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Thursday 17 November 2016

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Scottish Parliament

Thursday 17 November 2016

[The Presiding Officer opened the meeting at 11:40]

General Question Time

Poverty and Fuel Poverty

1. **Willie Coffey (Kilmarnock and Irvine Valley) (SNP):** To ask the Scottish Government how it is tackling poverty, including fuel poverty, in the Kilmarnock and Irvine Valley constituency. (S5O-00355)

The Cabinet Secretary for Communities, Social Security and Equalities (Angela Constance): The Scottish Government is taking action to tackle poverty across all of Scotland with the resources and powers available to us. The fairer Scotland action plan sets out 50 concrete actions that we will take over this parliamentary term to deliver on our ambitions for a fairer Scotland.

Tackling fuel poverty has always been a priority for this Government and by the end of 2021 we will have committed over £1 billion to making our homes and buildings warmer and cheaper to heat. We have also committed to introducing a warm homes bill to tackle fuel poverty. We do not hold figures for constituency areas, but Scottish Government fuel poverty and energy efficiency programmes have spent approximately £23 million on improving domestic energy efficiency and tackling fuel poverty across the three Ayrshire council areas since 2012.

Willie Coffey: I welcome the substantial additional investment that the cabinet secretary mentioned, which I hope will mean significant extra investment in my constituency, on top of the existing measures that we have brought in to help those in fuel poverty. Is the cabinet secretary able to say when she might be able to respond to the Scottish fuel poverty strategic working group's recommendation to change the definition of fuel poverty, so that we can do more where it is required?

Angela Constance: The Scottish fuel poverty strategic working group and the Scottish rural fuel poverty task force between them made 100 recommendations, which, as a Government, we are working through.

On the specific issue of the change to the definition of fuel poverty, we will work very closely with the fuel poverty forum to agree the scope of the review and will commission the work as soon

as possible. We expect the review to be completed within the first half of 2017. I want to be clear that that does not mean that we will define fuel poverty away. Any changes that come out of the independent review must be justified and must ensure that those in need receive the most support.

Brian Whittle (South Scotland) (Con): Does the Scottish Government recognise the importance of the third sector in tackling issues such as poverty—organisations such as Centrestage, Morven day services, the Holiday Project and East Ayrshire churches homelessness action, to name but a few in the Kilmarnock and Irvine Valley constituency? Will the Scottish Government ensure that East Ayrshire Council and the councils across Scotland are properly funded so that they, in turn, can ensure that those vital charities in our communities are fully supported?

Angela Constance: We certainly recognise the importance of the third sector in tackling poverty. I would like to commend Centrestage for the very innovative and person-centred work that it does; Jeane Freeman has recently visited that particular project.

As a Government, we have invested £24 million this financial year in the third sector. It is, of course, imperative that local government and the third sector work together and collaborate. In relation to fuel poverty, there is some great innovation in the social enterprise sector that involves registered social landlords and housing associations in particular. I point to the example of Our Power, which is a housing association-led social enterprise that is supplying power and energy to tenants, saving hundreds of tenants hundreds of pounds a year. Along with Centrestage, it is another sterling example.

National Manufacturing Institute

2. **Clare Haughey (Rutherglen) (SNP):** To ask the Scottish Government whether it will provide an update on how it will take forward plans to establish a national manufacturing institute. (S5O-00356)

The Cabinet Secretary for Economy, Jobs and Fair Work (Keith Brown): Scotland has a proud manufacturing heritage, and manufacturing has the potential to be a key driver of our future prosperity through global exports. The creation of a national manufacturing institute for Scotland is an ambitious proposal that is aimed at shaping the future of manufacturing and innovation in Scotland.

As stated in "A Plan for Scotland: The Scottish Government's Programme for Government 2016-17", a key action for this year will be developing

the business case for the national manufacturing institute for Scotland. We have taken a multipartner approach, with Scottish Enterprise, Highlands and Islands Enterprise, the Scottish Further and Higher Education Funding Council, Skills Development Scotland, Zero Waste Scotland and the Scottish Government involved in developing the business plan for the institute. That work includes building an evidence base and working closely with the private sector on the detail of the proposition.

Clare Haughey: My constituency has a wide range of family-run and medium-sized manufacturing businesses, including sack makers, switchboard and electrical manufacturers, ventilation product manufacturers and food manufacturers, to name a few. It is also home to the Shawfield retail and trade park, which is currently being developed by Clyde Gateway as part of the national business strategy. Has the Government considered a location for the national manufacturing institute for Scotland? If not, I suggest that Rutherglen would be the perfect location.

Keith Brown: I listened carefully to what the member said about the excellence of some of the activity that is going on in Rutherglen. However, options for the location of the new manufacturing institute for Scotland will be considered in developing the business case for the institute. Wherever the institute is located, we are determined that it will benefit the whole of Scotland.

Richard Leonard (Central Scotland) (Lab): The Government's manufacturing action plan, which was published earlier this year, promised, among other things, an enhanced manufacturing advisory service capital asset review by quarter 2 of 2016. It also promised that, by quarter 3, Scottish Enterprise and Highlands and Islands Enterprise would have implemented a workplace innovation service aimed at workforce engagement. Can the cabinet secretary inform the Parliament where those initiatives lie?

Keith Brown: Yes, I can. I thank Richard Leonard for the question. On 18 March, Zero Waste Scotland launched the £18 million circular economy investment fund for business. On 1 June, the Scottish manufacturing advisory service launched the new capital asset review service to which Richard Leonard referred and, on 22 August, Scottish Enterprise launched the new workplace innovation service. As the member can see, we are making real progress on the issue as we try to revitalise and assist manufacturing in Scotland where possible.

Dean Lockhart (Mid Scotland and Fife) (Con): We welcome the plans to establish a national manufacturing institute. We hope that it helps to

improve Scotland's productivity from the current levels in the third quartile. Will the cabinet secretary please tell me when he will announce new targets for Scottish productivity going forward?

Keith Brown: It would be useful, when we have questions from the Conservatives, if they could at least acknowledge that two Governments are active in the economy in Scotland—a point that has been denied by Dean Lockhart and others in the past. There are two Governments involved, and to have some reference to the role of the United Kingdom Government and some of the shortcomings of its involvement in the economy would sometimes be useful.

It is important that we keep productivity under review. We have seen in Scotland an increase in productivity that we have not seen in the rest of the UK. In addition, as part of phase 2 of the review of the skills and enterprise agencies, we will look closely at future targets and performance measures in relation to productivity.

The Presiding Officer (Ken Macintosh): Question 3 has not been lodged.

South Lanarkshire Council (Meetings)

4. Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP): To ask the Scottish Government when it last met South Lanarkshire Council and what issues were discussed. S5O-00358)

The Cabinet Secretary for Communities, Social Security and Equalities (Angela Constance): Ministers and officials regularly meet the leaders and chief executives of all Scottish local authorities, including South Lanarkshire Council, to discuss a variety of issues. Senior officials attended the board meeting of South Lanarkshire community planning partnership on 27 October along with the council's chief executive.

Christina McKelvie: I suggest to the cabinet secretary that further meetings on town centre regeneration should be a focus of the work that the Government does with local authorities. Angela Crawley MP and I have published a report on a consultation on Hamilton town centre. One of its recommendations is a discrete town centre business bonus scheme to encourage new business and sustain existing business. What financial levers can councils use to promote economic development and regenerate town centres like that of Hamilton?

Angela Constance: I am sure that Ms McKelvie is aware that the small business bonus scheme already reduces non-domestic rates for more than two in every five rateable properties throughout Scotland. The Government has a commitment to expand the scheme from 2017 so that it lifts

100,000 properties out of rates altogether. Councils also have powers under the Community Empowerment (Scotland) Act 2015 to apply further rate reductions to any properties in their area, and Perth and Kinross Council is using that power this year to support its town centres.

The Scottish Government's town centre action plan remains a key driver of action across Government. It sets out the right conditions for town centre regeneration in Scotland.

We have been very encouraged by the approach that local authorities and wider public bodies have taken to the town centre first principle since its inception. It is good to see that town centres are being prioritised in public investment decisions, which is leading to positive change.

Margaret Mitchell (Central Scotland) (Con): The minister may be aware that data protection has been cited as the reason why councils such as South Lanarkshire have decided to remove the displays of residents' names from the foyers of council tower blocks such as Wyler Tower. Some residents, however, wish their names to be displayed in order to aid deliveries and for routine doctors' visits or emergencies. To comply with data protection legislation, should those residents be given the option of having their names displayed? Should that be part of the tenancy agreement?

Angela Constance: Margaret Mitchell raises an interesting point. We must listen to the needs of residents, and the member outlines some practical reasons why people would want their names to be displayed outside their home. In particular, she cited doctors making emergency calls and assisting the ambulance service. I will look at the data protection issue that she raises and see whether the resolution lies at local level or is in the Scottish Government's gift.

Tenant Farmers

5. Andy Wightman (Lothian) (Green): To ask the Scottish Government what recent discussions it has had with tenant farmers and their representatives. (S5O-00359)

The Cabinet Secretary for Rural Economy and Connectivity (Fergus Ewing): The Scottish Government has frequent contact with tenant farmers and their representatives on a wide range of issues. I attend a large number of events—in particular, farming shows over the summer—where I meet and have discussions with tenant farmers on a variety of topics.

More specifically, I met the Scottish Tenant Farmers Association on 27 July to discuss tenant farming matters including mediation, and I met it again this morning. I met representatives from NFU Scotland on 4 August, 5 September, 17

October and 9 November to discuss various topics. I last met Andrew Thin, who is the independent adviser on tenant farming, on 29 August.

Tenant farmers were represented at the last common agricultural policy stakeholder group meeting that I attended, and they will be invited to attend relevant rural summits that I am due to hold, including on farming and food production.

Throughout this time, Scottish Government officials have also had substantive and significant contact with tenant farmers and their representatives on a range of matters.

Andy Wightman: Thank you for that.

Presiding Officer, as you are probably aware, that was not my original question, as I was advised that it might breach rule 7.5 of the standing orders. Two weeks from today, tenant farmers' families will be evicted. Because of the Scottish Government's failure to honour its commitments to tenant farmers who are facing eviction, those farmers have had to take ministers to court so, as a consequence, I cannot fulfil my parliamentary role to hold the Government to account for its actions.

Will the cabinet secretary explain how we got into this situation? Will he commit to emergency legislation to halt the evictions, pending proper mediation and compensation? Will he join me outside Parliament at 1 pm to meet the affected tenant farmers and receive a petition that has been signed by 25,000 people calling for a halt to the eviction of the Paterson family on Arran?

The Presiding Officer: Mr Wightman was referring to standing orders that refer to the sub judice rule. There is an active on-going court case at the moment: Parliament must be mindful not to interfere in judicial proceedings.

Fergus Ewing: I am mindful of that advice. I understand that I am not permitted to comment because legal proceedings are active in relation to a matter that is proscribed in section 2 of the Contempt of Court Act 1981. I am constrained in what I may say about any matter that is the subject of the current litigation.

I can say to Andy Wightman and to every member in the chamber that, as the rural secretary, I am extremely keen that we do everything we possibly can to help tenant farmers—and, indeed, all farmers in the community—so that we have a thriving tenanted sector. I also assure members that, following resolution of the litigation that currently prevents a more direct response, the Scottish Government will consider the outcome with great care and will, no doubt, come back to the chamber on the matter as swiftly as possible.

Kenneth Gibson (Cunninghame North) (SNP): Does the cabinet secretary agree that although tenancy arrangements between landlords and tenants are private, in rural communities such as those on Arran it is in everyone's interests for the land to be farmed productively, sustainably and effectively, and for tenant farmers who are committed to food production, business diversification and land management to enjoy stability and security of tenure?

Although the cabinet secretary cannot talk about the cases that are currently in court, what general advice can he give to landlords and tenants who find themselves in dispute?

Fergus Ewing: Mr Gibson made that point very well. I hope that all members in all parties across the chamber will subscribe to the sentiments that he has expressed—namely, that we all want a thriving agricultural sector that includes new entrants, crofters, smallholders, tenant farmers, owner-occupiers and landlords. A vibrant tenant-farming sector is one of the cornerstones of Scottish agriculture.

In direct response to the question what advice I would offer, I point out that the Scottish Government has provided mediation services. Those services are entirely private between the tenant and landlord in a contract. In cases in which there is a live dispute, I urge both parties to avail themselves of those mediation services. That is general advice that we have sought to apply in individual cases.

John Scott (Ayr) (Con): I declare an interest as a farmer, although I am not a tenant farmer.

The cabinet secretary will be aware of the declining supply to let in the tenanted sector, as was predicted by Alex Fergusson and other members in past sessions of Parliament. Can he assure Parliament that the Land Reform (Scotland) Act 2016 will increase the supply of tenanted land that is so vital for new entrants to the industry?

Fergus Ewing: Mr Scott has made a very sensible point. I share that aspiration—as, I hope, do we all. Just last week—or the week before—I convened a meeting of all public bodies that have land holdings, including the Forestry Commission Scotland, Scottish Water, Scottish Natural Heritage and local authorities, with the specific remit of asking them to look at whether they have within their holdings land that could in the future be made available for new entrants. It was an extremely positive meeting.

I will be delighted to continue to work with Mr Scott and members across the chamber on securing an objective that we all recognise as being in the interests of bringing in new entrants—not least because, sadly, the average age of a

farmer in Scotland is 58, which is just one year less than my own age.

Rhoda Grant (Highlands and Islands) (Lab): Does the cabinet secretary intend to amend land reform legislation to make sure that people who should have security of tenure will have it in the future?

Fergus Ewing: Land reform has been closely debated in Parliament. Rhoda Grant has taken a long-standing and passionate interest in it, and I respect that.

We are always looking for ways in which we can improve the legal framework in order to secure the objective of a thriving agricultural sector. The Scottish Government is starting to implement much-needed changes in agricultural holdings legislation. On 11 November, the first Scottish statutory instruments to implement aspects of the Land Reform (Scotland) Act 2016 were laid. I will continue to work with Rhoda Grant and others across the chamber on further improving the legislation that affects our farmers.

Traffic Congestion

6. Gordon MacDonald (Edinburgh Pentlands) (SNP): To ask the Scottish Government how it plans to tackle traffic congestion in the west of Edinburgh. (S5O-00360)

The Minister for Transport and the Islands (Humza Yousaf): The Scottish Government has invested significantly in major schemes in the west of Edinburgh that contribute to reducing congestion. They include the £41 million Edinburgh Gateway station, which is due to open on 11 December.

Since 2014, we have provided grants for sustainable and active travel, with 14 active travel projects. Transport Scotland works with the City of Edinburgh Council through the development plan process to ensure the continued safe and efficient operation of the road network.

Gordon MacDonald: I thank the minister for that answer. The A70 and A71 are the two main arterial routes into Edinburgh through my constituency. Over the past five years, there has been an 18 per cent increase in the number of buses, coaches and light goods vehicles using the A70 through the villages of Balerno, Currie and Juniper Green. In total, there are close to 45,000 vehicle journeys daily on those two main roads. With on-going house building in West Lothian all being commutable into Edinburgh, how can we encourage more use of public transport in order that communities along the A70 and A71 routes are not further impacted by increased traffic congestion.

Humza Yousaf: Gordon MacDonald has made a good point about congestion affecting our urban areas. In that vein, officials are working closely with regional and local planning and transport authorities to undertake a cross-boundaries multimodal transport study. It will assess the impact of current projected travel demand and will take into account housing proposals in the local development plan that the member mentioned.

The current phase of the Edinburgh to Glasgow rail improvement programme—electrification of the short lines—will result in journey-time savings and additional capacity. I have mentioned the Edinburgh Gateway station.

There are also opportunities in the upcoming transport bill to see how we can improve bus patronage and deal with the issue of road works, which also add to congestion. I will keep Gordon MacDonald fully briefed on that.

First Minister's Question Time

12:01

Engagements

1. Ruth Davidson (Edinburgh Central) (Con): To ask the First Minister what engagements she has planned for the rest of the day. (S5F-00485)

The First Minister (Nicola Sturgeon): Engagements to take forward the Government's programme for Scotland.

Ruth Davidson: This week we mark an auspicious occasion. It is two years since the First Minister took office. I congratulate her on doing so. I wonder whether I could raise a few individual cases that have been sitting in her in-box for much of that time.

First, on apprenticeships, this week the United Kingdom Government confirmed the sum that the Scottish Government will get to spend thanks to the new apprenticeship levy. It is £220 million. We have said what the Conservatives would do—we would ring fence those funds for training and apprenticeships. However, we and most importantly Scottish employers still do not know what the Scottish Government will do. Why the delay?

The First Minister: There is no delay whatever. The UK Government decided to introduce the apprenticeship levy without consulting the Scottish Government in any way, shape or form. We have been waiting to find out its plans. We have—as Ruth Davidson is aware—been consulting employers and others about how we best use the apprenticeship levy, and of course the detail of that will be made clear when we publish the budget in a few weeks' time.

There are two points that are worth making to Ruth Davidson. First, she stood up today and crowed about the fact that the Scottish Government will get £221 million—that is indeed true. However, it is only two weeks ago that Ruth Davidson told us that we were actually getting £300 million, so the amount has reduced since Ruth Davidson last spoke about the issue.

The second point is more fundamental. It is important that all members understand this. While it is important that we use that money—and we will use that money to support skills and training and employment in Scotland—it is not additional money. The apprenticeship levy is substituting for money that the UK Government was previously using to support apprenticeships. It is not additional money; it comes through the block grant and it will be replacing money that was previously coming through the block grant.

That said, we will make sure that we use the money to support training and skills in Scotland. That is exactly what people will expect us to do.

Ruth Davidson: If it is all Westminster's fault, why are Scottish trade bodies accusing the First Minister personally of a leadership vacuum on this issue. Why, just this week, have both the construction industry and the oil and gas industry said that they have no idea from the First Minister what is going on.

Secondly, on education, back in February 2015—that is 21 months ago—I challenged the First Minister about giving more autonomy to schools. She replied:

"I am very happy to discuss the issue with ... the parents."—[*Official Report*, 19 February 2015; c 15.]

We were talking specifically about the parents of St Joseph's primary in Milngavie, who want to run their own school. Nearly two years on, they are still waiting for an answer. I ask again: why the delay?

The First Minister: Before we do the "Let's move on from the first subject I raised", let me remind Ruth Davidson—I am not sure whether she is aware of this—that the Scottish Government has carried out and recently concluded a consultation specifically on how we use the apprenticeship levy funds. We will come forward with the detail of that when we publish the budget in a few weeks' time. Let it not be allowed to slip away that Ruth Davidson previously claimed that the figure would be £300 million and it is now £221 million, but it is not additional money; it is substitute funds.

Let us move on to education and St Joseph's primary school. Again, let us not ignore one important fact that I know Ruth Davidson will not want to share with the chamber. The reason that we have been talking about St Joseph's is that Conservative councillors on that council voted to close St Joseph's. So, let me get this right—Ruth Davidson's approach is that Conservative councillors vote to close schools and then she looks to the Scottish Government to clear up their mess. That clearly is Ruth Davidson's approach to politics.

On the specific question of autonomy for schools, although Ruth Davidson does not appear to have been aware of the consultation on the apprenticeship levy, I should not take it for granted but I presume that she is aware of the consultation that is under way right now, which will conclude on 6 January, into the governance review. We are specifically looking at how we change the balance of responsibility in education to move to a presumption of decisions being taken in schools. A decision on St Joseph's will be taken in the context of that governance review.

That is the right and proper way to do things, not what Ruth Davidson is appearing to do today in turning a blind eye to what her Conservative councillors are doing and asking the Scottish Government to clear up their mess.

Ruth Davidson: There is your modern SNP—need a complaint about the size of a chocolate bar and they are right on it, but we wait two years for a decision on a school.

Thirdly, on welfare, just after the Smith agreement was signed—again, two years ago—the First Minister stood there and demanded of me, of Labour and of the Liberal Democrats that Westminster transfer welfare powers as soon as possible. The SNP would be outraged if they were not delivered immediately. Those welfare powers are ready to go but now we learn that the SNP is nowhere near ready to take them, and it has pleaded with Westminster to hold on to them for another three years. The SNP is good at demanding but it is not very good at governing. I ask again, for a third time, on welfare, why the delay?

