive salaries. SE Dumfries and Galloway is working with smaller local contracting companies to ensure they are aware of the opportunities and are capable of tendering for them. Business reviews will also be undertaken to ensure the local companies have the capacity to serious compete. RSA funding is being sought for this very capital intensive project. Funding issues could prevent the project from coming to fruition.

- What can be learned for the rest of Scotland?
- What are the implications for the local rural economy - barriers and benefits?

iv) Office of Natural Power Ltd

An office, with a grass roof, which generates its own electricity from local renewable energy sources, could this be a future model for rural businesses around Scotland?

- The office of the future?
- What are the pros and cons of local renewable supply and consumption?
- Is this a viable model for rural business in remote areas?

For more information contact Susan Gemmell, Scottish Enterprise, 0141 228 2275.

Enterprise and Culture Committee

10 February 2004, 6th Meeting

Consideration of Stage 1 of the Budget 2005-06

The Stage 1 Budget process

1. In recognition of the recommendations of the Finance Committee in its previous budget reports, the Executive has this year agreed to alter its Stage 1 Budget process reports to include:
 - a report against the targets published in the Draft Budget 2004-05, which build from the Partnership Agreement (including the latest performance data available, although not covering performance to the end of the March 04 financial year); and
 - spending plans to Level 3 for 2005-06 as they stand at present.
2. The Minister then indicated that, given the degree of overlap with the most recent Draft Budget (2004-05), the Stage 1 Draft Budget 2005-06 could perhaps be tables only, with explanatory text only where there have been significant changes to the currently published plans.
3. As a result the Annual Expenditure Report (AER) for 2005-06 will contain new information and in a format not previously seen by the Committee. In addition 2004 is a spending review year, the results of which would be usually published during the summer of 2005.
4. Previously subject committees have questioned the value of considering the AER during Stage 1 in a spending review year, given that the results of the spending review could significantly alter the budget figures appearing in the Draft Budget (which is considered in September/October at Stage 2).
5. However, by focussing its scrutiny on specific areas of the Committee remit the Enterprise and Culture Committee could be able to feed into the spending review process through its recommendations in the Stage 1 budget process.

Approach to Stage 1 Budget process

6. One of the difficulties with the mandatory budget process is that the timeframe in which a committee must address its responsibilities is very short – a matter of weeks usually.
7. At the same, the Committee has a very wide remit and many calls on its time. At present the Committee has focussed its attention on the areas of enterprise, renewable energy and higher education. However, other remit areas have not received the same level of scrutiny.

8. During its consideration of the budget 2004-05, the Committee discussed its approach to the budget process in general and whether there would be merit in focussing on different areas of its remit over time.
9. **Given the areas of its remit in which the Committee has already undertaken work, the Committee may wish to consider focussing on the Arts and Sport during its consideration of the Stage 1 2005-06 budget process.** Members will be aware of the recent media attention on arts funding, as well as coverage of the drop in lottery revenues.

Funding overview

10. In the arts and sport, a significant portion of the Scottish Executive's funding is directly provided to two Non Departmental Public Bodies (NDPBs): **sportscotland** and the Scottish Arts Council.

Scottish Arts Council budget (planned)

	2003-04	2004-05	2005-06
Total Scottish Executive funding	40,196,000	47,396,000	54,196,000
Other income	200,000	200,000	200,000
Lottery	22,000	20,000	20,000
TOTAL	62,396,000	67,596,000	74,396,000

Source: Scottish Arts Council budget document

Sportscotland budget (actual)

	2000/01	2001-02	2002-03
Grant-in-aid Fund	9,759.6	13,534.3	17,170.0
Scottish Institute of Sport	1,631.7	2,268.5	3,353.0
National Lottery Fund	20,832.7	17,750.0	17,145.0
TOTAL	32,224.0	33,552.8	37,678.0

