ENTERPRISE AND CULTURE COMMITTEE

8th Meeting, 2003 (Session 2)

Tuesday, 4 November 2003

The Committee will meet at 2 pm in Committee Room 2, Committee Chambers.

1. **Item in private:** The Committee will consider whether to take agenda item 4 in private.

2. **Work programme:** The Committee will consider its work programme for the period up to Christmas 2003.

3. **Renewable Energy in Scotland:** The Committee will consider a draft remit for its proposed inquiry into renewable energy in Scotland.

4. **Budget process:** The Committee will consider a draft report to the Finance Committee on the Scottish Executive’s 2004/05 budget proposals.

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Clerk to the Committee (Acting)
Room 2.7, Committee Chambers
Ext. 0131 348 5207
The following meeting papers are enclosed:

**Agenda Item 2**
Committee work programme: next steps  
EC/S2/03/08/1

**Agenda Item 3**
Draft remit for the renewable energy inquiry  
EC/S2/03/08/2

**Agenda Item 4**
Draft budget report (private paper)  
EC/S2/03/08/3
Introduction

The Committee is now moving towards the final stages of its initial inquiry into the impact on Scottish higher education of the introduction of top-up fees in English universities. It has agreed that its next two major inquiries will be on renewable energy, and on business growth and entrepreneurialism. In addition it would like to undertake some work in the culture field, and needs to reconsider how it wishes to discharge its budget responsibilities.

This paper therefore puts forward some suggestions for ways in which to take forward these agreed areas of work:

- Renewable energy inquiry
- Business growth and entrepreneurialism inquiry
- Developing a culture inquiry
- Longer-term budget consideration
- ATB review

These suggestions are for discussion by the Committee, and will result in more fully-fledged proposals being brought before it in due course. The Committee has also agreed to hold evidence sessions with the new Intermediate Technology Institutes, and with the Bank of England. These agreed sessions will be incorporated into the work programme.

Renewable Energy Inquiry

A separate paper invites members to consider a draft remit for the Renewable Energy Inquiry. Following agreement of the remit, a more detailed paper with proposals for structuring the inquiry to achieve maximum value will be presented to the Committee.

Business Growth and Entrepreneurialism

The Committee has had less briefing in this area to date, and it is potentially a much broader area for investigation. Many of the initiatives in this area have been relatively recently developed, e.g. the ‘Business Gateway’ and a number of them result from the outcome of an inquiry by the Enterprise and Lifelong Learning Committee in 2000.

In its report on local economic development services, the Enterprise and Lifelong Learning Committee recommended that business support services be much more
co-ordinated between providers (principally the enterprise networks, local authorities, and the Executive) and that there be more consistency across the country. The Business Gateway is in many ways the result of this report. It comprises a website and a number of local support centres, managed by the local enterprise networks/local authorities. The service has run as the ‘small business gateway’ for a number of years, but has only recently been extended to cover support services to all businesses. It provides support not just for start-ups, but for growing businesses also. The small business gateway has been subject to considerable internal evaluation.

Much of the support being provided to promote entrepreneurialism is also relatively recent in origin. The Enterprise and Lifelong Learning Committee heard positive evidence before the election on the Enterprise in Education scheme, the main initiative to promote enterprise in schools, which has recently been extended from a pilot to cover the whole country.

The entrepreneurialism strategy pursued by the enterprise networks has also evolved in recent years. Following the Review of the Birth Rate Strategy by the Fraser of Allander Institute, which highlighted some of the weaknesses of previous work, a new strategy was developed and launched in February 2002. The strategy includes a new focus on innovative high-growth start-ups and targeting particular groups, as well as supporting the work in schools.

Another important development has been the establishment by Strathclyde University of an entrepreneurialism institute with considerable support from the entrepreneur Tom Hunter. In addition, much of the Executive’s strategy as a whole for universities centres on commercialising their intellectual output and making them more entrepreneurial – the newly formed Intermediate Technology Institutes will also have an important role in this.

There are therefore some significant issues to take into account in establishing a remit for this inquiry:

- The number on initiatives that it will cover including a large number of the core services of the enterprise networks
- The recent nature of a number of the initiatives
- The fact that some extend from recommendations by the Committee’s predecessor
- The level of internal evaluation already undertaken
- The number of bodies involved.