The First Minister: Again, before Ruth Davidson gets away with moving on from St Joseph's, I remind her that there would not be a decision to be taken on St Joseph's if Conservative councillors had not voted to close the school. Yet again, this week, the hypocrisy is really breathtaking.

Let us turn to welfare. There is no delay on transferring welfare powers. We have to build a system to ensure that we can safely and securely deliver welfare. That is what we will do and we will do it on the timetable that we have always said. When we have a Scottish social security agency delivering 15 per cent of welfare—only 15 per cent, but that is better than nothing—we will take better decisions on welfare than the Government in London that Ruth Davidson supports.

Interestingly, on welfare, Jeane Freeman laid out the detail to the relevant committee on 29 September. Anybody who is interested in welfare—I hope that that is everybody in the chamber—should read the *Official Report*. When Jeane Freeman set out the process, Adam Tomkins said that he welcomed what she had said, particularly her remarks about not using the issue as a political football. Perhaps Ruth Davidson should listen to Adam Tomkins once in a while.

Ruth Davidson: The timetable "we have always said"? Read the *Official Report*? All right, I will read the *Official Report*. On 27 November 2014, Nicola Sturgeon said:

"I say genuinely to all parties let us, as a Parliament, ask the Westminster Government to transfer the powers as

soon as possible".—[*Official Report*, 27 November 2014; c 16.]

Today's *Official Report* will show a massive, screeching U-turn—"Wait three more years."

Here is the First Minister's record: on apprenticeships, it is no clear plan to tell employers; on education reform, it is wait and see; on welfare, it is a three-year delay; on Frank's law, it is clear as mud; on national health service reform, it is coming soon; on an investment deal with China, it is a Scottish shambles; and on the decision on fracking, we will get back to you.

The SNP is dithering, not delivering. Two years ago, when the First Minister accepted the role of First Minister for all of Scotland that was bestowed on her by this Parliament, she stood up and said:

"I intend to lead a Government with purpose, a Government that is bold, imaginative and adventurous."—[*Official Report*, 19 November 2014; c 36.]

First Minister, what happened?

The First Minister: The only real question that has to be asked about today's First Minister's questions so far is, how many own goals is Ruth Davidson going to score?

Ruth Davidson has just stood up and, on the apprenticeship levy, wrongly accused me—I think that this is a direct quote—of having "no clear plan". Imagine a Tory having the nerve to get up and accuse anybody right now of having no clear plan. That sums up Theresa May's Government in its entirety right now.

On welfare, Ruth Davidson is apparently saying that we should take responsibility for delivering disability benefits, carers allowance and other important benefits before we have a system in place to ensure that those benefits can be put in people's hands or bank accounts. She may want to act irresponsibly in that respect, but I will act responsibly so that we can have in Scotland—not for welfare in its entirety, unfortunately, but for those benefits that are going to be devolved—a fair, humane and dignified welfare system. How different that will be from the system over which the Conservatives are presiding in London right now.

Auditor General for Scotland (Meetings)

2. Kezia Dugdale (Lothian) (Lab): To ask the First Minister when she will next meet the Auditor General for Scotland. (S5F-00487)

The First Minister (Nicola Sturgeon): I have no current plans to do so, but the permanent secretary meets the Auditor General for Scotland regularly, and the Cabinet Secretary for Finance and the Constitution last met the Auditor General on 30 August.

Kezia Dugdale: This morning, Scotland's rail network was thrown into chaos. A broken-down train disrupted the travel plans of tens of thousands of commuters across the central belt. It has been yet another shambolic day that has caused misery for passengers. The Minister for Transport and the Islands, Humza Yousaf, who crosses the country in his ministerial car, took to Twitter this morning to admit that ScotRail's performance is not good enough. Does the First Minister really understand just how angry Scotland's commuters are today?

The First Minister: Yes, I do. Earlier this morning, Humza Yousaf and I took part in a conference call with ScotRail—I know that it is extremely sorry for the disruption that passengers have experienced today, and I share that sentiment.

The problem this morning to which Kezia Dugdale alluded was caused by a train breaking down between Waverley and Haymarket stations at Princes Street gardens. All the lines into Edinburgh were blocked by the train that had broken down. ScotRail described it to me this morning as probably the worst location in the country for a breakdown like that to happen because there were no other ways for the trains to get into Waverley station. The train was removed at around 8.30 this morning, and since then a restricted train service has been running on many routes while the network has returned to normal. I was advised by ScotRail just before I came to the chamber that the service has more or less returned to normal right now, but the problem has caused significant disruption.

I say this seriously: there are wider performance issues around ScotRail right now. We have discussed those issues in the chamber previously, which is why there is in place an improvement plan that Humza Yousaf is monitoring very closely.

I hope that all members would accept that, on occasion, however regrettable it is—and it is deeply regrettable—trains will break down, whatever party is in government. The priority when that happens is to get services back to normal as quickly as possible, which is what ScotRail has focused on this morning.

Kezia Dugdale: We can accept that today's disruption might be a one-off, but yesterday was considered to be just a normal day on Scotland's rail network—and you can bet that there are wider performance issues, First Minister. Scottish Labour can reveal that the performance figure for yesterday was 79 per cent. That means that, on a normal day, more than one in five trains failed to arrive on time. In rural areas, yesterday's performance figure was 60 per cent against a target of 91 per cent—that is not even close.

Passengers deserve better and it is this Government's responsibility to fix it.

When I challenged the First Minister on this issue six weeks ago, she said that the Government had an improvement plan. Humza Yousaf said that he had confidence in that improvement plan. Well, passengers are fast losing confidence in him. How bad does it have to get before the First Minister steps in and sorts out the mess?

The First Minister: First, the Government accepts its responsibility in this matter, and we are working with ScotRail to make sure that train services are of a standard that the travelling public has a right to expect. I repeat the apology that ScotRail expressed for the disruption this morning, which was caused by an extraordinary set of circumstances.

On the wider issues, as I have said in the chamber before, the target that ScotRail is expected to meet is 91 per cent against punctuality standards. Generally at the moment performance is at about 89 per cent although, as Kezia Dugdale has just narrated, there will be variations to that. That is not good enough and that is why the improvement plan is in place and why Humza Yousaf continues to work with ScotRail to improve performance. Just this week, we heard about plans for additional trains coming into service and about ScotRail rightly ceasing the practice at peak times of trains missing stops when they are running late. These are serious issues that affect the travelling public on a daily basis, and we are absolutely determined to make sure that we work with ScotRail to rectify them.

In the wider sense, as I have said in the chamber previously, there is the option for the contract to be broken early and we will keep that option under review. Thanks to pressure from the Government, in future we will also have the option of having a public sector organisation bid for the rail franchise. That is a step forward after Labour, for its 13 years in government, refused to give us that power.

These are serious issues and I take my and the Government's responsibility seriously to make sure that we will get on top of those issues, as I have said we will.

Kezia Dugdale: We have had an apology from ScotRail, but I think that commuters would like to hear an apology from the First Minister. Rail passengers do not feel as if they have seen any sort of improvement over that six-week period. Last week, ScotRail cancelled trains because it expected the rails to be slippery due to excessive moisture. Rain in Scotland—who could have predicted that? However, for Scotland's rail passengers, this is not a laughing matter any

more. Overcrowded trains, delayed trains and cancelled trains—that is the Scottish National Party's idea of a world-leading deal for passengers. Is it not clear, more than ever, that Labour's policy for a people's ScotRail run for passengers not profit is the best solution for Scotland?

The First Minister: First, people watching this will have heard me say that I am sorry for the disruption that was caused this morning and sorry for the disruption that any passenger faces on any day of the week. That is ScotRail's position and it is also mine.

With regard to some of the decisions that Kezia Dugdale alluded to, ScotRail has a responsibility to ensure the safe running of trains. It is easy to make jokes about "moisture", but it is important that ScotRail discharges that responsibility.

On the wider issues, I absolutely accept that things are not good enough. That is why the improvement plan is in place and why we will stick with it until things are running to a standard that the public have a right to expect.

On the wider issue of a people's railway, I point out again that the reason why it was not possible for a public sector organisation to bid for the rail franchise when Abellio bid for and won that contract was that we did not have the power to allow that. We had asked the previous Labour Government at Westminster to change the law or to give us the power to change the law here, and it refused point-blank to do that. Kezia Dugdale can shake her head, but that is the reality of the situation. Now we are going to have that power and we have made it clear that, by the time the contract comes up for renewal, whether it is on schedule or early, a public sector organisation will be able to bid for it. That is the progress that we have made after progress was impeded by Labour for a long, long time.

The Presiding Officer (Ken Macintosh): There are two constituency questions. The first is from Sandra White.

Sandra White (Glasgow Kelvin) (SNP): The First Minister will be aware of the announcement by Shell that it will close its finance operations at Bothwell Street in Glasgow in my constituency, with the loss of 380 jobs. I have phoned Shell and asked to have an urgent meeting. What support will the Scottish Government give to those 380 workers at this difficult time?

The First Minister: I was disappointed yesterday to learn of the closure of Shell's finance operations office in Glasgow. I know that this will be a difficult time for the employees who are affected, for their families and for Glasgow as a whole.

Scottish Enterprise is engaging with Shell to offer its full support. The Scottish Government's partnership action for continuing employment initiative stands ready to help those who are affected, through the provision of skills development and employability support. Further, the transition training fund, which we set up specifically to help to respond to the downturn in the oil and gas sector, is available to support individuals who wish to retrain and secure new opportunities in the oil and gas or wider energy and manufacturing sectors.

Sandra White has said that she has sought a meeting with Shell. The Cabinet Secretary for Economy, Jobs and Fair Work will also be happy to meet her and keep her updated on developments in the case.

Jamie Greene (West Scotland) (Con): Mr Randall is 78 years of age and lives on the Isle of Arran. In May this year, he was diagnosed with a heart condition. He received a letter saying that the next available appointment to see a cardiac consultant is in December 2017—unfortunately, that was not a typo. He wrote to the health minister to complain about the waiting time. She said that, although she could not intervene in the case, that was

“not because we are uninterested”.

What does the First Minister have to say to people such as Mr Randall who have to wait up to 19 months to see a consultant, because I am very interested?

The First Minister: Not surprisingly, so am I. I am happy to look into the particular circumstances of the case. I say that not to avoid answering the question in the chamber but because it is important in these cases that we get the opportunity to consider the details. Last week, Anas Sarwar raised a case that, on the face of it, appeared to be completely unacceptable but which, when we looked into it, turned out to have very particular circumstances attached to it. I am not saying that that is the case in this situation, but I will look into the matter, and the Cabinet Secretary for Health and Sport will liaise with the member once we have had the opportunity to look into the matter. On the face of it, that waiting time is completely unacceptable and is one that I would expect the health board to rectify.

Cabinet (Meetings)

3. **Patrick Harvie (Glasgow) (Green):** To ask the First Minister when the Cabinet will next meet. (S5F-00492)

The First Minister (Nicola Sturgeon): Tuesday.

Patrick Harvie: Around the world, the vast majority of developed countries and health organisations recognise that access to safe, legal abortion is critically important to the health of a great many women and that, when that is not available, women's lives and health suffer. However, tragically, there are women in the United Kingdom who do not have access to that important right.

Many women in Northern Ireland find themselves with no option but to travel elsewhere in the UK to access legal and safe abortion. The time that that takes and the stress that it causes are bad enough, but there are also often significant financial barriers. Some organisations who support those women estimate that, at the low end, the process costs about £400 and, in many other cases, it costs more than £2,000.

Does the First Minister agree that the national health service in Scotland should be exploring what can be done to ensure that those women are able to access abortion in Scotland, if that is where they choose to travel to, without facing that kind of unacceptable financial barrier?

The First Minister: I am happy to explore with the NHS what the situation is now in terms of the ability of women from Northern Ireland to access safe and legal abortion in NHS Scotland and whether any improvements can be made. Like Patrick Harvie, I believe that women should have the right to choose, within the limits that are currently set down in law, and that that right should be defended. When a woman opts to have an abortion—I stress that that is never, ever an easy decision for any woman—the procedure should be available in a safe and legal way. That is my view. Patrick Harvie asked me to explore a particular issue for NHS Scotland and I am happy to do so.

Patrick Harvie: I am grateful for that answer and I look forward to receiving an update once the issue has been explored.

Does the First Minister agree that abortion should be regarded as part of the normal range of healthcare that is provided and should not be stigmatised or treated as something exceptional? In that context, is there any other part of the normal range of healthcare provision in relation to which the NHS in Scotland would turn someone away simply because of where they happened to live, if they were in Scotland and were seeking to access that service? Should we not regard abortion as a normal part of the range of healthcare, rather than stigmatise it?

The First Minister: I certainly agree that no woman should ever be stigmatised for having an abortion. No woman ever wants to have an abortion; there will be a variety of circumstances in

which a woman finds herself in that position, and I absolutely agree that safe abortion is of paramount importance. I also agree that abortion should never be seen in isolation—it is a part of healthcare, and delivering abortion safely is a fundamental part of healthcare.

As I said, I am happy to explore the particular issues to do with how NHS Scotland deals with women who come from other parts of the UK and to write to Patrick Harvie when I have had the opportunity to do so.

Cabinet (Meetings)

4. Willie Rennie (North East Fife) (LD): To ask the First Minister what issues will be discussed at the next meeting of the Cabinet. (S5F-00472)

The First Minister (Nicola Sturgeon): Matters of importance to the people of Scotland.

Willie Rennie: During the election campaign, just a few months ago, the First Minister agreed with me that big changes were required in mental health services. Now, leading health campaigners have serious concerns about the new draft mental health strategy. Children in Scotland said that there is “widespread concern” that the proposals are

“too narrow in their focus”.

The Royal College of Nursing Scotland said that the strategy is not “aspirational”, and the Royal College of Psychiatrists in Scotland said that the proposals

“do not ... amount to ‘transformation’.”

Support in Mind said:

“this strategy is neither visionary nor ambitious.”

Does the First Minister accept that the draft strategy is just not good enough?

The First Minister: I do not accept that, but it is a draft strategy, and if respected organisations such as those that Willie Rennie cited are expressing views, we should take those views seriously and work with the organisations to make such improvements as they think should be made. I give an undertaking that we will do that.

Despite the disagreements that we have on this and a range of other issues, I think that we have managed to achieve a degree of consensus across the Parliament about the importance of mental health and improving mental health treatment, prevention measures and care in this country. The Government is serious about doing that, and the mental health strategy is an important part of that. We will work with organisations, on the basis of the draft strategy, to look at ways in which we can strengthen the strategy.

Willie Rennie: The First Minister said that there is a degree of consensus. There will never be consensus while the health organisations that I quoted say the things that they are saying. The signs are not good enough. The Government failed to renew the mental health strategy on time, there has been no strategy for almost a year and health campaigners are unhappy.

The use of mental health drugs has reached a 10-year high. New figures show that almost a million prescriptions were issued last year—prescribing is up 50 per cent. A majority of health boards do not meet the 18-week target for non-drug, psychological therapies.

The Government let the strategy lapse. The use of drugs is up and alternatives are not available for everyone. Charities say that there is no community focus. That is a serious set of concerns. What chance does the Government have of getting the services right if it cannot even get the strategy right? What will the First Minister do differently to meet the aspirations that she set out during the election campaign just a few months ago?

The First Minister: I agree with Willie Rennie that we need to make a great deal of improvement in mental health services. Scotland is not unique in some of what he narrated, such as the increase in drug prescriptions. That is true and is partly down to the fact that more people are coming forward with mental health difficulties. Although that puts a responsibility on us to ensure that services are there, we should welcome the fact that the stigma is reducing and that more people are coming forward.

That is also why there is pressure on waiting times—waiting times for child and adolescent mental health services are improving, but there is still significant work to do. The Mental Welfare Commission for Scotland published a report this week in which, albeit that it said that there is work to do, it welcomed the sharp reduction in the number of children receiving mental health treatment in non-specialist wards. Progress is being made, but I readily accept that there is much work still to do.

We publish strategies in draft form because we want to engage with experts on the front line so that we can strengthen the strategy and publish a final strategy that is in as good a shape as it possibly can be. At the draft stage of any strategy, it is not unusual for organisations to push us to go further. That is why we publish drafts and why we engage with those organisations. We will engage with them. If Willie Rennie wants to submit specific suggestions on how we could change the draft strategy, we will be happy to listen to suggestions from him or from anyone else.

Kate Forbes (Skye, Lochaber and Badenoch) (SNP): Tory back benchers at Westminster have supported Scottish National Party calls to halt cuts to the employment and support allowance and universal credit. Will the First Minister join me in extending an open invitation to reasonable Tories in this chamber who recognise the worrying impact of those cuts and wish to add their voices to demands for the chancellor to postpone changes until alternative support for sick and disabled people is in place?

The First Minister: I struggled with the term “reasonable Tories in this chamber”, but I got over that.

The issue is really serious. The autumn statement will be made next week, and the cuts to ESA will impact on many people. The new Prime Minister has said that she is anxious to help people who are just managing. In many respects, the group of people we are talking about are not even just managing, so I hope that the chancellor will suspend the changes and that he will hear the Scottish Parliament’s views when he makes the decisions on the autumn statement.

Claire Baker (Mid Scotland and Fife) (Lab): I know that the First Minister takes the issue of domestic abuse seriously and that she welcomes the positive work that has been done by Police Scotland and the Procurator Fiscal Service in recent years to tackle such crime. Does she agree that the way in which Calum Steele of the Scottish Police Federation has expressed his concerns in describing court cases as a “rigmarole” and a “charade” and saying that the police

“hoover up everything in the hope we miss nothing”

is deeply unhelpful and risks undermining the progress that is being made? Will she join me in supporting the approach that is being followed, which has resulted in a conviction rate for domestic abuse that is upwards of 80 per cent?

The First Minister: I agree with that. Of course police officers must have discretion in the action that they take when they are called to any incident, but we should have a zero tolerance approach to domestic abuse. The police and the Crown Office are to be commended for the fact that more perpetrators of domestic abuse are being brought to justice and convicted. We should all welcome that.

We are investing more resources in tackling domestic abuse and, as a Parliament, we are about to look at new legislation on it. It is really important that a united message goes from the Parliament that domestic abuse is never, ever acceptable and that it should always be treated with the utmost seriousness.

Liam McArthur (Orkney Islands) (LD): In 2011, the Government decided to remove business-related travel from air discount scheme support. That decision, which was taken without any consultation, pushed up transport costs for businesses and the public sector in our islands, including Orkney. Highlands and Islands transport partnership has now made a compelling case for reversing that decision and allowing island businesses to compete on a more level playing field. Does the First Minister accept that case? Will she agree to overturn the earlier, wrong-headed decision?

The First Minister: I am happy to ask the Minister for Transport and the Islands to look at the case that HITRANS has put forward and to correspond with the member. We want our islands to be as accessible as possible for business travellers as well as for others, so we will look at the case that HITRANS has put forward, and the minister will respond in due course.

Alcohol (Minimum Unit Pricing)

5. Kenneth Gibson (Cunninghame North) (SNP): To ask the First Minister what the Scottish Government’s response is to the recent survey by Nielsen that indicates that 69 per cent of spirits sold in Scotland fall below a minimum unit price of 50p. (S5F-00498)

The First Minister (Nicola Sturgeon): One of the reasons why we have pursued a policy of minimum unit pricing is that we have been well aware for some time of how much alcohol is sold very cheaply relative to its strength. Minimum unit pricing is designed precisely to target that issue. Very cheap, very high-strength alcohol does real damage to individuals and our communities. That is why I look forward to the implementation of that life-saving policy as soon as possible.

Kenneth Gibson: Minimum unit pricing is clearly the most effective and proportionate way to reduce the harm that is caused by cheap, high-strength alcohol. Now that the Court of Session has ruled in favour of the Scottish Government following the Scotch Whisky Association’s legal action on the issue, and assuming that there is no appeal by tomorrow’s deadline, can the First Minister advise members when she envisages the policy being delivered, as agreed by the Parliament?