Source: **sportscotland** Annual Report

11. As the tables above show, in addition to Executive funding, both these NDPBs receive significant funding from the National Lottery Fund. As members will be aware, National Lottery funding has been declining and could potentially impact on the ability of both the Scottish Arts Council and sportscotland to deliver the Executive priorities. Further funding is also available through local authorities.
12. In 'A Partnership for a Better Scotland' the Executive gives a commitment to consult on the future governance of the arts, culture and the creative industries in Scotland and look at the creation of a single cultural organisation for Scotland. This will include a review of the structure and purpose of the Scottish Arts Council as well as the other national and regional cultural bodies and companies. It will look at the future role and funding of the arts in Scotland. It is understood that this review will be launched soon and the Committee's budget work on the Arts could therefore feed into this process as well as to the spending review.

Approach and Timetable

13. To enable the Committee to 'drill down' into these areas, whilst recognising the current relatively heavy meeting schedule, it is proposed that work begin now on seeking written evidence which can be analysed in advance of the formal oral evidence sessions.
14. The Scottish Arts Council and **sportscotland** could be asked to provide written evidence on their budgets prior to providing oral evidence to the Committee. This approach might be a helpful way of scrutinising these organisations, since following 'where the money goes' can assist understanding their roles and real priorities. Appendix 1 contains a list of suggested initial questions for **sportscotland** and the Scottish Arts Council to which written evidence could be sought.
15. Written evidence could also be sought from a range of organisations which receive funding from the Scottish Arts Council or **sportscotland** e.g. national sport representative organisations and national and/or regional arts groups. Given the Committee's current work schedule it is proposed that responses for written evidence be sought by 30 March 2004. This approach would enable the Committee to gain an impression of the way in which budget management is handled in various sub-sectors of arts and sport, and could help to focus lines of inquiry for the national funding bodies.
16. Given their major roles in funding both arts and sport, the Committee may also wish to consider seeking written and oral evidence from both the Convention of Scottish Local Authorities and the New Opportunities Fund.
17. The Committee may also wish to consider whether it wishes to seek from SPICe or its budget adviser any briefing papers which may assist to inform its deliberations. Briefing papers the Committee may find particularly useful could include:
 - A breakdown of the key sources of funding for the Scottish Arts Council and sportscotland;
 - Lottery Funding and its role in funding sportscotland and the Scottish Arts Council.

Recommendations

18. The Committee is invited to consider and agree:

- 1) to scrutinise the Scottish Arts Council and sportscotland during its Stage 1 consideration of the Budget process 2005-06;
- 2) to seek written evidence from the Scottish Arts Council and sportscotland, addressing the questions attached in Appendix 1;
- 3) to seek written evidence from National organisations and representative bodies etc. funded by sportscotland and the Scottish Arts Council with a receipt deadline of 30 March, addressing the questions attached in Appendix 2;and
- 4) to take oral evidence from the Scottish Arts Council, sportscotland and COSLA at its meeting on 20 April 2004 and oral evidence from the New Opportunities Fund and the Minister for Tourism, Culture and Sport at its meeting on 27 April 2004.

Alasdair Morgan
Convener

APPENDIX 1

QUESTIONS FOR NATIONAL BODIES

Scottish Arts Council

1. The balance between Scottish Executive, National Lottery and other sources of funding for the arts, whether this balance has changed in recent years, and what the predictions are for future changes.
2. The processes by which the Scottish Arts Council and the Executive ensure that the various targets associated with different funding streams are co-ordinated to secure effective action.
3. Evidence of how funding streams are linked to specific targets, how progress against these targets is monitored, and how the targets link to overarching objectives.
4. The trends in financial support beyond that received from public sector organisations for your organisation, for example corporate sponsorship.
5. The proportion of funds which are accounted for by administration costs, within your organisation and an indication of such costs across the sector.

sportscotland

1. The balance between Scottish Executive, National Lottery and other sources of funding for sports, whether this balance has changed in recent years, and what the predictions are for future changes.
2. The processes by which sportscotland and the Executive ensure that the various targets associated with different funding streams are co-ordinated to secure effective action.
3. Evidence of how funding streams are linked to specific targets, how progress against these targets is monitored, and how the targets link to overarching objectives.
4. The trends in financial support beyond that received from public sector organisations, for example corporate sponsorship.
5. The proportion of funds which are accounted for by administration costs within your own organisation and an indication of such costs across the sector.