Rather than move straight to establishing a remit for this inquiry, it might be preferable for the Committee to arrange an informal briefing session with the main players, for example Scottish Enterprise and Scottish Executive officials. This could help to provide members with background on current support for business and entrepreneurialism, allow scope for questioning and refining understanding, and help to focus the remit on a number of clear issues.
Recommendation

The Committee is invited to consider whether it wishes to arrange an informal briefing session to inform the development of the remit for its business growth and entrepreneurialism inquiry.

Tourism, Culture and Sport

Developing a Culture Inquiry

The Committee has clearly stated that it wishes to ensure that in its initial work programme it covers the whole of its remit, and would like therefore to focus an early inquiry in the culture field. One approach to this which has been discussed is a briefing from the various bodies involved in culture to inform the Committee’s thinking, although the main drawback is the number, and diversity, of bodies involved. SPICe researchers have identified over 20 core bodies which could reasonably expect to be involved, and there are many others who would wish to.

There are a number of issues that the Committee might wish to have considered as inquiry topics, but which are currently subject to Executive action. These include:

- Arts funding (subject to a review including the Scottish Arts Council and Scottish Screen)
- The role of Historic Scotland (subject to a review)
- The National Theatre (an announcement now having been made)

Given the breadth of its culture responsibilities, and that the Committee has a very broad remit beyond this in enterprise, lifelong learning, energy, structural funds etc., it would be advantageous for the committee to have as broad-based a culture inquiry as possible. One option that presents itself would be to review the Executive’s National Cultural Strategy, published in 2000.

The Cultural Strategy covers almost all areas of the Committee’s culture remit, and would give a sharper focus to an inquiry as respondents could be asked specifically to comment on the direction and implementation of the Strategy. Basing an inquiry on the Strategy would also permit the Committee to focus on strategic issues, such as the importance given to national companies as opposed to community-based initiatives, rather than the resources allocated to individual institutions or projects, for instance. The Strategy has also been in place long enough to start to make judgements about its implementation – the Committee could concentrate its attentions on the ‘actions’ that were proposed by the Executive in 2000.

Recommendation

In terms of its culture remit, the Committee is invited to consider whether its next step should be to agree in principle to an inquiry into the Executive’s National Cultural Strategy or to arrange a briefing session with various cultural organisations.
Tourism

The Committee has agreed to consider the outcome of the Area Tourist Board Review when it is announced. The Executive has informed us that: ‘The Ad Hoc Group of Ministers on Tourism is looking at the way the different public sector agencies involved in tourism integrate their activities and funding. The Area Tourist Board Review is being looked at in the light of these wider considerations. The Ad Hoc Group expect to report to Cabinet soon, in line with the commitment that they would do so in the autumn. Once Cabinet have considered the Group’s recommendations, the outcome will be announced; this will include the result of the Area Tourist Board Review.’

Sport

The Committee’s initial work programme for its first sixth months did not include a specific piece of work relating to sport. This is, however, an important area with a range of cross-cutting implications for enterprise and tourism as well as other portfolios such as Health. It is therefore proposed that the Committee keeps the area in mind as it considers its longer-term work programme. There may be potential, for example, to seek evidence from sportscotland as part of the budget consideration outlined below.

Longer-term Budget Consideration

The Committee has discharged its responsibilities under stage 2 of the current budget process. However, it has not yet reached agreement as to how it would like to proceed with the budget process in the longer-term, the last discussion on the issue remaining inconclusive.

The following is proposed as a way in which the Committee might seek to underpin its mandatory budget work, and overcome some of the difficulties created by the width of its remit generally.

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. It would be of great assistance if the Committee were able to undertake financial scrutiny of the Executive and bodies within its remit outside the formal process, so that it was better-placed when asked to comment in the annual budget rounds.

At the same, the Committee has a very wide remit, many calls on its time, as well as a large number of quangos for which it is responsible (over 15). A number of these will come under scrutiny as part of major inquiries, e.g. Scottish Enterprise and Highlands and Islands Enterprise as part of the business growth inquiry. However, others may not receive the same level of scrutiny.

One option for the Committee would therefore be to take evidence from these bodies on an ad hoc basis over time. Each body could be required to provide evidence in advance on its budget and be questioned on it at Committee. This approach might be a helpful way of scrutinising organisations in general, since following ‘where the
money goes’ can assist understanding their roles and real priorities. The same approach could be applied to specific aspects of the Executive’s budget, with the relevant officials requested to appear.

The committee could agree which bodies to see every 6 months or so, on a rolling basis. Priority might be given to bodies that are unlikely otherwise to receive significant attention, but the choice would be up to Members.