The First Minister: As Kenny Gibson correctly identified, the main—indeed, the only—stumbling block to introducing minimum unit pricing is whether the Scotch Whisky Association and its co-litigants in the case seek leave to appeal to the Supreme Court. As he said, the deadline for an application seeking leave to appeal is tomorrow, although it is important to say that, even if such an application were to be put forward, that would not

make it inevitable that the appeal would proceed all the way to the Supreme Court.

The SWA can, even at this late stage, choose not to apply for leave to appeal, and I very much hope that it chooses that course of action. I also hope that it and others reflect on the fact that minimum unit pricing was passed with the overwhelming support of the Parliament; that it has been tested in Europe; and that it has been approved twice now in the Scottish courts. I think that the industry itself will receive widespread and very justified approval and respect if it accepts that the time has now come to implement a measure that will save lives across Scotland.

Cyberbullying

6. Annie Wells (Glasgow) (Con): To ask the First Minister what action the Scottish Government is taking to tackle cyberbullying. (S5F-00477)

The First Minister (Nicola Sturgeon): As we mark anti-bullying week, I make it clear that all types of bullying, no matter where it takes place, are unacceptable. We need to protect young people from harm and ensure that practitioners have the skills to prevent and respond to online and offline bullying. We already have an internet safety action plan; work is under way to update it, and the refreshed plan will recognise the impact of online bullying and how it can be addressed and prevented in schools and at home. At the same time, respect me, Scotland's anti-bullying service, continues to provide advice and training on bullying and internet safety for local authorities, parents, carers and all those who work with children and young people.

Annie Wells: Given Police Scotland's front-line role in the reporting of cybercrime, what specific conversations has the Scottish Government had with the police about how they are dealing with the issue?

The First Minister: The Scottish Government will have discussions with Police Scotland on a whole range of matters, and I am happy to write to the member to set out any specific interactions that we have had with it on cyberbullying. Of course, with cybercrime as with any other crime, it is down to the police's discretion how they investigate and take forward allegations of criminal activity, and it is then down to the Crown Office to decide what crime is prosecuted.

However, there is absolutely no doubt that cybercrime is an important issue; it is on the increase and we all have to take it seriously. I know that the Parliament's Equalities and Human Rights Committee has shown great interest in the refreshed strategy that the Scottish Government is working on, and we look forward to working with that committee and others to ensure that we have

the right policies in place for tackling this growing problem.

Gillian Martin (Aberdeenshire East) (SNP): Tory Chancellor Philip Hammond is expected to reveal a £100 billion Brexit hole in his budget. What representations has the Scottish Government made to ensure that Scotland's finances are protected and that we do not pay the price for the Tories' Brexit mess?

The Presiding Officer: If you do not mind, First Minister, we will not take that question. I remind members that supplementaries must be on the same topic outlined in the written question.

Diabetes (Monitoring)

7. Donald Cameron (Highlands and Islands) (Con): To ask the First Minister what action the Scottish Government is taking to ensure that people with diabetes receive regular monitoring of their condition. (S5F-00496)

The First Minister (Nicola Sturgeon): This week marked world diabetes day, which reminds us all of the need to ensure that everyone who lives with diabetes receives the vital healthcare checks that are essential in reducing the risk of complications. New quarterly monitoring processes were introduced at the start of the year as part of our diabetes improvement plan. That monitoring ensures that we continue to increase the number of people who have regular checks, including checks on blood sugar levels and weight, checks for foot ulceration, and diabetic retinopathy screening.

Donald Cameron: Two years ago, the Scottish Government released its diabetes improvement plan, which stated that monitoring was a clear objective. However, as the First Minister might be aware, the recently published NHS Scotland Scottish diabetes survey highlighted that in 2015 fewer than 40 per cent of type 1 diabetes patients, and only around half of those with type 2 diabetes, received the full number of check-ups. Does she accept that, two years on, the Scottish Government's current strategy for monitoring diabetes is just not working?

The First Minister: No, I do not accept that. As I said in my original answer, the quarterly monitoring processes were introduced at the start of this year, as part of the diabetes improvement plan. The quarterly monitoring looks at measures for, among other things, the number of people receiving the nine care processes and the number receiving structured education.

The member is, of course, right to underline the importance of people getting all the checks that they should be getting, and the monitoring has been introduced to ensure that that happens. There are other important actions that we are

taking around diabetes. For example, we are increasing access to insulin pumps.

We will continue to take all that action to try to prevent diabetes and make sure that people with diabetes have access to good services and, in particular, services that reduce the risk of complications.

Flexible Working Practices

The Deputy Presiding Officer (Christine Grahame): The next item of business is a members' business debate on motion S5M-01852, in the name of Gillian Martin, on celebrating flexible working practices. The debate will be concluded without any question being put. I ask those who are leaving the public gallery to do so quietly.

Motion debated,

That the Parliament commends Family Friendly Working Scotland and the other groups across the country that promote flexible working practices and encourage employers to prioritise employee wellbeing; believes that flexible working contributes to a more inclusive and more productive workforce; considers that family-friendly workplaces can help Scotland reach its full economic potential by allowing women to stay active in the economy, and welcomes the introduction of flexible and agile working practices in Aberdeenshire and across Scotland.

12:43

Gillian Martin (Aberdeenshire East) (SNP): The reason why I put together a motion for a members' business debate on flexible working was to highlight how it can improve not only the lives of many workers but the productivity of businesses and organisations.

Everyone is entitled to ask for flexible working arrangements and, by law, every organisation must consider such requests, but they can do more than that. In recent research by the Equality and Human Rights Commission, 66 per cent of Scottish women felt unable to ask for flexible working arrangements for fear of a negative response, and 29 per cent of that number said that they were afraid of their colleagues' reaction. Others cited fear of employment discrimination, such as having responsibilities taken from them or not being considered for promotion, as if asking for flexible working would mark them out as not having the same work ethic or commitment to the job as their colleagues.

I reckon that it is even harder for men to ask for flexible working and they probably worry even more about facing those attitudes because of traditional, old-fashioned expectations on them. I strongly want to make the point that flexible working is not just for mums. If we want a truly equal society, a change in attitudes to fathers' needs for flexible working so that they can fully share in their parenting responsibilities is key. More than that, someone should not have to be a parent or have caring responsibilities to make a case for flexible working. It has benefits for everyone—not just the employees, but the businesses, too.

Nearly 20 years ago I worked in a company that was undergoing its investors in people assessment. Quite a few of us employees decided to ask the managing director if he would consider implementing flexible working practices. All we wanted were flexible start and end times to the working day. Core office hours were 9 am to 5.30 pm, but we could opt to start our day any time between 7 am and 10 am and to end it between 4 pm and 6.30 pm. As long as we worked our monthly hours and did not miss any scheduled appointments or meetings, we had that flexibility.

The MD was very sceptical. He was convinced that the system would be abused, that folk would swing the lead and that it would adversely affect the productivity of the company. In absolute fairness to him, however, he said that he would allow a six-month pilot. At the end of the pilot, he called an all-staff meeting and announced his thoughts after he and his management team had done an analysis. His top line was this: "I thought I would lose out, but you are all actually working harder for me, and you all seem happier."

Here is what happened in that six months. The productivity of staff rose. It seemed that staff managed their time better. People did not swing the lead. No one did less than their contracted hours. In fact, many staff actually did more. There was a drop in the frequency of staff taking time out of the day for appointments, at the doctor's or dentist's, for example. It turned out that they were using their flexitime for that. Sick leave halved. People were less stressed. For one thing, they were not battling through the rush-hour traffic every day or spending as long in their cars if they could choose to journey in at a time when the traffic was not so heavy. All the work did not just get done; it got done faster. Someone coming in at 7 am would be delivering work ahead of schedule. It turned out that the earlier start was the preferred option of most of the staff.

Those were just the short-term effects. Studies have shown that employees are less likely to leave a job with flexible working hours to find alternative employment. Employees feel more trusted and, as a result, more valued, so they stick around. The studies also show that flexible workers are less likely to call in sick. In the world of work, one of the major overheads is recruitment and retention. Another is time lost due to sick leave.

Flexibility is not just about start time; it can also be about working from home. If the work is of such a nature that it matters not where it is done, then what is the harm of working from home? What might that mean when it comes to opening up the world of work to people with mobility issues or caring responsibilities? How might their productivity be increased as a result of the availability of that time and location flexibility?

I want businesses to think of this. I ask them, do you advertise your vacant positions as being flexible? If not, do you realise how many more people would apply and what a larger pool of talent you would have to choose from? Highly qualified people who might be finding it hard to find a job that fits in with their caring responsibilities might prioritise a flexible working schedule over some of the more costly perks that you might otherwise offer to entice the best of the skills market to your door.

I would encourage businesses and organisations that already have flexible working in place to shout about it more. They should tell the world how it has benefited their organisations and encourage others to adopt their successful practices.

The entries for the Scottish top employers for working families awards closed this week, and I am told there has been a record number of entries this year. I will be watching closely to see which organisation wins the best for innovation in family-friendly and flexible working category. Here's betting their staff turnover figures are the stuff that dreams are made of.

I am proud to say that, as an MSP, who, like everyone else in the chamber, is an employer, I offer flexible working. My wonderful parliamentary assistant, Judith, works flexibly around her university teaching commitments. You see—you offer flexible work and you get smart people. My two office managers job-share and can work from home if they wish. Do not tell them this, but I reckon I get more out of them by having these arrangements, which fit in with their busy lives. Claire and Gwyneth work tremendously hard for me, as does Duncan, who does not feel the need to work flexibly, but might one day. By offering flexible working I get the best out of my staff, and so could other employers if they took the leap, just like my cynical old MD all those years ago.

The Deputy Presiding Officer: I am sure that your staff enjoyed those compliments. They may look for wage rises now that you have said that they are so good.

12:50

Liam Kerr (North East Scotland) (Con): I thank Gillian Martin for bringing the debate on the motion to the Parliament. I come at the motion first as a Scottish Conservative, so core to my personal philosophy are productivity, a healthy economy, the retention of talent and the promotion of the family, however individuals choose to compose and formalise it. Therefore, I am pleased that the motion talks of encouraging "a more productive workforce" and suggests that family-friendly workplaces can help Scotland to

“reach its full economic potential”.

It is not news to groups that promote flexible working practices, such as family friendly working Scotland, that many studies show that a good work-life balance is one of the most important aspects of work to the British workforce. Other studies show that flexible working environments attract, motivate and retain employees, increase employee satisfaction and maintain employee productivity. Therefore, I am comfortable that to promote flexible working and prioritise employee wellbeing is to promote productivity and the realisation of economic potential.

Secondly, I come at the matter from the other aspect of the motion, which is to

“help Scotland reach its full economic potential by allowing women to stay active in the economy”.

That is true, but let us not restrict it to women. Gillian Martin made exactly that point and I endorse her comments on that entirely.

I will tell a story. A few years ago, a constituent—in inverted commas—approached his employer: a law firm for which he had worked for a number of years at a senior level, delivering considerable value, winning internal and external awards and consistently exceeding targets for billing and client wins. He had a small child and felt that it was important that his child got as much time with both parents as possible, that his wife had as much right to resume her professional career as he did and that there was no compelling reason why she should be required to play the greater role in childcare. Those are not choices that everyone would or could make but they were right for his family.

He requested a simple change in work pattern: to start half an hour later to allow the nursery drop-off, to finish an hour earlier to allow the nursery pick-up, to work from home in the evenings to make up the time and to work from home on the Friday when the child was not at nursery. The employer shut down the conversation: “You are not getting flexible working. This discussion is not going further,” and it did not. That day, the firm lost that lawyer.

Fortunately—and perhaps unusually, as what follows is not an option for many—our lawyer was sufficiently skilled, experienced and confident to resign and set up on his own, delivering the same services to clients but under the pattern that he had suggested. The new company was extraordinarily successful. Clients preferred it, as response times were quicker and more 24 hour. Technology meant that he could work anywhere at any time. Productivity rocketed. The wife was able to commit fully to her own career again and re-enter the labour market. Family life was happier, healthier and accorded with their values.

All for the sake of an hour and a half’s flexibility and trusting an employee enough to work from home, the firm lost talent in which it had invested a lot of money. That employer had failed to appreciate that, facing a choice between work and family, not everyone will be forced to choose work.

Thus, it is my view that flexible, family-friendly practices are good for productivity, the economy, the promotion of family values and allowing everyone to remain more active in the economy. Any group that promotes such practices is to be commended, as Gillian Martin’s motion calls on the Parliament to do.

The Deputy Presiding Officer: The question that is on all our lips is, was that you?

Liam Kerr: I could not possibly comment.

The Deputy Presiding Officer: That is an even better answer.

12:54

Rona Mackay (Strathkelvin and Bearsden) (SNP): I am pleased to be able to speak in the debate and I thank my colleague Gillian Martin for bringing it to the chamber. As she articulately outlined, flexible working is fundamental to Scotland’s economy and is the key to helping our society flourish at every level. It is also the key to establishing a healthy work-life balance for families.

That is why I am delighted that the Scottish Government, whose transformative changes to childcare are due to be trialled in Aberdeen, Edinburgh and the Scottish Borders early next year, recognises that a free, high-quality and flexible childcare system helps children, parents and families the length and breadth of the country.

Of course, flexible childcare ties in with flexible working. For parents it means making it easier to juggle their time between working and looking after the children, and it means that they no longer have to turn down a job offer because they cannot meet the 9-to-5 timetable. We have come a long way from the days of my mother’s generation, when women had to give up work when they had a baby.

We only have to look to our Scandinavian neighbours for examples: Sweden, like Denmark and the Netherlands, has adopted a policy to improve the work-life balance for its citizens. The Swedish Government has taken the initiative to reduce the work-life conflict, experienced mostly by women, by promoting men’s participation in housework and the upbringing of children. Parental leave is structured so that it encourages men to stay at home more with their newborn babies, as Gillian Martin and Liam Kerr mentioned in their speeches. It is no coincidence that the

Danes have just been voted the happiest nation on the planet due to their progressive work-life balance employment structure, and who does not envy the wonderful Spanish tradition of siesta time? Those are examples of flexible working practices at their best.

The Scottish economy is one that is adapting to a modern world, as Gillian Martin outlined. Advances in technology have made it possible for us to work anywhere at any time. With a laptop, tablet, or phone we can access the files at work and pick up from where we left off. It has been proved beyond all doubt that giving employees the option of flexible hours is hugely beneficial, both to employees and to the employers. For employers it means a happier staff who can work in the hours when they feel most motivated, instead of sitting in front of a desk when they are tired and cannot focus. For businesses, it means a more efficient workforce that increases overall productivity.

I recently spoke at a chamber of commerce meeting and was asked by one member what financial help he would get from the Scottish Government to enable him to pay the living wage, about which I had just been talking. I had to be diplomatic in my answer and explain about the expansion of the small business bonus scheme and so on, but I really wanted to ask him why he thought it was acceptable to call himself a businessman and pay less than the living wage to his employees.

Like the living wage, flexible working is about respecting employees and trusting them to give 100 per cent to the job without having to compromise their family life. In short, flexible working motivates a happier workforce and has the result of benefiting everyone in society.

12:57

Richard Leonard (Central Scotland) (Lab): I thank Gillian Martin for lodging the motion for debate. It is good to hear of employers who set a good example, but I have to point out just how far behind we are and how much further forward we would be, in my view, if we had greater democracy at work.

Too many people swipe in to work and swipe away many of the rights and freedoms that they take for granted outside work. Employment law in this country is still framed by the master-servant relationship, so until we tackle that we will be relying on the benevolence of a few enlightened employers—so we need greater industrial democracy.

The Union of Shop, Distributive and Allied Workers as a trade union has among the highest number of lower-paid, part-time women members. It produces some excellent information for its

members on maternity rights, paternity rights and flexible working. Its website says that anyone who has worked in the same job for 26 weeks or more can ask their employer for a change in their working hours, and the employer is obliged to consider the request carefully. That is an important right, but it is not a right to flexible working; in the end it is merely a right to request flexible working—and it does not apply to agency workers.

Anyone who has worked in industry or who has had the privilege—as I have—of representing working men and women, knows that many such requests are turned down for “business reasons”. Even when they are hard won, there is often compromise. We need to take a fresh look at those rights and, in my view, to tilt the balance more in favour of the worker selling their labour and less in favour of the employer buying that labour. There should be much greater self-organisation of working time so that people can collectively come up with shift patterns and a work-life balance that suits them, as well as the business or service that they are providing.

The answer lies, in part, not in weakening trade unions but in strengthening them. We can have all the laws in the world around flexibility, but if we do not have a trade union to enforce those laws and give life to those rights, they exist only on paper. That is why I am determined that whenever we talk in Parliament about the economy, jobs and fair work, trade unions are regarded not as an optional extra but as an integral and necessary part of the debate.

Today is world prematurity day. I pay tribute to Bliss, which does a tremendous job of advocating for change and in giving practical support to families who have faced the challenge of the premature birth of a baby. There is still no legal right for a mother to split or defer her maternity leave on the ground of premature birth. Some women who have gone through the experience of prematurity would have liked the option of returning to work while their baby was in special care and taking the rest of their maternity leave when he or she came home from hospital. At the moment, however, mothers have no right to do that. I hope that today, as part of world prematurity day, we can call for greater flexibility and more family-friendly policies, especially for that group of families.

Our failure to end such injustices and our failure to transform the way in which workers are treated at home and the way in which women, especially, are treated at work and in society, diminishes not just them but all of us. I will conclude with a short quotation from Robert Tressell’s “The Ragged Trousered Philanthropists” that sums up the mood and tone that I think we need to adopt.

“Every man”—

or woman, I add—

“who is not helping to bring about a better state of affairs for the future is helping to perpetuate the present misery, and is therefore the enemy of his”—

or her—

“own children. There is no such thing as being neutral: we must either help or hinder.”

The Deputy Presiding Officer: Thank you very much, Mr Leonard. That was an erudite ending, as usual.

I call Jeremy Balfour, who will be the last speaker in the open debate. I am sorry. I am being too flexible. I have just ditched Ruth Maguire. I am needing my calories.

13:02

Ruth Maguire (Cunninghame South) (SNP): I congratulate my colleague Gillian Martin on bringing the important topic of flexible working to the chamber. As we have heard, when we talk about flexible working we can mean a number of things. It can be about the place of work—homeworking or a choice of locations—or about other arrangements including part-time working, flexitime, job sharing or shifts. Such arrangements undoubtedly make an organisation an attractive proposition for a more diverse range of employees.

When asked by Gingerbread to identify the top three features of their ideal job, one in three single parents chose the opportunity to work flexibly. However, opening up more avenues of employment does not just help to level the playing field for jobseekers like single parents and those with caring responsibilities: we know—and we have heard in a number of speeches—that diverse workforces are more creative and more innovative. Their having a wide range of skills and experience means that organisations are more likely to design products and services for a broader customer base. For business, that is good for the bottom line.

Organisations that have fair and flexible working practices are more productive, because happier staff who feel valued are more likely to be engaged and on top of their work. Given the opportunity to work flexibly, they can make sure that they are working at the times when they are most productive.

There are also the matters of health and work-life balance. Working life does not come without its stresses—not all of which are limited to the workplace. For people who have caring responsibilities—parents or grandparents, for example—simply getting to work can be a bit of a battle after dropping off the kids at a childminder, or having a school or nursery run to complete

before they even get to the joy of the daily commute. There are also the unscheduled joys in home life: parents, children or partners being ill, burst pipes, dental appointments and so on. Flexible working cannot take away all the worry and annoyance of life, but it can alleviate it greatly.

A healthier and more relaxed workforce is good for business as well as for society, as it leads to reduced sickness absence and to healthy and motivated staff performing well.

It is perfectly feasible for organisations to offer flexible ways of working in jobs at all levels, which brings benefits for both them and their employees. Although it is often offered as a retention tool for existing staff, flexible working is most successful when employers embed it at the heart of an organisation, so that it is designed for everyone and central to the way the organisation operates, with managers leading the cultural shift that is needed to make it work.

When organisations achieve that, as well as making the world of work more inclusive, which is good for society, there are benefits to employees, their families and the business or organisation. That is a good reason to have flexible working at the heart of our fair work agenda.