APPENDIX 2

QUESTIONS FOR ARTS BODIES

1. Has there been a baseline study into the long term funding needs of your sector of the arts? If so, can you give us a brief summary of the principal findings?
2. Have there been any changes in local authority funding for the arts since local government reorganisation? What has this meant for your organisation?
3. How does your organisation monitor financial spend during the financial year? How do you address potential funding gaps in-year?
4. How flexible is the funding you receive in terms of its objectives? Can you set your objectives locally, or is funding driven by national priorities? Is the balance (if there is one) right?
5. What measures do you think need be put in place to ensure a stable revenue funding base for the arts (in terms of both provision by the national companies and other arts provision)?
6. What are the resource implications for your organisation of bidding for funds from the New Opportunities Fund and the Scottish Arts Council? Are there mechanisms by which the current processes could be streamlined?

QUESTIONS FOR SPORTS BODIES

1. Has there been a baseline study into the long term funding needs of your sport? If so, can you give us a brief summary of the findings?
2. Have there been any changes in local authority funding for sports since local government reorganisation? What has this meant for your organisation?
3. How does your organisation monitor financial spend during the financial year? How do you address potential funding gaps in-year?
4. How flexible is the funding you receive in terms of its objectives? Can you set your objectives locally, or is funding driven by national priorities? Is the balance (if there is one) right?
5. What has been your experience to date in obtaining sportscotland funding? Are there ways the process could be improved?
6. In your view, does sportscotland maintain an appropriate balance between expenditure on infrastructure (e.g. sporting facilities); and maintaining and initiating sporting programmes

Enterprise and Culture Committee

Meeting 10 February 2004

Mainstreaming Equalities

Summary

This paper seeks agreement to an approach to mainstreaming equalities issues within the Committee's work.

Background

Committee members may recall the debate in the Chamber on 1 October 2004 on the Equal Opportunities Committee's report 'Mainstreaming Equal Opportunities in the Work of Committees of the Scottish Parliament'. The recommendations of the report, together with the equalities checklist and guidelines produced by the Committee, are attached at Annex A.

Issue

The Equal Opportunities Committee has asked all Committees to consider its recommendations, in particular numbers 2, 5 and 7. These are considered in turn below.

'Recommendation 2: The Committee recommends that the Equality Guidelines in Annex B be adopted by all committees in their work and used in drawing up their work programmes for the session 2003-2007.'

'Recommendation 5: The Committee recommends that lead committees, as a useful starting point, utilise the equalities checklist attached at Annex A during Stage 1 consideration of legislation.'

The Enterprise and Culture Committee has not to date dealt with any primary legislation, which is the main focus of the Equality Guidelines. It is proposed that it should adopt the guidelines and checklist for its consideration of legislation in future, and that the general principles of both should be adhered to in considering, for example, appropriate witnesses for inquiries. Such adherence would be in line with current practice.

Recommendation 7 concerns the inclusion of an 'equal opportunities' heading in committees' annual reports. This recommendation has not been agreed by the Conveners' Group on the grounds that might tend to compartmentalise and prescribe committees' activities in this area.

Recommendation

The Committee is invited to agree to take account of the Equality Guidelines in planning and implementing its work programme for the future.

Alasdair Morgan
Convener

Equal Opportunities Committee**1st Report, 2003****Mainstreaming equality in the work of committees of the Scottish Parliament*****Recommendation 1***

87. The Committee recommends that the Parliament adopts the following definition of mainstreaming:

‘Mainstreaming’ equality is essentially concerned with the integration of equal opportunities principles, strategies and practices into the every day work of Government and other public bodies from the outset, involving every day policy actors in addition to equality specialists. In other words, it entails rethinking mainstream provision to accommodate the equal opportunities categories as identified in the Scotland Act.