This approach would help to ensure that, over the 4 years, all areas of its responsibility were covered in some respects, and the knowledge which Members acquire through the process could help underpin and facilitate a rapid formal budget scrutiny process.

The Committee has appointed a budget adviser who could be utilised to assist in developing this process, and, for instance, producing short reports on individual organisations/sections of the Executive after they have given evidence. He could also for instance develop a standard pro forma for bodies to complete in terms of the written evidence that they provide.

Recommendation

The Committee is invited to consider whether it wishes to adopt a longer-term budget scrutiny programme, calling in individual bodies to give evidence outwith the formal budget process, and seeking to cover those within its remit over the period of the Parliament.

Summary of Recommendations

The following recommendations are included in the report, at the end of the relevant section. They are reproduced here for ease of reference:

1. The Committee is invited to consider whether it wishes to promote an informal briefing session to inform the development of the remit for its business growth and entrepreneurialism inquiry.

2. In terms of its culture remit, the Committee is invited to consider whether its next step should be either to agree in principle to an inquiry into the Executive’s National Cultural Strategy or to arrange a briefing session with various cultural organisations.

3. The Committee is invited to consider whether it wishes to adopt a longer-term budget scrutiny programme, calling in individual bodies to give evidence outwith the formal budget process, and seeking to cover those within its remit over the period of the Parliament.

Alasdair Morgan
Convener
17 October 2003.
Introduction

The Committee has agreed that it wishes to undertake an inquiry into renewable energy, and particularly the Executive’s targets for the increase in electricity production from renewable sources. The Committee received some briefing at its awayday, and a number of members have attended additional briefings provided by Scottish Enterprise, the industry etc.

There is clearly considerable opposition in a number of areas to the wave of windfarm proposals which are now coming before local planning authorities, and which are designed to contribute to meeting the Executive’s targets. Although technically the planning system lies outside the Committee’s remit, it will probably wish to consider this issue, as it has an impact on the achievability of the Executive targets. However, it is suggested that the Committee consider the issue at a strategic level, rather than becoming involved in the merits of individual cases.

The Committee will also wish to ensure that it covers all aspects of the development of electricity from renewable sources, rather than becoming focussed solely on this immediate issue. The following is suggested as a draft remit for the renewable energy inquiry:

‘Renewable Energy Inquiry Remit

There has been widespread support in Scotland for developing sources of renewable energy, and Scotland is judged by many commentators to have significant potential in this regard. Scotland already has a relatively high level of electricity generated from renewables due to the historic role of hydro-electric power. Currently approximately 13% of Scottish energy generated in Scotland comes from renewable resources.

The Scottish Executive has set ambitious targets for increasing the percentage of electricity derived from renewable sources. The targets are 18% of electricity generated in Scotland to be from renewable sources by 2010, and an ‘aspirational’ target of 40% by 2020.

Some commentators have questioned the achievability of these targets under current circumstances. As yet no targets have been set for non-electricity renewables.

The Committee wishes to examine:
• Will the Executive targets be met, under current circumstances, and are they appropriate?
  - how were they arrived at by the Executive?
  - what is the relationship with UK targets?
  - have assumptions been made about the contributions of different sectors?

• If not, why not? (What are the current barriers, and what action needs to be taken to ensure that the targets are met?)
  - global issues
    - the Renewables Obligation (Scotland)
    - the electricity market
    - the transmission network
  - examination by sector
    - onshore wind (inc. planning issues, community development.)
    - offshore wind (inc. UK strategy, role for energy Intermediary Technology Institute?)
    - wave/tidal (inc. technology issues, job potential)
    - hydroelectric
    - other/longer-term (e.g. biomass, non-electricity)

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

There may be some elements of renewable energy which are not covered by the remit, but in order to contain the inquiry at a manageable scale it is proposed to focus on devolved elements, and particularly on the Executive targets. Nevertheless, a number of other issues are likely to be wrapped up in these elements, e.g. the potential for ‘green jobs’ in wave and tidal power in particular, the impact of renewables on overall energy mix in the security of supply issue etc.

The draft remit has been prepared with the assistance of researchers from SPICe. They will be present at the meeting to introduce the draft remit and answer members questions.

**Recommendation**

The Committee is invited to consider the draft remit as a basis for its renewables inquiry. Following agreement, a paper will be presented to the Committee with proposals for undertaking the inquiry, e.g. case study visits, potential witnesses, etc.

Alasdair Morgan
Convener