The Deputy Presiding Officer: I apologise again, Ms Maguire. Your face was a picture—it told me exactly where I had gone wrong.

Now it really is Jeremy Balfour.

13:06

Jeremy Balfour (Lothian) (Con): I, as other members have done, thank Gillian Martin for bringing the debate to Parliament and allowing us the opportunity to explore the important issues that it raises.

Everybody everywhere seems to be busy. That feels like the effect of modern-day society and it seems to be getting worse and worse. Interestingly, research on family-friendly working revealed that only 12 per cent of parents in Scotland felt that their work-life balance was just right, 44 per cent were unable to participate in school or nursery activities and 40 per cent said that work got in the way of their spending quality time with their family, which resulted in families not eating together at dinner time and pressures being placed on relationships between partners.

There are, of course, advantages for employers and employees when a flexible scheme is available. Flexible working practices remove pressure on working parents to improve their work-life balance, as members have said. It is good not only for the employee but for the employers.

We should look not only at mums and dads who have children, but at other employees. A couple of weeks ago, a constituent contacted me. I was surprised, because she works full time, when she said that she could meet me at 2:30 on a Wednesday afternoon. She said that her employer offers completely flexible hours: there is not even core time in the workplace. As long as she does the work that is required and attends the meetings that she must go to, she can go in at any time, then go away and come back. That gives her flexibility.

Such practices must also be good for people who want to be engaged in the third sector and voluntary organisations. To give people flexibility and trust them in that way should be encouraged and should be practiced by more companies.

As the saying goes, the proof of the pudding is in the eating. Research shows that employees who work for a flexible family-friendly employer are more motivated to stay with that company, are more productive in their work and—as we have heard—will often go the extra mile. They are also more likely to recommend that employer as a good place of work when other people are looking to change jobs.

I am very happy to support the motion, the groups that promote flexible working practices and the employers across Scotland that are embracing the change. It is clearly playing an important part in providing parents, and others who want to do other things, with a healthy work-life balance, which has a positive impact on family life, work and the economy.

13:09

The Minister for Employability and Training (Jamie Hepburn): Not least because of Jeremy Balfour's reference to pudding in his speech, I will try not to delay members' calorific intake for too much longer.

I join others in thanking Gillian Martin for bringing forward today's debate. I thank those who have taken part in the debate, which has been very useful, if somewhat consensual. There is nothing wrong with that, of course. This agenda is one to which we are all signed up.

I am very pleased that Gillian Martin's motion refers to the family friendly working Scotland partnership and commends it, rightly, for the work that it undertakes. The Scottish Government is delighted to fund and be involved in the partnership, which was established in 2014, working alongside Working Families, parenting across Scotland, and Fathers Network Scotland.

The Minister for Childcare and Early Years and I met the family friendly working Scotland

partnership as recently as 27 October. It was a productive discussion that focused on how the partnership can continue to support employers, families and a range of Government policies, to which I will turn in the course of my contribution. I left the meeting with my conviction reaffirmed that supporting flexible working is the right thing to do. Everyone has made the point that it is right for employees, for employers and for our wider economy.

Gillian Martin and Liam Kerr were correct: I agree that this is not an agenda for women only. We must also support men, and fathers specifically, in the flexible work agenda. A key reason why we are working with Fathers Network Scotland in the year of the dad campaign is to support that equality agenda, not only in the workplace but at home. I do not know whether it is necessary for me to do so, but I declare an interest as a dad myself. We have a range of measures in our fair work agenda that are focused on everyone in the workplace.

I will stick to the issue of flexibility for parents, which has been a recurrent theme in the debate. Finding the right balance between responsibilities at home and at work is increasingly challenging for parents. Last year, the family friendly working Scotland partnership published the "Modern Families Index 2015: Scotland", which stated:

"forty-one per cent of parents said that work life is becoming increasingly stressful".

The index also found that:

"More than a quarter felt constantly torn between work and family, and over a third felt that this affected family life and their relationships with their partner."

It is essential that we support parents to thrive. The family friendly working Scotland partnership makes a vital contribution by working alongside employers and their representative bodies to deliver high-quality part-time posts. A key way in which this Government is supporting parents is through early learning and childcare. We will be expanding provision to 1,140 hours a year, which will make it easier for parents to find a solution that suits their specific needs. We are also engaged in work to ensure that childcare provision can be flexible to support families.

It is not just parents who need support for caring responsibilities. The modern families index Scotland found that almost 30 per cent of respondents already provided care for older people, and almost 70 per cent expected to do so within the next decade, while still in the work environment. Family friendly working Scotland has partnered with Carers Scotland to deliver a best for carers and elder care award. In 2016 West Dunbartonshire Council won that award, and Standard Life was highly commended.

As a Government, we are supporting carers, alongside excellent initiatives such as carer positive. In my previous role as Minister for Sport, Health Improvement and Mental Health, I was pleased to see examples of that scheme in effect. I recall very clearly visiting Scottish Gas, which had wholly endorsed and got behind that initiative. The clear benefits for those with caring responsibilities who worked in that organisation helped to take the Carers (Scotland) Act 2016 through Parliament. The provisions, which will commence on 1 April 2018, will make a meaningful difference to unpaid carers and ensure that they can continue to care while also having a career and personal life.

It remains the case that more women than men undertake caring roles and therefore need to work flexibly. There are still inequalities between male and female employment, with women more likely to be in low-paid work and to be underemployed in hours worked and skill levels. That is why we are committed to tackling the pay gap and occupational segregation. That is why we are legislating for gender balance on public sector boards. That is why we are trialling a women returners programme.

There are a number of commitments towards that agenda. We have asked Skills Development Scotland to look very clearly at making improvements in the modern apprenticeship frameworks, in which there is a clear gender imbalance. There are a number of commitments in our labour market strategy. I mentioned the women returners initiative. I was delighted, a few weeks ago, to announce funding for Equate Scotland to take forward the first tranche of that work to support women back into the science, technology, engineering and mathematics sector.

Earlier this week, in Jackie Baillie's members' business debate on supporting women in enterprise, in which Gillian Martin took part, I was happy to announce funding of £200,000 for Women's Enterprise Scotland and its partners to support women entrepreneurs to grow their businesses and to support other women to become involved in enterprise.

We are also tackling pregnancy and maternity discrimination, following the shocking finding last year that one in nine mothers in Britain reported being dismissed, made compulsorily redundant or treated so poorly that they felt that they had to quit. I will chair a working group on that issue, the remit of which will include developing guidelines for employers. The group will meet for the first time next month and I will be happy to keep Parliament abreast of the work that it undertakes. We have invited a range of members on to the working group and I am happy to say that Nikki Slowey, the director of family friendly working

Scotland, has accepted an invitation to be a member.

Our commitments are underpinned by the labour market strategy that I mentioned earlier. The strategy sets a clear direction for how we will tackle inequalities for women and other underrepresented groups. We will continue to work closely with the fair work convention to promote its framework to employers, with a focus on engaging directly with particular sectors to promote the benefits of paying the living wage equally to men and women.

We provide funding to the Poverty Alliance for the accreditation scheme for the living wage. There are now 600 or more living wage accredited employers in Scotland—some 20 per cent of the United Kingdom total. That allows me the chance to urge all MSPs to sign up to become a living wage champion. We have the business pledge, too. Earlier this year we added two explicit references to family friendly and flexible working to the Scottish business pledge.

It is clear from the debate and from what we hear out there that employees are increasingly seeking out employers that provide flexible working options. That is why, given that we do not have control over our employment law, we need to reach out to employers. Richard Leonard was right to say that, in many ways, we now rely on enlightened employers to offer flexible working. As a number of members pointed out, we need to explain to employers why it is in their interests to get behind that agenda. We know that flexible working is good not only for employees but for employers, because it results in more motivated staff, staff who feel valued, better retention rates, reduced absenteeism and increased productivity. It is good for the employer and it is good for our economy, and that is why it is an agenda that the Scottish Government takes very seriously indeed.

13:18

Meeting suspended.

14:30

On resuming—

Scottish Child Abuse Inquiry

The Presiding Officer (Ken Macintosh): Good afternoon. The next item of business this afternoon is a statement by John Swinney updating us on issues relating to the Scottish child abuse inquiry. The Deputy First Minister will take questions at the end of his statement, so there should be no interventions or interruptions.

The Deputy First Minister and Cabinet Secretary for Education and Skills (John Swinney): I wish to provide Parliament with an update on a number of points within my responsibilities in connection with the Scottish child abuse inquiry and other questions on addressing the consequences of historical abuse.

First, I wish to set these decisions in context. In 2004, the then First Minister, Jack McConnell, officially apologised to victims of child abuse in residential care homes. What Mr McConnell said then was a first and very important step on behalf of us all. However, survivors made it clear that it was, in and of itself, insufficient to address the scale and nature of the issue.

In 2010, the Scottish Government invited the Scottish Human Rights Commission to work with survivors on a framework for justice and remedies for historical abuse of children in care. Based on that work, and at the further request of the Scottish Government, the Scottish Human Rights Commission and the centre for excellence for looked after children in Scotland—CELCIS—established an interaction group to work with in-care survivors to make recommendations on how they could best be supported.

In the two years since the interaction group reported in 2014, the Government has taken unprecedented steps to begin to address the wrongs perpetrated by the individuals and institutions who should have cared the most for some of our most vulnerable children. Those steps included establishing one of Scotland's most wide-ranging public inquiries into the abuse of children in care, establishing a national in-care survivor support fund, supporting an apology law and legislating to create a national confidential forum for in-care survivors.

As Parliament knows, the previous chair of the inquiry and one of her panel members resigned from their posts in the summer, citing accusations of Government interference in the inquiry's work. I did not then, and do not now, accept the complaint made. The Government established an independent inquiry, and I am determined that that is what should be delivered.

In my discussions with survivors since those events, they have raised with me issues in connection with the replacement of a panel member, the remit of the inquiry and redress for survivors. I want to update Parliament about all those issues today.

On panel membership, I listened to a range of views from survivors when I met them in July, and I appointed Lady Smith, who is an experienced judge in the inner house of the Court of Session, to lead the inquiry. Lady Smith joins Mr Glenn Houston, who continues his membership of the panel. There may be the need in time for further specialist knowledge to add to that of Lady Smith and Mr Houston, and the Inquiries Act 2005 permits Lady Smith to appoint assessors if need be. On that basis, I do not intend to appoint a replacement panel member. I am not required to consult Lady Smith on that issue, but I considered it appropriate to do so, and she is content with my decision.

The current remit of the Scottish child abuse inquiry was arrived at following extensive consultation and engagement with survivors and other interested parties. As a result, we broadened the definition of in-care settings within the remit to include, for example, foster care, and we ensured that the inquiry was able to consider not only sexual abuse but physical abuse, emotional abuse and neglect.

A timescale for concluding the inquiry was set, reflecting the views expressed by some survivors, particularly older survivors, about it being sufficiently focused to produce meaningful recommendations within a reasonable timescale. Since the summer, some survivors have told me that they want to see the current remit extended to include abuse that took place in non-residential settings such as local parishes, day schools and youth organisations. Other survivors pointed out that, if read narrowly, the current remit might not allow the inquiry to pursue evidence of abuse when children were outside the care home, for example when they were attending recreational activities or summer camps. Other survivor groups told me that they were content with the remit of the inquiry and did not wish there to be an extension that could prolong the timescale. It is clear that there is not unanimity on the issue among survivors. Some are strongly in favour of no change and others are strongly in favour of extensive change.

It has always been the Government's intention that the abuse of children and young people in care is to be taken into account wherever it occurred, and I want to put that matter beyond doubt. As the Inquiries Act 2005 requires of me, I have consulted Lady Smith and I have amended the terms of reference to clarify that point.

That is the only change that I intend to make to the inquiry's remit. I have to ensure a remit that is deliverable within a reasonable timescale. I have concluded that there is a clear distinction between in-care settings and non-in-care settings. In-care settings are those where institutions and bodies had legal responsibility for the long-term care of children in the place of the parent, with all the legal and moral obligations that that status carries. That is different from the position in non-in-care settings, such as day schools and youth groups, where others had a duty of care on a short-term basis but, crucially, did not replace the role of parents. In too many cases, terrible crimes were committed in those settings, too. Criminal behaviour should be referred to the police and I hope that, where the evidence exists, it will be energetically pursued through the criminal courts.

If we set a remit that, in practice, would take many more years to conclude, we fail to respond to the survivors of in-care abuse who have taken us at our word, in Government and in Parliament, that we will learn from their experience and, by addressing the systematic failures that existed, ensure that it can never happen again.

Yesterday, we introduced to Parliament the Limitation (Childhood Abuse) (Scotland) Bill—the first bill of this parliamentary session. The bill will fulfil another recommendation from the Scottish Human Rights Commission's report, and we are grateful to survivors who have long campaigned for the change. It will remove the three-year limitation period for cases of child abuse, which is a barrier that has prevented survivors from accessing justice.

The bill goes further than other jurisdictions have done by including sexual, physical and emotional abuse, whereas other similar legislation has been limited to sexual abuse or has included only emotional abuse that is connected to other forms of abuse. It also goes further by allowing cases that have been raised previously but were unsuccessful because of the limitation period to be relitigated, regardless of whether they were determined by the court or settled between the parties without damages being paid, subject to appropriate safeguards where that would be incompatible with the rights of the defender under the European convention on human rights.

However, the removal of the limitation period will not assist survivors whose right to claim compensation has been extinguished through the law of prescription, which is relevant to abuse that took place before September 1964. That is because the significant legal issues and the human rights legislation made it impossible to establish a sustainable way forward. I regret that no legislative solution can be found for pre-1964 survivors.

I have been giving the complex issue of redress serious consideration. By redress in this context I mean monetary payment to provide tangible recognition of the harm done as part of a wider package of reparations that the Government is already delivering. As part of that package or reparations, survivors of in-care abuse already have access to the new £13.5 million in-care survivor support fund. That innovative fund is highly tailored and personalised and focuses on helping individuals to achieve their own personal outcomes, whatever those may be. I am confident that it is already making a difference to the lives of many survivors.

I have examined very carefully the issues around the provision of redress. I am grateful to INCAS and FBGA for making proposals as to how that might be pursued. I have looked into how some other countries have approached it in relation to past abuse in residential institutions. I am conscious of the connection with the Limitation (Childhood Abuse) (Scotland) Bill and the position of pre-1964 survivors. There is also the question of how it would be funded and the role of other organisations alongside Government.

I am, therefore, committing to a formal process of consultation and engagement on that specific issue with survivors and other relevant parties to fully explore the issues and gather a wider range of views. Discussions have already begun about that engagement process and its timing. I will be in a position to provide details in the coming weeks and assure Parliament that I will take the issue forward with the urgency that it deserves.

I thank survivors for their continued input and engagement. I recognise the importance of building their trust and confidence while being honest with them about what I am able to deliver. The Government remains committed to addressing the issues that were identified in the SHRC "Action Plan on Justice for Victims of Historic Abuse of Children in Care". We have made real progress in delivering its recommendations. The decisions that I outlined are another important step towards realising our collective goal of addressing the systemic failings that existed. They are part of our collective determination that children in care must be better supported and protected than ever before.

The Presiding Officer: I thank the minister for his statement. I will allow about 20 minutes for questions.

Liz Smith (Mid Scotland and Fife) (Con): I am grateful to the cabinet secretary for prior sight of his statement, and also for the reassurances that he has provided to Parliament and the wider public regarding his confidence in the chairmanship of Lady Smith—an appointment that has been very well received.

I want to ask two very specific questions of the cabinet secretary. First—and most important, from the angle of complete transparency and public confidence in the future of the inquiry—the cabinet secretary has given a very clear indication this afternoon, and also at the Education and Skills Committee, that he is wholly satisfied that there has been no inappropriate intervention in the inquiry by the Scottish Government. Does the cabinet secretary now believe that that statement and its supporting evidence have been accepted by the survivors groups, who were—quite naturally—very concerned when the previous chair and one other member of the panel accused the Scottish Government of interference in the inquiry's work?

Secondly, in relation to the decision not to replace the third panel member, on which the cabinet secretary has clearly consulted Lady Smith, will he advise us of the possible circumstances in which Lady Smith and Mr Houston might require the additional specialist knowledge to be provided to the panel, which he mentioned in his statement?

John Swinney: I echo Liz Smith's remarks about Lady Smith, who is an immensely strong chair of the inquiry and who, in her own approach and record, personifies the fact that it will be an independent inquiry.

On the two specific questions that Liz Smith raised, she will understand that I do not think that it is up to me to comment on behalf of survivors on their views about the actions of the Government. I reiterate on the record my confidence that the steps that have been taken by the Government in the past have been entirely appropriate within our responsibilities under the Inquiries Act 2005 in relation to the work of the inquiry. I reiterate my very clear determination that it should be an independent inquiry: my appointment of Lady Smith was designed to give public confidence that that would be the case. I believe that it should be the case.

On Liz Smith's second question, on the appointment of assessors, the skills and perspective of Lady Smith and Glenn Houston are well understood by Parliament, but issues may emerge that require more specialist interrogation. That will be an issue for Lady Smith to determine. She has the power, within the organisation of the inquiry, to appoint assessors if she believes that their skills are required. That will be for Lady Smith to take forward in order to ensure that the inquiry is able to address fully the issues that are within its remit.

Iain Gray (East Lothian) (Lab): I, too, thank the cabinet secretary for early sight of his statement.

The cabinet secretary is right to describe the inquiry as a step to right the "wrongs perpetrated" against

"some of our most vulnerable children."

He knows well my view that, to do that, it must command the confidence and support of most, if not all, survivors. That confidence has been tested by what they see as faltering steps and delay. What assurances can the cabinet secretary give us that his decision to continue with two panellists instead of three will not cause further delay or slow the work of the inquiry?

Secondly, as the cabinet secretary acknowledged, many survivors have pursued the inquiry's being given a wider remit, because they believe that it is unjust that most survivors of abuse will not be caught by the scope of the inquiry. The cabinet secretary has clarified the remit today, but will he confirm that he has not extended it and that he has not brought into its ambit any survivors who were not, in his view, already included?

John Swinney: Iain Gray asked about the implications of not appointing a third panel member. I am confident that that factor alone will not extend the timescale of the inquiry. Throughout the summer, the inquiry has consistently undertaken the necessary contacts with members of the public to engage them in the process, and I do not believe that not appointing a third panel member will contribute to extension of the timescale of the inquiry.

On Mr Gray's second point, I have clarified the inquiry's remit to make absolutely certain that, where abuse took place outside a residential care setting but involved a child who was in care, that abuse can be taken into account by the inquiry. In my dialogue with survivors, I was concerned that a narrow reading of the remit might have suggested that that was not the case. Therefore, I have clarified the matter to put it beyond doubt.

Nevertheless, I confirm that I have addressed whether the inquiry's remit should be broadened from its original scope, which focuses on in-care settings, and I have decided against broadening it. I appreciate that that decision will not please everybody, but my judgment has rested on the fact that, had I done that, I would inevitably have lengthened the timescale of the inquiry, which would have been damaging to the interests of the survivors who have pressed the Government to make early progress on the matter.

James Dornan (Glasgow Cathcart) (SNP): I assure the cabinet secretary that the Education and Skills Committee continues to have a great deal of interest in the issue and will play its part in supporting the inquiry. We will also seek to provide appropriate scrutiny as and when we can,

particularly to ensure that survivors' interests are properly reflected.

I was pleased to hear that the cabinet secretary intends to look more carefully at the issue of redress, and I expect the committee also to explore that key issue further. In the meantime, can he provide more detail on what he found when he looked into how other countries have approached redress?

John Swinney: I welcome Mr Dornan's comments and make it absolutely clear—as I have to the committee—my willingness to address any issues that the committee wishes to draw to my attention or to question me about in relation to the Government's involvement in the inquiry. There will, of course, be areas of the inquiry on which I will not be able to give evidence to the committee because I will not have that knowledge, due to the independence of the inquiry. I am sure that the committee will understand that.

Redress schemes in other jurisdictions take a number of different forms. Some require that detailed evidence be provided to substantiate claims made by individual survivors. That information has been gathered by the Government and considered carefully, and it will be looked at as part of the interaction process that we pursue.