Recommendation 2

88. The Committee recommends that the Equality Guidelines in Annex B be adopted by all committees in their work and used in drawing up their work programmes for the session 2003-2007.

Recommendation 3

89. The Committee recommends that the SPCB agree to the provision of training on mainstreaming equality which will complement existing training on equal opportunities within the Parliament.

Recommendation 4

90. The Committee recommends that the Parliament as a whole develops a database of Equal Opportunities contacts and consultees which would be accessible to all Committees.

Recommendation 5

91. The Committee recommends that lead committees, as a useful starting point, utilise the equalities checklist attached at Annex A during Stage 1 consideration of legislation.

Recommendation 6

92. The Committee recommends that the Scottish Executive includes an overarching equality statement in all Bills.

Recommendation 7

93. The Committee agrees with the Procedures Committee recommendation that in their annual report, committees specifically address how they have mainstreamed equality and highlight specific practices they wish to comment on.

Recommendation 8

94. The Committee recommends that its successor Committee monitors the implementation of the draft equality guidelines.

Recommendation 9

95. The Committee recommends that its successor Committee continues to monitor and scrutinise the work of the Scottish executive in equality proofing the budget process.

ANNEX A - Equalities Checklist

Introduction

The Equal Opportunities Committee of the Scottish Parliament has endorsed the following checklist it wishes to be used when considering any policy or legislative issue.

It is important to bear in mind that the definition of equal opportunities in the Scotland Act 1998 is as follows:

"the prevention, elimination or regulation of discrimination between persons on grounds of sex or marital status, on racial grounds, or on grounds of disability, age, sexual orientation, language or social origin, or of other personal attributes, including beliefs or opinions, such as religious beliefs or political opinions."

It is therefore expected that ALL of these areas should be considered when using this checklist.

Please note that this is not meant to be all encompassing guidance on equalities proofing, but it is recommended that this be the minimum standard to be attained.

What is Mainstreaming³⁰

- "'Mainstreaming' equality is essentially concerned with the integration of equal opportunities principles, strategies and practices into the every day work of Government and other public bodies from the outset, involving every day policy actors in addition to equality specialists. In other words, it entails rethinking mainstream provision to accommodate the equal opportunities categories as identified in the Scotland Act.
- It is a long-term strategy to frame policies in terms of the realities of people's daily lives, and to change organisation cultures and structures accordingly. It puts people, and their diverse needs and experiences, at the heart of policy-making.
- It leads to better government through better informed policy-making and a greater transparency and openness in the policy process and helps to tackle democratic deficit by encouraging wider participation in the policy process through effective consultation mechanisms.
- As a process it tackles the structures in society which contribute to, or sustain, discrimination and disadvantage.
- The application of a mainstreaming approach can avoid the adoption of policies and programmes which replicate discrimination and exacerbate existing inequalities.
- Mainstreaming complements lawful positive action designed to address the historic and current impact of discriminatory structures and practices."

Questions to Consider when equality proofing

1. What is the policy for? Who is the policy for? What are the desired and anticipated outcomes?

Does the policy properly consider the needs of diverse groups of women and men? Remember that members of the same social group may have different needs; and that some people face multiple discrimination, for example, ethnic minority women.

Have equalities dimensions been explicitly addressed?

Keep in mind the goals and outcomes of policies can either perpetuate or overcome existing inequities between women and men and amongst different social groups.

2. Do we have full information and analyses about the impact of the policy upon all equalities groups? If not, why not?

Is the data you have been provided with broken down by gender, race and disability?

Assume that there is an equalities impact then look for information to prove or disprove that assumption

Who has been consulted? There is a need for both experts and 'ordinary' voices to be heard. Has the fact that it is harder for some groups than others to speak out been taken into account?

3. Has the full range of options and their differential impacts on all equality groups been presented?

What is the impact of values, assumptions and stereotypes on the options presented and the options favoured?