I point out to Mr Dornan, however, that the in-care survivor support fund is open and available to support individuals in Scotland. I encourage individuals who believe that they would be eligible for support to pursue that option in order to obtain the support to which they may be entitled.

Ross Thomson (North East Scotland) (Con): I thank the cabinet secretary for early sight of his statement. In his statement, the cabinet secretary drew a distinction between an in-care setting and a non-in-care setting, and provided a defined legal position. The examples of non-in-care settings that have been provided are day schools and youth groups. I am seeking absolute clarity, so can the cabinet secretary provide any further examples of what would be considered non-in-care settings?

John Swinney: It would probably be safer for me to refer Ross Thomson to the original remit of the inquiry, which provides—on the second page of the terms of reference—a series of definitions that give sharp clarity as to what is included in the scope of the inquiry. I hope that that is of assistance to him.

When I looked at the issues that survivors raised with me, particularly the issue to which I referred in my answer to Iain Gray, I was concerned that there was the potential for dubiety about abuse that may have taken place outwith the boundaries of a residential care setting. The Government was clear that we did not envisage that there should be any such artificial boundary

for the inquiry. I have taken the opportunity today to address that issue and to put the matter beyond doubt, which I hope is helpful and provides clarity.

Ross Thomson will find that the definitions that are attached to the terms of reference answer his question.

Jackie Baillie (Dumbarton) (Lab): I am sure that the cabinet secretary will acknowledge that the in-care survivor support fund is completely different from compensation for the injustice that survivors have experienced. He will be equally aware that we could be talking about a long time indeed, given the length of the inquiry and the fact that survivors are having to wait years for justice through the courts. Survivors are getting older; some are dying. Will the cabinet secretary consider making interim payments, as were made in Ireland, so that survivors are not made to wait any longer?

John Swinney: I completely accept the distinction that Jackie Baillie makes between the in-care survivor support fund and a redress scheme. My intention in pointing to the scheme in my answer to James Dornan was to make it clear that there is support available that can assist people in addressing difficulties that they may face as a consequence of their experience of abuse. However, I am happy to confirm that a redress scheme would address a different question.

One way that we could have dealt with the question of redress would have been to have left it for the inquiry to determine. Of course, I have not done that: I have established a separate process that will enable us to consider the issues and make progress on the question. I understand entirely the context that Jackie Baillie described of experiences and the length of time that it is taking for the issue to be addressed for survivors. However, as I explore the issue, I see that there are many complexities that are not easy to resolve, which is why we need a process of this type. I advised survivors when I saw them last week that I was likely to take this approach, and today in Parliament I have committed to engaging in that exercise to ensure that we make progress on the issues that Jackie Baillie has raised on a number of occasions.

Clare Haughey (Rutherglen) (SNP): I am aware that the Scottish Government has consulted widely with survivors and survivor groups, and I welcome the steps that have been taken so far. Will the cabinet secretary confirm that he will continue to listen throughout the process, to ensure that we have in place the right arrangements and supports and that we take full account of the impact of abuse on survivors?

John Swinney: Extensive consultation work was undertaken to design the survivors Scotland

fund, which is just one example. Throughout all the steps that have been taken in the interaction process over a number of years, there has been wide and substantive dialogue with survivors. I am very happy to confirm to Clare Haughey that the Government will continue to approach these questions on that basis.

One obvious conclusion is that sometimes we cannot do everything that survivors would like us to do, and I have been very clear with Parliament today about the things that I am unable to do to address issues that survivors have raised. That is not because the Government has not listened, but because, quite simply, we must make a judgment about what we consider to be the right steps to take and what steps will deliver outcomes as swiftly and effectively as possible, to address the wrongs that have been done to individuals and provide those individuals with some means of coming to terms with the terrible experiences that they have had.

John Finnie (Highlands and Islands) (Green): I thank the cabinet secretary for the early sight of his statement. I commend much of the work that has happened so far, including the cabinet secretary's announcement yesterday of the introduction of the limitation bill. My question is in relation to the bill and the comment about relitigation. Has any assessment been made of the number of people who are likely to come forward? As other members have said, not all the survivors may have been engaged with and others may be emboldened and come forward as a result of the legislation. Has there been any assessment of that?

John Swinney: In the financial memorandum that is associated with the limitation bill, we estimate that the range could be between 400 and 4,000 survivors coming forward, with a mid-point of 2,200 cases being most likely.

I would be the first to say to Mr Finnie—and this rather prejudices the Finance and Constitution Committee's scrutiny of the financial memorandum, which I know from my long experience is very thorough—that we will only know the answer to that question when we see it. Those are the best estimates of Government. We will engage with Parliament in the scrutiny of those provisions to make sure that such steps can be taken as effectively as possible.

Tavish Scott (Shetland Islands) (LD): I thank the cabinet secretary for sight of his statement in advance. The second of the terms of reference that he mentioned this afternoon begins:

"To consider the extent to which institutions and bodies with legal responsibility for the care of children failed in their duty to protect children".

Would he have regard to the evidence that presumably sits within Government and that will have come, over the years and under different administrations, from elected members and from other organisations and bodies, all of whom will have given a view to the Government of the day about things that they knew were going wrong at a particular time? Would he be prepared to look at that and consider whether it is appropriate to lay that evidence in front of the inquiry as well?

John Swinney: I have to set out the terms of reference in a clear fashion and I have taken steps today to take that to a point where it cannot be doubted, in relation to the extension that I have made to the very paragraph that Mr Scott raises with me. The inquiry will take the evidence that it takes; it will be for the inquiry to determine the relevant evidence that emerges.

What I can put on the record, which will not in any way be a surprise to Mr Scott, is that the Government will cooperate fully with any request for information that the inquiry makes of us. I know that the Lord Advocate has made that commitment clear from the Crown as well. That is the approach that we will take, to make sure that the inquiry has access to all the evidence that it wishes to have.

Fulton MacGregor (Coatbridge and Chryston) (SNP): I was glad to see the Scottish Government show how important this issue is by making the bill the first to be introduced to the Parliament in this session. I look forward to scrutinising it through the Justice Committee, to make sure that we get this right.

In the gallery today, we have Sandra Brown OBE, founder of the Moira Anderson foundation. Today, Sandra described the trauma of Moira's disappearance 60 years ago as a stain on the Coatbridge community. Can the cabinet secretary provide any reassurances to survivors that the bill will at least begin to address some of the horror and trauma that they have been through?

John Swinney: First, let me pay tribute to the work of Sandra Brown of the Moira Anderson foundation, who has made a very strong and distinguished contribution to this entire area of policy.

Second, the significance of the limitation bill should not in any way be underestimated. This is an enormous departure from legal tradition within Scotland. It has been undertaken to make sure that we have the greatest level of scrutiny and interrogation of this part of our country's past. For the reasons that I set out in my statement and that ministers have gone through before, the limitation bill cannot go back further than September 1964. I hope, however, that the extensive change to provisions to enable that to be the case is recognised as an indication of the determination of

the Government—and, I am pretty sure, of all of Parliament—to make sure that we do all that we can to redress the wrongs that were committed against individuals in our society.

Claire Baker (Mid Scotland and Fife) (Lab): I, too, welcome the publication of the limitation bill. We all recognise the need to enable survivors to have access to justice as soon as possible.

The bill is very short. The Government has previously introduced legislation and treated it as an emergency. Given the age of some of the survivors, for them this is an emergency. Can the cabinet secretary give an assurance that the bill will be treated with the highest priority and level of urgency, in terms of how the Parliament deals with it?

John Swinney: I can assure Claire Baker that the Government will co-operate entirely with the parliamentary timetable for the bill. A lot of preparatory work has been undertaken and a draft bill was published earlier in the year, which was informed by the fruits of consultation and dialogue. I am intruding on territory that is not mine to determine but, hopefully, committees can take that into account when they set out their timetable for the bill. The Government will do everything that it can to ensure that the timescale is as swift as possible so that the legislation, which I know will be widely supported in Parliament, is able to reach the statute book as quickly as possible.

Jenny Gilruth (Mid Fife and Glenrothes) (SNP): I welcome the clarification of the terms of reference. It is important that we continue to make it as clear as we can that the abuse of children in care will be taken into account regardless of where that abuse occurred.

I appreciate the difficult balancing act for the cabinet secretary in finding unanimity on the terms of reference and timescale, but will he outline how he will support and continue to engage with those who were in favour of extensive change?

John Swinney: There is willingness on the part of the Government to continue our dialogue with survivors and we must ensure that we are open to that information. Obviously, there are specific questions on which we will take the discussion forward.

It is equally important that the inquiry is able to address its terms of reference as expeditiously as possible. That is the focus of the inquiry, and I hope that the clarity that I have given today enables the inquiry to do exactly that.

Gil Paterson (Clydebank and Milngavie) (SNP): The Scottish Human Rights Commission established the interaction process and has said:

“The justice system has not and is not working for survivors”.

Is the cabinet secretary confident that the bill will fix that? Will he outline what discussions he has had with the SHRC?

John Swinney: As I explained to Mr MacGregor, the limitation bill is an enormous step by the Government to open up legal redress for individuals who have been the victims of childhood sexual abuse. The bill is a direct response to the quote from the Scottish Human Rights Commission that Mr Paterson shared with Parliament.

We have benefited enormously from the process that has been led by the SHRC and the centre for excellence for looked after children in Scotland. We will continue that dialogue to ensure that we learn all that we need to learn about how we can address those issues properly and effectively on behalf of the survivors of abuse.

The Presiding Officer: I thank the cabinet secretary and members for their contributions.

Innovation

The Deputy Presiding Officer (Christine Grahame): The next item of business is a debate on motion S5M-02511, in the name of Shirley-Anne Somerville, on how Scotland's innovation centre programme is driving innovation in Scotland.

15:03

The Minister for Further Education, Higher Education and Science (Shirley-Anne Somerville): As the American economist Theodore Levitt stated:

“Creativity is thinking up new things. Innovation is doing new things.”

Here in Scotland, we can lay claim to having done both quite well over the years. We have a proud history of many historic achievements, from penicillin to the telephone, and from the bicycle to the ATM. However, we cannot, and should not, live in the past. To become a more successful country, we need to drive greater innovation and create opportunities for our businesses and Scotland to flourish. This Government is doing what it can to grow a sustainable economy that is resilient and inclusive. Encouraging innovation is key to that.

Innovation is critical to our ambition to shift the dial on Scotland's economic performance. That is why it features heavily in the four pillars of the Government's economic strategy. It is why we have published the Scotland can do statement of intent for Scotland to become a world-leading nation in innovation and entrepreneurship. It is why the innovation centre programme was established in 2013 to drive greater collaboration between industry and academia and to build on our research strengths.

The programme has been developed with and is being delivered through the Scottish Further and Higher Education Funding Council in partnership with Scottish Enterprise and Highlands and Islands Enterprise, supported by Government funding of up to £120 million between 2013 and 2019. The eight innovation centres sit within some of our key sectors: construction; oil and gas; stratified medicine; digital health; industrial biotechnology; sensors and imaging; big data; and aquaculture.

Ensuring that an industry demand-led focus sits at the heart of the innovation centres' activity has been a real strength of the current approach, bringing people, businesses, academics and agencies together, physically and conceptually, so that ideas are sparked and co-developed. The collaborations seek to address challenges that industry has identified by exploiting the strength

and quality of research in Scotland's world-leading universities. Our higher education sector was exactly the right place in which to establish the innovation centre programme, with universities being able to provide the right governance and support structure, as well as a strong research base, the right mix of graduate and academic skills and a project-focused ability to generate new ideas, products and processes.

It is appropriate today to acknowledge the exciting progress that has been achieved to date, with impact already being made both in Scotland and internationally. NHS Scotland, Thermo Fisher Scientific, Hydrasun, Marine Harvest Scotland, Cascade Technologies, AstraZeneca and Ingenza are just a few examples of the global players that are working alongside our small and medium-sized enterprises in innovation centres across a range of sectors.

CENSIS, which is the centre of excellence for sensor and imaging systems, recently announced its £6 million mirage project, which is a collaboration with four companies and the University of Glasgow to produce materials for goods that use sensors, ranging from asthma inhalers to infrared cameras. Placing Scotland at the forefront of the £7 billion global sensors and imaging systems market, the project is expected to deliver £56 million to the Scottish economy during the next 10 years and will give the companies involved a critical competitive edge in the global sensors market.

The Scottish aquaculture innovation centre, working with Marine Harvest Scotland, Scottish Sea Farms, BioMar and the University of Stirling, is co-ordinating a £4 million project to help address on-site control of sea lice—a key challenge facing salmon aquaculture—through the cultivation and use of cleaner fish as biological alternatives to medicinal control. Aquaculture is one of our real economic success stories. If it is grown sustainably, it is on track to contribute more than £2 billion annually to the Scottish economy by 2020 and to support 10,000 jobs—and there is significant potential thereafter.

Some collaborations are also helping to deliver benefits for the health and wellbeing of people in Scotland. The digital health and care institute has been involved in the development of my little one, which is technology that makes it possible for parents to keep in touch with their babies while they are in neonatal care. In October, stratified medicine Scotland, representing NHS Scotland and Scottish universities and industry partners, and AstraZeneca announced a new partnership, which will offer researchers new opportunities to develop innovative new treatments and target the right patients to the right medicines using patients' genetic information. It means that Scotland will be

an active partner in AstraZeneca's global genomics initiative, further demonstrating Scotland's ability to attract major industry projects.

By working to meet the needs of industry and graduates, innovation centres are also adding to our skills mix and encouraging the development of existing and new skills. Recognising that Scotland is a global centre of excellence for data science, the data lab is partnering with MBN Recruitment Solutions, one of Europe's leading data science and big data recruiters, to help place MSc graduates in organisations that are seeking to make the most of their talent.

The industrial biotechnology innovation centre has been working with Forth Valley College and Glasgow Kelvin College to develop bespoke higher national certificate and higher national diploma courses in industrial biotechnology. Those qualifications aim to produce graduates who have key skills for employment in the sector, meeting crucial industry demand.

There is no doubt that a great deal has been achieved in the early years. However, at the halfway point in the programme, it was right to commission a review of progress to date. I thank Professor Graeme Reid for chairing that work and for the review's thoughtful and in-depth reflections.

It is reassuring that Professor Reid concluded from the evidence that his review gathered that the programme is on the right track for delivering long-term economic benefits to Scotland. The recommendations chart a useful course for the way forward, building on strengths and identifying—rightly—the challenges for the next stage of the programme's development. I assure Professor Reid and every member in the chamber that we are considering the recommendations fully and thinking about what needs to happen next to allow the centres to realise their full potential.

I will respond to several of the report's key recommendations. The first recommendation calls for the periodic assessment of whether additional innovation centres should be created, subject to the availability of resources. The Government is happy to accept that recommendation and the timescales that it sets out. It is right and proper that we ensure that we focus on the right spheres and sectors and that we are keeping up, as there is nothing innovative about developing solutions for past rather than future priorities.

Recommendation 6 advises

"that every university and each Innovation Centre should make renewed efforts to involve as much of Scotland's excellent research base as possible with the programme".

I agree whole-heartedly with that, and I am sure that the innovation centres, the funding council and the university sector will work to the timescales that Professor Reid suggests.

Professor Reid also recommends that

"the Scottish Funding Council ... explores Further Education ... college participation in Innovation Centres".

Although a number of colleges are already active in enhancing the work of the innovation centres in various areas, colleges can and should do more to capitalise on their local connections and their proven ability to engage with business. I was interested to hear about the work of the construction Scotland innovation centre in exploring how it can work more closely with the college network.

From my many visits to college campuses since I became minister, I know that there are already great examples of innovation happening in our colleges, but we need to expand that and encourage such work throughout the college sector so that colleges view the innovation agenda as being as much in their space as it is in that of our universities. There is definitely a bigger role for the college sector to play in the programme. We will explore with the funding council how best to take forward the actions that Professor Reid has suggested and will consider what more might need to be done to enable the further education sector to play its part.

Another key recommendation is for the enterprise agencies to

"identify and assess opportunities for new approaches to their funding support for Innovation Centres to increase business engagement and enhance the Innovation Centres programme".

Professor Reid also recommends that the Scottish Government should

"simplify the outward appearance of arrangements for business support and better define and explain its specific benefits to individual businesses".

He goes on to state that

"support for the business community"

should

"be articulated consistently in business-friendly language rather than the language of the public sector".

Both those recommendations align strongly with the conclusions of phase 1 of our enterprise and skills review and will be considered in phase 2 of that review.

In recognising the value of those and other recommendations, the Government is demonstrating that it is open to addressing the opportunities and challenges ahead and that it intends to stay focused on the future needs of our economy. I hope that there will be agreement across the chamber on many of the key areas. In that spirit, we welcome all the Opposition amendments and their shared focus on the key points that arise from the review.

Paul Wheelhouse and I look forward to a robust debate, and we will listen carefully to what members have to say. After all, there is no monopoly on wisdom on this issue and many other issues. This is a shared endeavour, and it is important that we get that message across to all agencies, businesses, universities, colleges, students, graduates and academics. It is important that they hear that the Scottish Parliament shares a belief in the role that innovation is playing and should continue to play in helping to create sustainable economic growth and prosperity. The Parliament should acknowledge and, indeed, value the contribution that Scotland's innovation centre programme can make to driving our innovation forward, both now and in the future.

I move,

That the Parliament acknowledges the contribution that Scotland's Innovation Centre Programme can make as a driver of innovation on some key sectors of the economy; welcomes the publication of the independent review of Scotland's Innovation Centre Programme by Professor Graeme Reid, and recognises that the review's recommendations set out a helpful course for the Scottish Government to consider during the next stage of the programme.

15:15

Dean Lockhart (Mid Scotland and Fife) (Con):

We very much welcome this debate on innovation, the role of the innovation centre programme and Professor Reid's recommendations. We agree with the minister that innovation is important for our economic wellbeing. It is the basis for economic and social development. According to the Confederation of British Industry, innovation drives productivity, attracts international investment, raises living standards and supports inclusive growth, which we can all agree with.

In Scotland, we are rightly proud of our strong history of innovation and our world-class universities. From James Watt and the steam engine more than two centuries ago to Dolly the sheep, we have been at the forefront of innovation. However, the unfortunate reality now is that we have been overtaken by other countries on innovation and productivity performance. In 2007, Scotland's productivity levels ranked in the second quartile of Organisation for Economic Co-operation and Development countries, but the latest data places Scotland in the third quartile, with productivity levels that are some 25 per cent below those of neighbouring countries such as Ireland and Denmark. The target for Scotland to be in the first quartile by 2017 will—unfortunately—not be met.

I make it clear that this is not about league tables; it is about our economic wellbeing and, ultimately, the amount of money that is available for public spending. According to Scottish

Enterprise, failure to meet innovation and productivity targets has cost the Scottish economy around £45 billion, which is the equivalent of an increase in annual average wages of £6,500.

Ivan McKee (Glasgow Provan) (SNP): Does the member accept that small, independent countries such as Ireland and Denmark have overtaken Scotland because they control more of the levers that enable economic growth than we currently do?

The Deputy Presiding Officer: Before Mr Lockhart answers, is your microphone on, Mr McKee?

Ivan McKee: Yes.

The Deputy Presiding Officer: You must point it upwards, or heavenwards. Please continue, Mr Lockhart.

Dean Lockhart: Thank you, Presiding Officer. That gave me a bit of time to think.

I genuinely think that most of the required policy levers are devolved—they relate to education, skills, enterprise and training. They are in the hands of the Scottish Government, as are those for related productivity areas such as transport. We can therefore work together, because we have the powers to improve levels of productivity.

There is a clear policy challenge for all of us on how we can address the innovation and productivity gap. The innovation centre programme is definitely a welcome step in the right direction. Private sector research and development spending in Scotland needs to increase, and the innovation programme brings together industry and universities to address the innovation needs of businesses across the eight sectors that the minister mentioned.

The centres are industry led, which means that business in a sector can identify and drive the innovation that is required. The centres typically target projects that have technology readiness levels in the range of four to seven out of 10. Such projects are in the challenging middle ground between early-stage academic research on the one hand and projects that are close to being market ready on the other.

Historically, the area between academic research and commercialisation has been difficult to bridge, so anything that helps to improve the transition is welcome. Although the centres are funded by the SFC, it is important that each centre tries to obtain private sector investment on a project-by-project basis. A good example of that has been the Scottish aquaculture innovation centre, based in Stirling, which I understand has leveraged an average of £270 from industry for every £100 of its own investment. I, too,

congratulate all the other innovation centres, which the minister mentioned.

The review that Professor Reid undertook and the supporting analysis by Ekos indicate that the programme is on the right track, but a number of important recommendations have been made on how it can be taken to the next level. I, too, thank Professor Reid for his excellent review. The absence of performance targets for the programme was recognised as a gap that should be addressed so that overall performance can be assessed against expectations. There is also a need to clarify what the programme is trying to achieve overall. What is the optimal balance between generating income in the short term and delivering a long-term benefit for the Scottish economy?

Clarity is also required on Government policy. As the co-chair of the innovation Scotland forum said in his feedback, the Scottish Government is

“very focused on innovation without articulating what is meant”.

I agree that innovation is a central part of the Scottish Government’s economic strategy, but the Government needs to clarify precisely what it is trying to achieve, what success will look like and how that will be measured.

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): I am travelling with the member on the thrust of his argument. Does he agree that it is important that there is space for projects and thinking that do not lead to a successful outcome? In other words, does he agree that one of the tests of whether people really have space to think is whether only a proportion of the ideas ultimately succeed?

The Deputy Presiding Officer: It is all right, Mr Lockhart—you can wait to rise until I call you. I see that you did not need time to think of a response to that question and that you are desperate to get to your feet. You may do so now.

Dean Lockhart: The short answer is yes—I agree.

I agree with the minister that the engagement of Scotland’s colleges in the programme should be encouraged. We would go further and reinstate a number of the full and part-time college places that have been cut, which we believe has resulted in a growing skills shortage.

It is recognised that the innovation centres are operating in a crowded landscape, and the review recommends that the Scottish Government should simplify the innovation and business support that is available. We have called for that and look forward to the Government addressing that as part of phase 2 of the enterprise and skills review.

We agree with the Reid review’s calls for increasing private sector investment and periodic assessment of new additional innovation centres—we have called for a renewable energy centre to be created. We also agree with the call for the promotion of case studies to highlight successful outcomes and help to promote Scotland internationally as a business-friendly environment.

The innovation programme has already achieved success in terms of new projects in Scotland and overseas, new products and services, and close to £5 million in revenue that is attributable to those new products and services. Those achievements are significant, and we are confident that there will be many more to come. However—this is not a criticism—those outcomes and achievements do not quite meet the optimistic targets that Mr Russell announced in 2014, when he told the chamber that

“Based on the business plans for individual centres, the cumulative boost to the Scottish economy could reach a massive £1.5 billion and up to 5,000 jobs could be created”.—[*Official Report*, 20 August 2014; c 33689.]

I look forward to hearing today from the Government whether those forecasts remain its central forecasts for the programme.

I look forward to the Scottish Government announcing new innovation and productivity targets for 2017 and beyond. If the Government wants to reach the first quartile, it should follow Professor Reid’s recommendations and take our policy advice. We need to address the skills gap through reinstating college places; simplify the cluttered enterprise and business support landscape; address the shortage of science, technology, engineering and mathematics teachers in school and STEM subjects in further education; take steps to increase productivity in the public sector, including the national health service; and use the enterprise review to help Scottish business to scale up and access the growing export markets.

We welcome the fact that the Scottish Government has already followed our policy ideas on a south of Scotland enterprise agency and on expanding the Scottish Development International network. We look forward to the Government adopting more of our policy ideas to make Scotland a more innovative and productive country.

I move amendment S5M-02511.3, to insert at end:

“; urges the Scottish Government to introduce clearer industry-defined success measures in order to assess the overall performance of innovation centres; encourages it to take further action to boost productivity levels in the Scottish economy through innovation, and notes with concern the latest available productivity figures, which

show that Scotland currently ranks in the third quartile of OECD countries for productivity, despite the Scottish Government's target for Scotland to rank in the top quartile by 2017."

The Deputy Presiding Officer: Before I call Iain Gray, I inform members that I can give them a bit of extra time if they take interventions, so people need not look so anxiously at the clock.

15:23

Iain Gray (East Lothian) (Lab): There can be no doubt that the space in which the innovation centres are designed to operate—the interface between business, enterprise and academic research—is critical to our future economic prosperity. Whether we are in or out of the European Union, the single market, the European Free Trade Association or the European Economic Area, globalisation means that our future lies not in low-skill, low-wage jobs but in high-skill, high-value and highly innovative knowledge-rich enterprise.

While we congratulate ourselves—as we often do in the chamber—on the quality and volume of academic research that Scotland produces, whether it is measured by peer-reviewed papers or the fact that we win more than our fair share of research funding, we also know that, in the private sector, research and development investment and activity remain low in comparison with many of our competitors or even other parts of the UK.

The Government is right to invest in innovation—in ensuring that close-to-market research is undertaken by academics; in helping businesses, especially small and medium-sized enterprises, to understand the importance of innovation; and in connecting businesses with partners that can drive innovation through their businesses.

It is a difficult area, though, and this is not the first attempt. The intermediary technology institutes were launched many years ago to achieve similar ends, with a bigger budget. I had some small part in that initiative, and I have to admit that the institutes did not achieve what they set out to do. Hindsight suggests that they did not deliver on research close enough to market, they had a too-linear—and perhaps outdated—concept of the innovation pipeline, and the funding model that they generated for controlling intellectual property hampered commercialisation.

Stewart Stevenson: The member talked about academic research. When Albert Einstein published his paper on the special theory of relativity, it did not contain a single reference. In the modern climate, it would not have got beyond his tutor. Is one of the issues that we must break down barriers around academic research, so that

there is blue-sky thinking and people do not simply look for and recycle other people's ideas?

Iain Gray: We certainly have to ensure that there is blue-sky research in our academic institutions, but I am saying that we must also encourage academics to do research that is perhaps closer to real-world problems than Einstein's paper was at the time. I might say more about that towards the end of my speech.

The innovation centre programme is critical, but there are pitfalls that we must avoid falling into again. It is surprising that this is just about the first time that we have debated the programme, as far as I can see, although it has merited mentions—but not much more than that—in the First Minister's programme for government and in the economic strategy.

Professor Reid's review is welcome and timeous, although in some respects it raises more questions than it answers. It does not really measure the centres' success against the core objectives to which Mr Lockhart referred—the leveraging in of private finance or the generation of gross value added in the economy. Above all, there is no evidence of the creation of 5,000 jobs as a result of the programme, as was promised. Professor Reid also raised the issue of whether the centres are operating in the right sectors, but he gave no view on whether that is the case.

It is fair to say that the review is of the programme rather than the centres, and it is reasonable to imagine that some centres are more successful than others. My colleague—or comrade, as he usually prefers—Richard Leonard will talk about his positive visit to the innovation centre for sensor and imaging systems. Other innovation centres seem to have had a more chequered beginning. For example, the digital health and care institute experienced a sudden shift from being hosted by the University of Edinburgh to being hosted by the University of Strathclyde. It has lost a chief executive and, more recently, a chief finance officer. Public statements from the institute provide little explanation for the change, although they say quite a lot about the recruitment of Andy Murray as an ambassador for digital health. I am as big an Andy Murray fan as anyone here, but I would like more evidence of the centre's substantial output.

As the minister acknowledged, the Reid review recommended further evaluation of the programme—and soon. It is important that that happens and that there is an assessment of success in specific outcomes, such as jobs and private investment. That is why we lodged the amendment that we lodged. We also suggest that, when that has happened, we should debate the programme again. I repeat that we regard the policy intervention as critical, in a critical area of

the economy. We support it and we need to give it more detailed attention in the Parliament.

We need the Government to give some indication of the programme's security. The initiative is not new; it was launched in 2012 and its initial five-year run was from 2013 to 2018—the minister said 2019, but initially it was to run to 2018—so we are more than halfway through. Professor Reid suggested that we commit to 10 years. In principle, such a long-term commitment makes sense, but only if we have detailed evidence of early interim measurable success.

The Royal Society of Edinburgh briefing raises another uncertainty for the programme. The centres are overseen by the Scottish Further and Higher Education Funding Council board, around which rumours of imminent demise swirl. The innovation centres could well benefit from oversight that involves input in which the balance has shifted a bit more to the enterprise agencies. Perhaps a case could be made for that, but that cannot be in any way a wedge for subsuming the funding of higher education generally under an overarching enterprise and skills board—especially one that is chaired by a minister.

Universities are key to our economic growth, and the innovation centres are important to that. However, as Mr Stevenson indicated, universities and research are about much more than that utilitarian objective. To compromise their wider role, or even their autonomy and independence from the Government, would be an unforgivable act of folly.

I move amendment S5M-02511.1, to insert at end:

“; notes that Professor Reid called for a further review to be completed by June 2017, and considers that this review should report to the Parliament, which should include progress made on innovation centre objectives, including the generation of 5,000 jobs and the leverage of private sector funding into centre projects, and on improvements to the involvement of further education colleges in the programme, and that it should recommend whether new centres in other sectors are required.”

15:30

Tavish Scott (Shetland Islands) (LD): I, too, want to start with the context that other members have raised. The United States President-elect is, by any standards, uttering protectionist views about trade policy for the future, and we are potentially leaving the European trading bloc, which, in that context, must be even more utterly mad than the proposition is at the moment.

What are Scotland's advantages against what is at best the most uncertain period that most of us have known in our adult lives? We have certainly been a nation of innovators. Whether we can be that again depends not just on innovation centres,

but on many more fundamentals of our education system and other aspects of that.

I recognise that Governments across the piece have looked into the issue and considered different ways of addressing it. As Iain Gray rightly mentioned, the intermediary technology institutes, which were part of a previous plan, had much merit, but they got bogged down, did not ultimately work, and were hand-tied by quite a lot of difficult work that became too much for them. If I remember correctly, they were subsumed into Scottish Enterprise. That in itself may be a lesson that current ministers may want to consider very carefully.

I took one other lesson from the whole ITI examination. A piece of research by some entrepreneurial researchers from universities across Scotland that was published in January 1915—I am not going that far back; I meant 2015—was critical of the intellectual property points that Iain Gray rightly mentioned. In particular, the researchers said:

“Innovation policy-makers need to become less focused on generating the supply of new IP and more focused on increasing the ability of Scottish SMEs to undertake innovative activities ... A critical mass of innovative SMEs will provide more of a seed-bed for new tech start-ups than policies to stimulate and protect new IP.”

There is something in that. I mentioned that in the context of Scottish Enterprise because I am not the only member who has, over the years, received representations from small and medium-sized businesses about the account managed system of our enterprise agencies, which concentrates on the medium and the large, but not necessarily on the small. Lena Wilson is usually very open about that, and I hope that ministers will reflect on that in the context of work that is being done on the innovation centres.

The minister rightly mentioned Professor Graeme Reid's recommendations, and others have commented on them, too. I will not go through them all. They all have merit, of course, but I want to mention one that has particular merit. It is about exploring the further education sector's relationship with the innovation centres. It is claimed that no further education colleges contributed to the review. That must be of some concern.

The Scottish aquaculture innovation centre, which has already been mentioned, is doing work with further education colleges, not least the North Atlantic Fisheries College in Scalloway, which is in my constituency. Under a three-year project, work on a core pilot-scale hatchery for the mussel industry is going on. Members may ask why that is important. Many members might sit in Edinburgh's finest restaurants and eat mussels. I am pleased to say that 80 per cent of Scottish production of

mussels comes from Shetland. However, there is a significant commercial issue with spat. I will not bore members with five minutes on spat—Stewart Stevenson will do that later—but that is nevertheless an important matter. We have an innovation centre, a college and—more to the point—industry working on solutions to that particular problem, and that is exactly the kind of progress that must be made and work that must be done in this area.

My amendment, which Iain Gray kindly touched on, asks the Government for clarity around the skills review not because of its own importance but because, for a number of years now, our attempts to consider big structural changes to our organisations in Scotland have been littered with examples of the eye being well and truly taken off the ball when people, their jobs and their organisations are, at best, being questioned. That is the current situation not just for the funding council that Mr Gray mentioned, but for the three other bodies that are part of the review.

Government has, of course, every right to undertake a review, but bringing this review to a conclusion is now of the essence. The funding council has an acting chief executive; the chair, Alice Brown, leaves at the end of the year; and there is no certainty around the board. Highlands and Islands Enterprise, too, has an acting chief executive, and there is no certainty there, either. I suggest to the Government that none of that helps the on-going process of ensuring that there is a real focus on these innovation centres and that the focus for the organisations in question is on all the recommendations in the review being discussed this afternoon instead of the inevitable focus on their own future that they currently have. That is the danger with reviews that go on and on.

I would therefore be very grateful if the ministerial team could, when they wind up, clarify the review's timescale. They could also make absolutely clear the position of the individual boards of these four organisations and tell us whether and when temporary chief executives will become full-time chief executives. That would allow the innovation centres underneath all that to move forward with the significant all-party and Government support that they clearly and correctly have.

On the Reid report's recommendation with regard to the future of innovation centres and assessing whether additional centres should be created, which the minister mentioned and which the Government is accepting, I note that the renewables industry has made the case, as Dean Lockhart rightly pointed out, for a renewables innovation centre. I should say, though, that if our Conservative friends spent a bit of time down at Westminster changing Conservative renewables

policy we would all get on a lot better in Scotland with regard to the future. Nevertheless, it is an important policy development, and it is, without a doubt, an area in which Scotland can play—and is already playing—a very significant role. Surely it is part of that innovation for the future that we need for our economy, and I suggest that the Government take it forward.

I move amendment S5M-02511.2, to insert at end:

“; notes that the report stated that the Scottish Funding Council and enterprise agencies have vital roles in supporting the innovation centres, and calls for clarity from ministers on their proposals for a Scotland-wide board governing Scottish Enterprise, Skills Development Scotland, Highlands and Islands Enterprise and the Scottish Funding Council, and how this will impact on innovation centres and, in particular, their ability to make strategic long-term decisions.”

15:37

Kate Forbes (Skye, Lochaber and Badenoch) (SNP): The million-pound question for Scotland's economy is what will drive sustainable growth in it—or perhaps we should call it the £100-million question, given that that is roughly what the Scottish funding council is investing in innovation centres over the next five years. Each of us knows that, in our constituencies and across Scotland, there are bright entrepreneurs, innovative ideas and business opportunities, but one of the greatest hurdles is how to connect the individual with the idea and the finance. If we get that right, we get collaboration and growth.

We are not short of great ideas, entrepreneurs and opportunities to innovate in the Highlands. With growing sectors such as energy, food and drink, tourism and life sciences, as well as a new university in the Highlands, we have unprecedented opportunities to innovate, to create jobs and to raise income levels. At this point, I want to take a moment to welcome Fortrose academy, whose pupils I believe—I hope—have just entered the visitors gallery and who I am sure will play a key role in the future of the Highland economy if they are given the opportunity to contribute to research and business opportunities, wherever they find themselves both now and throughout the rest of their lives. They will drive growth. After all, it is growth, which is intangible until it hits our wallets or opens job opportunities, that—yes—is required across Scotland. However, I think that this is a huge opportunity for our Highland economy right now and why innovation centres can play a key role in our future Highland economy.

The minister and others have already outlined the recommendations of the review. I would like to take a moment to identify the opportunities for innovation through the innovation centres model

and to reaffirm the importance of having sectoral and geographical spread and making the opportunity to contribute to innovation as accessible as possible so that it does not get bogged down in bureaucracy and box ticking.

Several projects have already had a positive impact. Recently, the University of the Highlands and Islands, Highlands and Islands Enterprise and Scotland's Rural College installed 50 long-range wireless sensors at An Lòchran, a learning lab that is shared by the three institutions. The technology, among many other things, will monitor temperature, humidity and noise, and there are hopes that it will make the building more efficient in terms of both energy and work quality. The project, which is being conducted by the innovation centre for sensor and imaging systems, will make it possible to generate a new way for technologies such as the sensors to be implemented elsewhere in the Highlands. We want to see more of that.

As for the oil and gas sector, which is operating in particularly challenging circumstances and which has arguably had a disproportionate impact on employment prospects for highlanders, the oil and gas innovation centre is matching innovators with research and development opportunities in Scotland's universities. I was particularly pleased to hear and read the words of Ian Phillips, chief executive of the innovation centre, who said:

"No innovation is off limits."

As other speakers including Tavish Scott have said, there is scope to expand the projects and programmes, and I would like to see continued research into sustainable, renewable energy, because that is an area of huge potential for the Highlands. The sector is vital to the future of Scotland's energy resources; arguably, it has even broader potential across the world if we manage to get the technology right; and it is critical to our ambition of being 100 per cent dependent on renewable energy. I would welcome the creation of a sustainable energy innovation centre and I hope that we could harness the benefits for Highland jobs and income levels.

In the Highlands, we have unrivalled resources. We have people with creativity and ideas, natural assets from wind to tides and a history of requiring to constantly innovate and find new ideas. That may well be why we performed better during the most recent recession. However, through digital opportunities, building on growth sectors and enabling our population to connect with ideas and finance both nationally and internationally, we could really see our local economy flourish. I want to see innovation centres providing new opportunities in the Highlands. Growth is critical to our economy, but it is utterly dependent on collaboration and connections between

individuals, ideas and finance. Innovation centres must continue to work on that across all sectors and geographies.

15:43

Jamie Greene (West Scotland) (Con): My colleague Dean Lockhart emphasised the importance of innovation to the productivity of our economy, and I am sure that we all broadly agree that innovation centres have been a positive addition to Scotland's innovation ecosystem. They have really become a focal point for collaboration between universities, industry and business and they represent a great meeting of minds between academia-driven research and development and the needs of business.

However, public innovation support is something that we must continually seek to improve, so I welcome the report by Professor Graeme Reid, which includes some constructive recommendations. From what I see in the report, three areas should be priorities when we talk about improving the innovation centre programme. First, while ensuring that public money is spent wisely on innovation centres, we should avoid putting too much emphasis on project outcomes. In other words, we should expect value for money, but that expectation should be balanced by an understanding that innovation will not always succeed in time for an end-of-year review or a mid-term report. I agree with the idea that a strategic time span for innovation centres should be extended to 10 years, which I think would provide a much more realistic period of time for R and D to take place, and it would give the resulting partnerships and business models a better chance to mature and to become more self-sustaining.

The second point that I took from reading the report concerns the need to reduce the administrative burden on innovation centres. As is often the case with publicly funded ventures, Professor Reid's report points out the need to simplify and reduce the administrative burden on the centres. Every time that a scientist or researcher is stuck behind their desk filling out paperwork to justify their existence, that is important time away from the lab, where they could be innovating and collaborating. There is therefore almost a need for the public sector to engage in internal innovation itself.

My third point is that, to understand and evaluate the centres' benefits to the Scottish economy in the long term, clearer objectives must be set, monitored and regularly revisited. I stood in the chamber just a few weeks ago in another debate saying exactly the same thing about the Scottish Government's enterprise and skills review. A common theme in these debates seems

to be the lack of strategy on how to assess and measure the centres' effect on the economy.

Setting clear objectives and evaluating them does not mean dictating from the top down how innovation centres should go about their business. To me, it means that we should provide them with clear problems to solve, based on evidence and foresight on where the global economy is headed and on which new technologies and industries are on the horizon—in other words, where do the opportunities lie for Scotland? It also means establishing ways to effectively measure failure as well as success and establishing ways to assess the impact on productivity, so that best practices can be replicated in other centres. It means ensuring that all that information feeds into a clear decision-making process about whether to open up new innovation centres in the future.

As innovation centres move on from their start-up phase, we now have the opportunity to take on board what we have learned thus far. I hope that the Scottish Government and its agencies will take on board the points that we have raised today and those that are highlighted in the report.