How might your own values, opinions and experiences influence your understanding of the issue?

4. What are the outcomes and consequences of the proposals? Have the indirect, as well as the direct, effects of proposals been taken into account?

5. How have the policy makers demonstrated they have mainstreamed equality?

6. How will the policy be monitored and evaluated? How will improved awareness of equality implications be demonstrated?

ANNEX B - Equality Guidelines

Equality Guideline 1 - Primary Legislation

Background

Equal Opportunities criteria should be considered at all stages of the legislative process, including the policy development process preceding the introduction of the bill. Equality proofing during legislation should not be seen a standalone process but rather as part of an on-going process of work which begins at the policy development stage.

The following sets out guidelines for the various types of legislative activity and the main stakeholders.

To carry out mainstreaming activities effectively and ensure that equal opportunities considerations are included in all of their work involving legislative activity, committees need to consider the following:

Primary Legislation - Stage 1

Bill Sponsor

- has the Bill sponsor assessed the implications of the Bill for all equal opportunities categories as identified in the remit of the Equal Opportunities Committee, including the impact on all key stakeholders;
- have any differential impacts on particular categories been quantified, discussed and justified;
- what consultation has been carried out with the stakeholders;
- how clearly have the intended effects of the Bill been set out in accompanying documentation;
- what additional information on the Bill is made available e.g. previous consultation exercises, draft guidance, equality impact assessments, disaggregated data etc;

Committee activity

- to what extent equal opportunities issues have been addressed in selecting witnesses and advisers and analysing evidence; and
- have the equal opportunities criteria been adequately considered at all stages of the legislative process.

Primary Legislation - Stage 2

At Stage 2 there are no formal requirements. However, equal opportunities implications may arise at this stage. The following recognises that there are amendments which are largely technical in nature, or drafted primarily to stimulate debate. Broadly, in discussion of amendments, committees would be encouraged to address:

- if amendments address concerns raised earlier at Stage 1, and how;
- if amendments introduce new policy issues; and,
- if a new policy issue, has an analysis (similar to Stage 1, i.e. impact analysis) been done.

Equality Guideline 2 - Information Base

Equal opportunities criteria should be considered at all stages of the legislative process. In order to carry out mainstreaming activities effectively and ensure that equal opportunities considerations are included in all of their work, committees need to have access to high quality information including:

- disaggregated statistics and other relevant information on equal opportunities categories as identified in the Scotland Act;
- develop EOC database of EO contacts and consultees, accessible to all committees;
- SPICe briefings on Bills should include reference to equal opportunities issues;
- briefing papers on changes to equality legislation;
- briefing notes from relevant external groups;
- legal advice.

Monitoring

Ensure that information resources are regularly updated and relevant training is carried out.

Equality Guideline 3 - Consultation

Committees regularly consult with a variety of individuals and organisations in the course of their work. Equal Opportunities criteria should underpin the processes and mechanisms which facilitate these consultations/inquiries. Specifically, Committees should aim to include equal opportunities criteria in:

- deciding what to consult upon
- deciding who to consult with
- deciding the format of each consultation/inquiry

Committees should include equal opportunity considerations as part of their overall criteria for choosing an inquiry topic. For example, in deciding topics of consultations and inquiries Committees may wish to identify, by impact analysis, how the proposed topic impacts upon "equal opportunities" as defined in the remit of the Equal Opportunities Committee.

Committees should include equal opportunity considerations as part of their overall criteria for selecting witnesses. For example, Committees should aim to ensure as wide a representation as possible of stakeholders.

Committees should include equal opportunity considerations in deciding the format of a consultation/inquiry. For example, equal opportunities criteria should be adopted in advertising a consultation/inquiry while sufficient time should be allowed for responses in order to allow less well resourced groups to participate.

Committees should include equal opportunity considerations in deciding who to appoint as Committee advisers.

Monitoring

Monitor and evaluate levels of participation, particularly in order to identify groups who are under-represented. Ensure that witness databases are regularly updated to include widespread representation of minority groups.