The independent review provides a good overview of where we can improve, but the Scottish Government clearly needs to take the report as a cue to look in greater detail at what is working and to be honest about what is not. We have to work towards a culture within public innovation support that embraces calculated risk. We must spend public money wisely, but investing in research and innovation is not the same as building a bridge or a new motorway. There is not always an immediate wow moment at the end of it. The added value of public sector involvement is that our innovators should be given time and space to explore their fields, to experiment and even, dare I say, to fail. The very nature of innovation is that sometimes we need to fail fast in order to find the best solution to the problem, a point that Stewart Stevenson has rightly made.

To take an example of a country where R and D is vital to the economy and industry, in Israel the Government understands that innovation and failure sometimes come hand in hand. That is reflected in how it funds and supports innovation centres in that country.

In my view, the continued success of innovation centres rests on two specific things: first, giving them time, resource and a clear vision on what they should be doing and secondly, giving them the freedom and flexibility to revisit their goals as industries and markets evolve. Much more than that, innovation centres can give us foresight on where trends are emerging, be it in big data, artificial intelligence or microrobotics, to name a few areas.

There is clearly consensus today on the importance of the centres, but we must also think about what research and development in Scotland will look like in 2030, not just in 2020, regardless of which party is occupying the middle benches at that time.

15:49

Ivan McKee (Glasgow Provan) (SNP): Innovation is key to our economic success. It drives the gains in productivity that we need as a nation, making us competitive internationally and creating jobs in the process. That is particularly critical at this point in time. The economic challenges that we face are significant, with forecast after forecast showing the severe impact that Brexit will have on our economic fortunes. Regardless of the eventual constitutional outcome, Brexit makes it even more imperative that Scotland learns how to excel in inclusive growth and exporting.

Innovation is also particularly critical for the success of small and medium-sized countries, as the work of David Skilling has shown, more reliant as they are on early-stage companies making the leap to become successful exporters early to maintain their growth trajectories.

It is imperative that we leverage all our talents in academia, business and the public sector in the most effective way to drive our economy forward. The Scottish Government's programme for innovation, including the creation of the innovation centres, is welcome, as it gives focus and impetus to that imperative. Professor Graeme Reid's review of the innovation centres is timely and gives much food for thought.

By its nature, innovation is iterative, as we learn from what works and adjust and adapt to make further progress. Therefore, it is right that, in our efforts to drive it forward, we be open to the processes of continuous improvement in our innovation programme. The culture of innovation treats change as a constant and continuous improvement as a way of life.

The innovation centre programme was established to drive a change of culture towards innovation and ambition in business and simultaneously to help universities to become more flexible and responsive to business. In particular, it was established to ensure co-operation between the higher education sector and business to deliver industry-led—that is key—collaborative innovation to support and enable business to increase competitiveness; to create economic impact through increased revenues and jobs; and to focus on transformational innovation opportunities.

The innovation centres bring together industry and universities to address the innovation needs of businesses in eight different sectors. Each focuses on a specific industrial segment and each is potentially an anchor for the growth of new sectors. They are hosted within universities but industry led. That is important, as the programme exists to enable business to deliver growth. Academia's role is to support business in that endeavour.

One of the most striking of Professor Reid's recommendations is the call for support for the business community to be articulated consistently in business-friendly language rather than in the language of the public sector.

The Scottish Government has welcomed the review's key recommendations. The first is to consider whether additional innovation centres should be created and, if so, in which sectors. I hope that that will become clearer over time.

Secondly, there is the recommendation to balance stability and dynamism, to attempt to bring together different cultures—that of small business, where the focus is on landing the next order and making payroll at the end of the month, and academic research, where no concept is too big and no timescale too long—and to ensure that the Government is effective in bringing the two together.

It is also recommended that we renew efforts to involve as much of Scotland's excellent research base as possible and explore further education colleges' participation in the innovation programme, bringing their ambitions and ideas into play. We also need to be open to proposals for changes in the ownership and governance of innovation centres where that makes sense.

The review recommends that we create and promote a centralised body of data and case studies about individual businesses and their successes, which is critical to show the way forward and to learn from what has gone before. We also need to recognise that innovation is about more than technology—the productivity uplift that innovation in management processes delivers can be as transformative as the impact of technology.

Indeed, although innovation is traditionally discussed in the context of developing businesses, we should not limit our concept of it to the private sector. The public sector in Scotland accounts for a significant element of the economy. Smarter service delivery and more efficiency—delivering more with less—are essential ingredients of our future prosperity. A culture change to embrace innovative ways of working in the public services is essential, and we should use our knowledge of academia and experience of industry to power it.

In addition, we should promote the attractions of Scotland as a location for innovative businesses and, through the enterprise and skills review, simplify the arrangements for business support, better defining and explaining its benefits to individual businesses. Finally, we should remove administrative clutter to allow for a sharper focus on action; review and streamline innovation products and policies; and reduce the number of public sector forums that are involved in innovation.

The Government's innovation action plan will be published in the coming weeks. It will be based on investing in ambition, building the right culture and creating connections. The manufacturing action plan is designed to encourage Scotland's manufacturers to innovate and expand. Through all that, the Scottish Government is building on the excellence of our universities and the drive of our innovative businesses and is supporting the commercialisation of world-class research in Scotland as a much needed engine of our economic growth.

15:54

Claudia Beamish (South Scotland) (Lab): Innovation centres provide opportunities for collaboration, invention and progression, and those principles must be championed. I welcome Professor Graeme Reid's review as an opportunity to nurture and improve centres that are, and could be even more, transformational.

My colleague Iain Gray highlighted the need for concrete results in measuring the progress of each centre. The recommendation is for 10-yearly reviews, which seems lengthy, and although I accept Jamie Greene's plea for freedom and space for innovation, it is important that we have assurances of the centres' success. I echo Iain Gray's call for the 2017 review to report on the core objectives of job creation and private sector funding.

I recognise the existing contribution of the oil and gas innovation centre but, earlier this year, I wrote to Professor Reid to add my endorsement on behalf of Scottish Labour to the suggestion of a new sustainable energy innovation centre. In the face of a changing climate, it is vital that we have inclusive transitional steps towards a low-carbon economy. In my opinion, that is an area in which an innovation centre could have a monumental impact.

As we all know, Scotland is committed to a number of ambitious targets to limit greenhouse gas emissions and the global temperature rise, and the Parliament will soon consider the Scottish Government's energy strategy and climate change action plan. It is evident that, in some sectors,

including transport and heat, progress has been challenging and more must be done. It has been suggested that some technologies that will be required in a low-carbon economy in the future have not yet been invented.

For the economy and the environment, the future of Scottish industry relies on highly skilled and highly technical jobs. A sustainable energy innovation centre could provide the cross-sector synergy and integration of energy systems that are so fundamental for the green shift. Scottish Renewables highlighted that, beyond carbon savings, engaging businesses with higher education institutions could have considerable economic effects.

Decarbonising innovation in renewables and energy storage holds the potential for consumer savings of £8 billion a year and could also make a contribution on fuel poverty. Furthermore, stimulating industry demand could foster employment opportunities in a flourishing sector that already provides 21,000 jobs.

However, the review notes:

“there is no systematic process for deciding whether new Innovation Centres should be created”.

Will the minister give members an update on whether such a process will be developed and on what consideration he or she—depending on who gives the closing speech—has given to the proposal for a sustainable energy innovation centre, which appears from today’s debate to have considerable cross-party support?

Universities Scotland has stated:

“the value of graduates cannot be overemphasised”.

Young people will benefit greatly from embedding the spirit of enterprise into academia and from the opportunity to make contacts across various sectors. Expanding opportunity and setting young people up for success can only drive Scotland and our economy forward.

However, Scottish Labour would like greater involvement of further education in the innovation centre network, so I am relieved that the minister has today acknowledged the value of the review’s recommendation on that.

I have been blown away by the progressive trajectory of colleges in my region. Ayrshire College works with local businesses to upskill in smart metering and new energy systems, and South Lanarkshire College, which many of my constituents attend, has won awards for its business-to-college knowledge transfer and sustainable innovation. Further education institutions have a valuable contribution to make, and I hope that the skills partnership will form part of the innovation equation, too.

Tavish Scott mentioned innovation in relation to colleges and the aquaculture industry. I will finish by highlighting the Scottish aquaculture innovation centre, not least because I was heavily involved—as was the Minister for Business, Innovation and Energy—in the Aquaculture and Fisheries (Scotland) Act 2013. Aquaculture is one of the most important contributors to the Scottish economy and supporting the sector in the context of sustainable development is vital for the longevity of the industry. As MSP for South Scotland, I welcome the Scottish aquaculture innovation centre’s projections for delivering 1,197 jobs to rural and coastal areas, and I note the ambitious target for growth by 2030.

The centre lists as an area of interest stock improvement and breeding, which are vital, not least against the backdrop of the Scottish Government’s salmon export ambitions. The aquaculture innovation centre is a fantastic opportunity to pioneer advancement of sustainable technologies, such as the non-chemical tackling of sea lice, which the Minister for Further Education, Higher Education and Science mentioned in her opening remarks. However, this morning I read that the Scottish Environment Protection Agency is intervening in the aquaculture industry to reduce its polluting impact. The number of fish farms rated “poor” rose from 42 in 2014 to 58 in 2015. I would be interested to know what the innovation centre is doing to help businesses to address that issue of worsening environmental pollution.

Innovation centres hold the potential for the symbiotic relationships between academia and industry that will drive Scotland forward if they are established in the right way. To ensure that we seize that opportunity, I add my support to the call for further parliamentary scrutiny of the very important IC programme.

16:00

Richard Lyle (Uddingston and Bellshill) (SNP): It is great to be speaking in a debate on innovation in this Parliament at the heart of a country that is, I believe, filled to the brim with innovation and, importantly, innovators.

I often speak in the chamber about how privileged I feel to be the constituency MSP for Uddingston and Bellshill. Today is no exception, because there is nowhere better than this chamber to reflect on some of the innovators I have been working with, some of whom base their work in my area. One such group of innovators is NVT Group. Formed in September 1988, the company provides consultancy and design in developing software and customer services in the information and communications technology arena. NVT Group’s headquarters is based in my constituency, and the company is an example of

the outward-looking innovation that we cherish here in Scotland, from its recognition as an Investors in People gold standard employer to its reliability, which is ably demonstrated in its winning of contracts as the technology services integrator for the 20th Commonwealth games, which was hosted by the great city of Glasgow. Its work has not stopped there, however. Its modern apprenticeship programme has been recognised with two employer of the year awards and its investment in young people has been recognised with Investors in Young People certification.

Another company that I have come across called Own Energy had the innovative idea of producing lamp post-mounted wind turbines that deliver electricity into the national grid. Along with NVT Group, it is now piloting wi-fi provision in towns, villages and glens, all of which works through a smart wi-fi device. Local authorities and other agencies should consider looking into such innovations, as they are definitely the future of renewable energy and connectivity in Scotland.

Those are just two local examples of the success that we enjoy in innovation. There is much work to be done by the Government across the country to promote an environment in which innovation is encouraged to create more vibrant communities. An example of that broader work by Government is the subject of today's debate—the IC programme, which, as we have heard this afternoon, was established to drive a change of culture towards innovation and ambition in business, all the while working to help universities in particular to become more flexible and more responsive to business.

As I have outlined, innovation is vital to the long-term growth of individual businesses and is crucial to the Government's ambition to shift the dial on Scotland's economic performance. I have cited two examples of what innovation is all about: realising the real opportunity and benefits that can come from increased creativity and knowledge, which has the potential to boost Scotland's economic growth.

The IC programme has been ambitious from the outset, with funding of up to £120 million over the period 2013-19. Like anything, it will require time to fulfil its original vision and potential. That said, already more than £93 million has been committed up to 2019. We should welcome that, as we have centres of innovation that are there to influence change, grow networks and, importantly—and, I would argue, crucially—encourage and foster innovative thinking.

One of the stand-out points for me is the news that the Scottish Government is investing an additional £2 million per annum to support around 200 postgraduate places in innovation centres, developing bespoke skills to support Scotland's

economy. That is indeed a good news story. This Government has a plan for Scotland and its economy. Already we can see that Scotland's economic strategy is built around improving productivity through innovation and making Scotland more internationally competitive. We recognise that increasing business innovation and use of research are critical.

The SNP Government is committing more than £345 million in 2016-17 to the enterprise agencies and the Scottish funding council to support research and innovation. A substantial amount of that funding—£232 million—is to support research in our universities that is recognised as “internationally excellent” or “world-leading”.

The work has not stopped there. The SNP continues to support workplace innovation, through support for the fair work convention and initiatives such as Scottish Enterprise's workplace innovation service. Now the Scottish Government is implementing Scotland can do Scale, which is an education programme that is aimed at developing entrepreneurial skills and innovative ideas.

Those few examples articulate well the level of innovation that the SNP Government is taking when it comes to encouraging and promoting growth in the innovation sector. It is clear that the Government remains committed to delivering on our ambitions for Scotland to become a nation of even more innovation. We are, as I said, a country filled to the brim with ideas and passion. I hope that through the work done by this Government and others, including programmes such as innovation centres, we can continue to build on that and deliver for the people of Scotland.

The Deputy Presiding Officer (Linda Fabiani): We have some time in hand. I call Edward Mountain, to be followed by Stewart Stevenson, so I guess that we should eat into some of that time over the next two speeches.

16:07

Edward Mountain (Highlands and Islands) (Con): As other members have done, I welcome Professor Reid's review.

In my time as a businessman I have discovered quite a few things, and there is one in particular that I keep reminding myself of. Why? It is a self-evident truth: to solve a problem, you need to invest not only money but time, and you need to nurture that investment so that it has the best chance of succeeding. The best literal example of that would be scattering seed corn on concrete. Initially it will grow and you will see a sea of green, but it will quickly wither and die, and it will probably not produce a crop.

In 2007, when the Scottish Government published its economic strategy, it rightly concluded that Scotland's productivity would be enhanced by stimulating growth innovation. That was reaffirmed in 2015, and to date the Government has invested £120 million in Scottish innovation centres. That is more than just seed corn; indeed, it is a significant amount. We should already be able to reap some of the harvest, but we are not reaping as much of it as we should.

If members do not believe me, they should look at the Organisation for Economic Co-operation and Development rankings in productivity. In 2007 we were ranked 17th and today we have dropped to 19th—not an impressive result.

I do not want to stand here and just say that the Government could do better. That would be true, but unhelpful. I would like to look at where it has succeeded and, in some areas, failed, so that future steps build towards success, not failure.

First, the independent review makes a clear case for innovation centres, and the Conservative Party supports the programme, which is a great step in the right direction. However, as Jamie Greene said, you cannot run a programme without targets. It is just too easy for those who run programmes to show optimism bias. That is a new term that I have learned in this Parliament; it was used to describe what happened with the problems with the common agricultural policy information technology system. It describes how those who oversee a programme cannot see the potential problems as they arise. Targets would prevent that.

Secondly, in terms of performance as measured by the monitoring and evaluation framework, there is welcome progress in some areas, but a more consistent approach in the application of the framework is required across the board. That would enable an increase in the number of outcomes and impacts that are actually reported and a closer eye could then be kept on performance. That in turn would allow greater collaboration, or indeed intervention, as required.

Part of that could be to allow innovation centres to have a much more focused, industry-defined measure of success. At times, the focus on performance is more heavily weighted towards individual company success, rather than the success of the industry as a whole. A consequence of that is that the benefits favour private companies as opposed to being public benefits. That is unacceptable, given that part of the initial investment has been made from the public purse through Government funding.

Thirdly, there is a disparity between the initial forecasts of the amount of income that would come into innovation centres and the actual

income that they have received. Whether the income is from industry or enterprise agencies, it has not been quite as good as we hoped. I understand that, as a consequence, most of the innovation centres are making revised budgets. One way to increase income is for innovation centres to be allowed greater flexibility over the projects that they undertake. This would allow them to adapt to everyday variables such as market conditions and staff turnover, to name but two. There is also plenty of opportunity for our innovation centres to develop long-term partnerships across the whole of the Scottish economy, which should be taken advantage of.

Finally, in terms of the governance of innovation centres, although the majority of issues that have been highlighted have been addressed, it is worth mentioning that, as outlined in the review, in the long term some innovation centres should change the governance model that they are using, to achieve better outcomes. In such cases, if governance procedures were improved by a variety of means, there would be a better balance between the autonomy and the accountability of those innovation centres. Much more needs to be achieved in relation to effective communications and referrals across the board.

In conclusion, the idea of innovation centres is one that we welcome and believe should be encouraged. Our efforts to make them a success have to be better than they are at the moment and, in some cases, assessments are needed so that a sharp refocus can be made where required.

I am glad to say that we agree, I believe, across the chamber that innovation centres are good for Scotland, and we would like to work together to make sure that they succeed in the future.

The Deputy Presiding Officer: I call Stewart Stevenson. We still have a little time in hand.

16:12

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): I will try to squeeze it in under half an hour, Presiding Officer.

I am doing the usual innovative thing in relation to my speech. I have random things written on bits of paper here. It is quite illustrative to think of how public key cryptography, which I referred to last week in debate, came into being.

One of the original authors of public key cryptography was a guy called Ron Rivest. He was the mathematician on the team. He had a very restless night when he did not really sleep very much, turning over in his bed, because they were trying to find a one-way mathematical algorithm that worked forwards but not backwards. Do not bother to understand: just take it from me.

He was walking downstairs to make his breakfast in the morning. He got down to the bottom and thought, "I had the answer." So he had to go back upstairs and walk back down again. Then he remembered what the idea was, which was a matrix transformation, if you really want to know.

He sat down at the breakfast table and he wrote the answer down. He wrote the paper, and it took him 30 minutes to come up with the answer to the problem that he had been wrestling with for a year.

It is illustrative of the innovation process because, although it took 30 minutes to write the answer down from it springing into his mind to his completing the paper, it took a lifetime of preparation for all the intellectual detritus that was floating around in his brain to coalesce in a way that actually produced something new, innovative and required.

We probably all have favourite books. Edward Mountain's would probably be Sun Tzu's "The Art of War", in which Sun Tzu postulates nine territories for military engagement; number 3 is contentious ground, and the first of the battalions to occupy it is the one that will command the outcome. In innovation, that is exactly the ground that we are debating. Sun Tzu dates a very long way back. My favourite inspirational book, Fred P Brooks's "The Mythical Man-month", is much more modern, as it was published in 1974.

It is worth thinking about the character of innovators. The best innovation is disruptive and very often unwelcome because it challenges and changes the status quo. Innovators are, by nature, anarchists. Of course, innovation does not always go the way that the innovator thought it would. When Alexander Graham Bell demonstrated the telephone in 1876, politicians got involved, because communication was the purview of the Royal Mail. The postmaster general of the time, in reaction to the invention of the telephone, said that there was no need for it because of a superfluity of telegram boys. It was considered that communication worked well enough.

The other side of it was that Alexander Graham Bell did not think that he had invented the telephone. He thought that he was inventing a broadcast device. That is often the way with innovation. In modern times, we all have mobile phones with facilities for texting. It is worth remembering that the text facility that is part of the Groupe Spécial Mobile system that underpinned the first digital telephones was put in there to allow the communications company to send messages to telephone users about conditions in the network.

Jamie Greene: Would Mr Stevenson agree that much of the innovation and changes in technology

that we see today has been driven by military research? A lot of what we use in our daily lives originated in military use but was converted into everyday use. What are his views on that?

Stewart Stevenson: The member is almost certainly right. For example, when, in 1963, the National Aeronautics and Space Administration put out a contract for various bits of what would become the moon lander programme, NASA could provide only 1.4 W of electricity for the computer for navigating the moon lander. That was a quasi-military requirement that could be met only by Rockwell—the successful bidder—producing the first integrated chip, although there had been integrated circuits in the 1940s. That is why we have computers in the sense that we have them today. The member is absolutely correct, but I do not think we should discount the fact that civilians can come up with some pretty good ideas.

Ivan McKee: Would the member agree that military spending is an extremely expensive way of publicly funding innovation programmes?

Stewart Stevenson: The member is absolutely correct. However, I refer to my previous response. We have to acknowledge that innovation in war is very important.

I want to talk about another innovation that came from war. A gentleman called Tommy Flowers, who was a General Post Office engineer at the Dollis Hill research laboratory in northern London, got posted to what is now the Government Communications Headquarters, which was then the base that was trying to break the Enigma codes that the Germans used for their military communications.

Bob Doris (Glasgow Maryhill and Springburn) (SNP): Will the member give way?

Stewart Stevenson: I will develop it a wee bit, if I may, Presiding Officer, depending on how much time you choose to give me.

An even more horrendously difficult machine was the Lorenz machine, which was used only by Adolf Hitler and the navy and was far more difficult than the Enigma machine. Alan Turing came up with thoughts of how that could be dealt with but Tommy Flowers, who was a relatively small cog in the big machine, said that he had used thermionic valves to build circuits that would do switching and that he could build a computer.

Up to that point, they had been using things called bombes, which were mechanical devices for breaking Enigma that the Poles had developed in the run up to the war. Tommy Flowers said that he could do it but he was forbidden. However, he was a natural anarchist and he went away and, at his own expense, got 1,500 electronic valves—finding them was a terrific thing to do during wartime—

and built Colossus Mark 1, which was the first real electronic computer. It was quite good, but he built another one—Colossus Mark 2—and he delivered it on 1 June 1944. They broke the first Lorenz messages in the 24 hours after getting that first machine made by an anarchist innovator. The message that was given to Eisenhower on 4 June said that the Germans were not moving troops into Normandy so it was safe to land there, but there was a concentration of troops in one place, so the Allies moved one of the landing points. If Tommy Flowers had not done that, it is thought that the Normandy landings would not have been successful because they would have encountered severe resistance.

We knew nothing about Tommy Flowers until many decades later, because he was covered by the Official Secrets Act. The story goes on, however. Although he had paid for the development of the computer himself, the Government refused to refund him. Eventually, it gave him £1,000, by which time it no longer mattered and he shared it with the rest of the team.

The Deputy Presiding Officer: May I interrupt you for just a couple of seconds, Mr Stevenson? I am certainly loth to do so, but it might now be time to come back to the motion.

Stewart Stevenson: I will say 10 words. The important thing about innovation is that innovators have time to think, space to think and, more importantly, people of different minds, not the same mind, with whom they can think collaboratively. If innovation centres do anything, they must do all those things.

The Deputy Presiding Officer: Thank you Mr Stevenson. We now move to the last of the closing speeches, which I am sure will be just as interesting as Mr Stevenson's. I call Gordon Lindhurst.

16:22

Gordon Lindhurst (Lothian) (Con): Presiding Officer, I am indebted to you for allowing me a chance to speak, and also to Stewart Stevenson for not speaking for an entire half hour. When he was describing codebreaking, I almost felt as though he had been personally present. I am also indebted to him for his explanation in the parliamentary lifts today about the Otis safety clip. I am afraid that I am unlikely to be able to rival his innovative approach to speech making.

To return to the subject that we are tasked with discussing, today's debate on innovation in Scotland is particularly relevant to a country of storytellers, of which Stewart Stevenson is one, and innovators. James Watt has been mentioned as one of the innovators who were critical to the

industrial revolution of the 18th and 19th centuries. At the same time, our current worldwide reputation for excellence in research at the universities exceeds itself. I was pleased to be able to recognise in a recent motion the success of the University of Edinburgh in the Quacquarelli Symonds world university 2016-17 rankings, where it was ranked 24th in the world for research.

However, it is disappointing to read some of the figures that are associated with Scotland's prevailing performance under measures such as entrepreneurship, innovation and productivity. My colleagues have already mentioned some of those figures, the most disturbing of which might be the entrepreneurial rate of 5.5 per cent, which is 3.1 percentage points below the UK rate. I am not sure how that statistic is calculated, but it is interesting in any event. It reflects recent figures announced by the Scottish Government that indicate that Scottish entrepreneurship is lagging behind. Scotland now has the lowest business density rate of any part of the UK and there are fewer small businesses per head in Scotland than there are UK-wide. Those businesses are the lifeblood of our economy and are often key to driving innovation. Those disappointing figures do our historic successes an injustice.

Over the past few months, we have listened in the chamber to a lot of scaremongering about the economic outlook for Scotland, which is said to be the result of political developments. Many of those factors are overplayed, but I agree that it is more important than ever that Scotland can stand on its own two feet and that we ensure that its people are equipped with skills and its businesses with ideas. Above all, as we heard this week in evidence to the Economy, Jobs and Fair Work Committee, we need to encourage our innovators, entrepreneurs and businesses in their enthusiasm and ambition. That is where innovation centres can play a vital part in the Scottish economy by bringing together established universities with businesses across different fields.

Like my colleagues, I welcome that step and the innovation that has been achieved so far. One example is the oil and gas innovation centre, which is operating in a lower-for-longer price environment in which innovation provides a lifeline to under-pressure businesses. One such project is the partnership between Hydrason and Heriot-Watt University in the Lothian region, which developed low-frequency multibeam wideband sonar that is delivering new sub-bottom imaging for the industry.

Support for innovation centres is welcome, but that is but one aspect of the debate. As the review identified, there is much more to be done if our people and our economy are to make full use of their innovative skills and outputs. I will repeat

what I have said: let us all encourage the enthusiasm and motivation of Scotland's innovators.

16:26

Tavish Scott: The debate has ambled through the ups and downs of innovation in a pretty consensual manner. Gordon Lindhurst said—or rather, implied—that those of us who have been somewhat concerned by what is going on in the world around us at present may be overplaying the arguments. We will find out a bit more about that next week in the autumn statement. If the state of the public finances is as dire as has been said, and as even the Chancellor of the Exchequer has expressed, we will be looking at a deficit of £100 billion, and the consequences for spending across the country—by which I mean all the nations of the United Kingdom—will be significant indeed. I hope that those who say that we do not have anything to worry about will consider carefully the remarks that their own chancellor makes in the House of Commons next Wednesday.

Claudia Beamish made a broad observation about the opportunities for innovation as a result of climate change. That reminded me of a President of the United States: thankfully not the President-elect—who, worryingly enough, said in the course of his campaign that he would dump the Paris climate change accord—but President Clinton, who was in Glasgow some years ago at a time when some of us held ministerial responsibilities in certain areas. I think that Iain Gray was there too; I cannot remember.

In the question-and-answer session that followed President Clinton's speech, he was asked by the compère—I cannot remember who compèred the event—where he saw the greatest business opportunities arising in the future. His whole answer—which, given that it was President Clinton, was somewhat brilliant—was about climate change. He spoke about how businesses would respond to those challenges and come up with solutions that are self-evidently needed not just in our part of the world but around the globe. I thought that there was something in that.

The arguments from a number of members this afternoon for an innovation centre in the broad area of energy but more specifically in renewables appear to be strong. In some respects, it is not for Government and politicians to be doctrinal about that—I would rather that such work was developed in the very spirit and manner by which innovation centres have grown in other areas. Nevertheless, there is a lot in that argument.

I commend members who have mentioned the Scottish aquaculture innovation centre, which I think has a much longer title. It is run by Heather

Jones in Stirling, who produced the best briefing for today's debate. Those who ask for testimonials to illustrate the involvement of business in a wider context—Claudia Beamish made that point about salmon farming—need look no further than that briefing. Jim Gallagher, the boss of Scottish Sea Farms, is shown on the back page making exactly the point to which Claudia Beamish rightly drew attention.

I want to pick up on a couple of points from the minister's opening speech. I am sure that I will be corrected if my paraphrase of her words is wrong, but she challenged colleges by saying that they could and should do more. I take that point, which is about the link to business and the economy. I am going to offer what is probably far too radical a thought for this stage on a Thursday evening, but one of the strongest ways in which to do more on that link would be to decentralise Skills Development Scotland. If we want to make one big change on skills, it is to disaggregate that organisation and take the empirical evidence that SDS builds up but does nothing with—it has a vast amount of data, but I am not sure that it ever gets down to business level—and ensure that it is absolutely wedded to the regional college level.

I know a fair bit about the set-up in the Highlands and Islands, and there is so much more that could be done there if SDS was much more decentralised. That was the point that the Aberdeen and Grampian Chamber of Commerce made to the Education and Skills Committee in evidence last week and it is a point that a number of others have made over a long period of time. I do not expect ministers to make policy up on the hoof, but I think that there is a very strong case for looking at what happens on skills, on business and on the tie to innovation centres in the context of SDS, and taking that organisation down to where it logically should be.

I also just observe that we learned last week that SDS has an annual budget of £208 million, of which it spends £65 million on staff. By any standards, if we look at the balance of spending of organisations across Scotland, that is pretty darned significant.

Ivan McKee and one or two other members mentioned the Reid review recommendations in relation to explaining innovation centres more clearly to business, which is a very fair observation. I suggest that the proposal on SDS could contribute to that as well.

The other Reid recommendation that I think is important is the one on the 10-year horizon. Iain Gray made a couple of observations about that in his opening remarks, and he had a broad point there. We do short-termism too much in politics and we have too much government by initiative. That applies to all Governments over every

session of the Scottish Parliament. If an organisation has an adaptable and appropriate model that is working, there is a lot to be said for helping it to continue and giving it some depth in terms of policy support and, indeed, budget. Some colleagues argued that there should be a proper assessment of how organisations are doing, and I suppose the reflection on it is in that regard a fair one.

The table in the Reid review on research and development in Scotland is pretty sobering, albeit that the figures are from 2012 and they might have changed. If the Government can update those, I am sure that that would be helpful to a number of parliamentary committees. However, the figures show that, in terms of R and D spend as a percentage of gross domestic product, Scotland is below the EU-27 average and below such countries as Finland, Sweden and Denmark. I guess we know all that, but the figures look pretty stark in that table. A number of members made the strategic point in the debate about recognising what our current situation is and having a clear approach to changing it. That table alone should provide the evidence for doing that.

I briefly mentioned in my opening speech the Royal Society of Edinburgh's submission on the skills review, which refers to the importance of the separation of responsibilities and strategic decision making between the Scottish funding council and the other enterprise agencies. For many of the reasons that other members gave in the debate, that separation is fundamental, but I also commend paragraph 13 of the RSE's submission to ministers in that regard.

I have two final points. First, it was right that Kate Forbes made observations about the oil and gas innovation centre. As far as I can remember, it was set up when oil was \$110 a barrel. Sadly, the price is now rather less than that but, despite the massive loss of jobs and the continuing loss of the oil and gas supply chain not just in north-east Scotland but right across the UK, it has managed to continue to invest in 27 approved projects, with another 46 in the pipeline. That proves that an organisation can adapt and change.

You are giving me that benign smile, Presiding Officer, so I guess you want me to shut up.

The Deputy Presiding Officer: It is not so benign really.

Tavish Scott: Quite.

My final observation is that, if change is happening in our economy, innovation certainly needs to continue to happen, and the example of the oil and gas innovation centre illustrates that that can be good for the Scottish economy.

16:35

Richard Leonard (Central Scotland) (Lab): I am pleased to be closing the debate for the Labour Party and am glad that we are debating innovation as well as innovation centres, because innovation forms a key part of the Government's manufacturing plan, which was launched in February. The plan claimed that the Government would

"establish a new joint Centre for Manufacturing Excellence and Skills Academy to act as a hub for continuous innovation in manufacturing that can sustain globally competitive businesses in Scotland."

That was supposed to be under way by quarter 2 of 2016. This morning, we heard from the Cabinet Secretary for the Economy, Jobs and Fair Work that the location for that academy has yet to be found. Perhaps, in his closing remarks, the minister could address progress towards establishment of the joint centre.

The plan for manufacturing also included a plan to increase the engagement of small and medium-sized enterprises with the network of innovation centres. According to the plan, an action plan was to be under way, again, by quarter 2 of 2016. I hope that we will hear in the minister's winding-up speech a little bit more about what is being done to tackle that.

As Richard Lyle mentioned in his speech, the Government's manufacturing action plan spoke of a workplace innovation service that would be implemented by Scottish Enterprise and Highlands and Islands Enterprise in the third quarter of 2016, and would be aimed at workforce engagement. Again, the cabinet secretary, in answer to a question that I asked in the chamber this morning, confirmed that work on that service is under way. However, we do not know how far from fruition it is. More detail on that in the minister's closing speech would also be welcome.

As my colleague—or comrade—Iain Gray mentioned earlier, yesterday morning I visited the innovation centre for sensor and imaging systems in Glasgow and was suitably impressed by much of what I saw. There was engagement with some big companies that operate in the Scottish economy, from Thales Optronics to FirstBus. However, many of those who are innovating are small businesses—sometimes microbusinesses—and the markets that they are supplying involve public transport, renewable energy and social housing, among other things, which are precisely the activities in which we in the Labour Party want to see differential growth.

It is worth pointing out to the supporters of the free market and those who favour neoliberal economics that those activities—to which we can add defence—are all in one way or another reliant

on significant public subsidy. It was clear to me that the links in the supply chains that I saw yesterday would not have been formed without the presence of the innovation centres. What was less clear was the number of jobs that that activity had so far created. We need to put in place better monitoring of that—a point that we make in the Labour amendment.

In his opening remarks, Tavish Scott expressed concerns, which we share, about the creation of a single statutory supervisory board for Scottish Enterprise, Skills Development Scotland, the Scottish Further and Higher Education Funding Council and—not least—Highlands and Islands Enterprise. Last Monday, I visited Inverness and met representatives of HIE and Highland Council. At that meeting, the leader of Highland Council, Margaret Davidson, handed me a motion that was supported unanimously by the Labour group, the independents, the Liberal Democrats and—yes—the Scottish National Party's councillors. The motion said that the parties are “very concerned” at the proposals and regarded the loss of an autonomous local board in the Highlands as “a serious mistake.” I ask the minister to reflect on the expression of that unanimous view in the Highlands.

It was a Labour Government that established the Highlands and Islands Development Board, and we have consistently supported a distinctive approach to economic and social development in the Highlands and Islands, and a distinctive remit and structure. We will continue to do so.

Members including Edward Mountain and Ivan McKee argued that productivity is lagging in Scotland. They are right, and they are right to put that down, in part, to a failure of innovation. However, I suggest that they consider whether there is also a deeper-seated structural problem of failure of investment and failure of research and development. Figures for 2014-15 that were released this morning show that Scotland is falling further behind in that regard. I argue that there has also been a failure to build a broader industrial strategy.

The Reid report contained telling evidence and opinions. Dean Lockhart commented on a quotation that also caught my eye, in which Scottish Government policy was described as

“very focused on innovation without articulating what is meant”

by that. It would be useful to hear from the minister what is meant by “innovation” in the Government's eyes.

I worried when I read that the Scottish Government deputy director for higher education had

“highlighted that we cannot ‘assume that the state will continue to fund (ICs) forever and at the same level’.”

I ask the minister to clarify that comment and to say whether it reflects the Government's current thinking.

We lodged our amendment to try to provide some targets, objectives, performance measures, deadlines and accountability for the innovation centres, as well as some accountability of the Government. We need to ensure that the centres bring a jobs dividend and boost socially useful work.

It is the job of Parliament to hold the Government to account. We hope that that is a role that every party in Parliament in this afternoon's important debate is willing to assume.

The Deputy Presiding Officer: I call Liam Kerr, who has eight minutes.

16:42

Liam Kerr (North East Scotland) (Con): Thank you, Presiding Officer.

“Investing in innovation is critical to raising long-term economic growth. In this current economic climate, uncovering new sources of growth and leveraging the opportunities raised by global innovation are priorities for all stakeholders.”

Those are not my words, but the words of the World Intellectual Property Organization director general, Francis Gurry. He was speaking in August at the announcement of the global innovation index 2016—an index that puts the United Kingdom at third in the world, behind only Sweden and Switzerland.

We completely agree—innovation is at the heart of economic and social development. It drives productivity, it attracts international investment and it gives us a chance to raise living standards throughout Scotland. Conservatives have always supported the role that innovation can play in boosting economic growth and capitalising on areas in which Scotland has a competitive advantage.

Our amendment, with which I am certain all members agree, urges the Scottish Government

“to introduce clearer industry-defined success measures in order to assess the overall performance of innovation centres”,

and encourages it

“to take further action to boost productivity levels in the Scottish economy”.

Innovation is a vital cog in a vibrant and flourishing economy. In supporting the first part of the motion, we recognise the importance of innovation centres as vital collaborations between academia and business, which encourage and

support innovation across Scotland's key economic sectors. As such, we welcome the independent review of the centres. However, the motion simply states that the review's recommendations

"set out a helpful course".

We call on the Government to heed and implement the recommendations.

Although the innovation centres are important and do much to foster the growth of business and innovation, there are serious issues out there. In a powerful speech, Dean Lockhart talked about how relative productivity has declined in Scotland. A number of members made that point. In 2007, Scottish productivity ranked in the second quartile of the OECD countries. The latest data place it in the third quartile—25 per cent lower than Ireland and Denmark. Scotland is in the fourth quartile of innovation-driven countries and is below any other in the much-vaunted arc of prosperity.

Gordon Lindhurst talked about the entrepreneurial activity rate being barely 5.5 per cent, which is a full 3 per cent below the UK's 8.6 per cent rate and is an incredible 19 per cent drop on the previous year. Scotland can and must do better.

Richard Lyle made it crystal clear that we have a proud history of innovation, invention and pioneering thought in engineering, science, design and architecture, to name but a few areas.

As Gordon Lindhurst eloquently said, it is now more important than ever that Scotland stand on its own two feet. It is more important than ever that the Government take action to support economic growth and productivity in Scotland. Under the Government, jobs growth has stalled for a decade. In fact, Scotland lags behind every other UK region on job creation rates. Only yesterday, there was the shocking news that the inactivity rate north of the border is now 37.9 per cent. That rate is higher than it is in other regions across the UK. The 2.2 per cent increase since May 2007 is the worst in Britain. Let us put that in real terms: it means that 176,000 more Scots have become economically inactive in that timeframe.

We echo Universities Scotland's calls for a long-term plan and strategy for innovation centres. The Scottish Government must ensure that long-term investment is in place. That will give the business community the confidence that it needs to encourage business investment.

Much of what we are discussing echoes many of the themes of the debate three weeks ago on the review of enterprise agencies. I am pleased that Shirley-Anne Somerville agreed with us and said that the Scottish Government will look at how we can build on and improve our innovation

centres, and build on the review of the enterprise agencies in the round.

Tavish Scott was clear that there may be too great a concentration on medium-sized and large businesses, and he welcomed the moves in that regard. We agree with him that clarity on the Scotland-wide governing board proposals and the impact on innovation centres would be welcome. Therefore, we will support his amendment.

We will be able to combat the serious issues that the economy faces only by taking the approach that I have mentioned and developing a coherent and linked-up economic and industrial strategy with targets, as Edward Mountain said.

I must quickly turn myself into an innovation centre, as I did not expect to have eight minutes.

I must refer to Stewart Stevenson's contribution. He made his usual interventions, which involved Einstein and innovation through failure, but despite everything, he failed to take up Tavish Scott's invitation to discuss spat. That was probably wise, given what else we heard.

Ivan McKee made a very persuasive argument about innovation being about more than technology and including the public sector and management innovation.

We believe that innovation centres are a step in the right direction. I am again grateful to Tavish Scott for pointing out the vital work of the oil and gas innovation centre in Aberdeen, which is doing important work in incredibly uncertain times for the industry in asset integrity and life extension, decommissioning, remotely operated underwater vehicle research, shale gas exploration and production optimisation, to name but a few areas.

We support the Government's motion and the amendments, but innovation centres do not provide the full answer. As Jamie Greene said, there has to be an agreed framework by which to measure their performance on an interim basis as well as on a longer-term basis. Iain Gray's amendment, which we support, calls for that.

Dean Lockhart mentioned that Mike Russell said in the chamber in 2014 that he predicted the creation of up to 5,000 jobs. It is important to note that. The Ekos Consultancy report to the SFC just this September said that 53 jobs that have been created in companies are attributable to innovation centres.

As Jamie Greene has said, we need to move out of our comfort zone, be more ambitious and listen to where the innovators say our economy is headed. In our amendment, we urge the Scottish Government

“to introduce clearer industry-defined success measures in order to assess the overall performance of innovation centres”

and encourage it

“to take further action to boost productivity levels in the Scottish economy through innovation”.

Our amendment genuinely seeks to find the best way ahead. Let us move forward together. As Dean Lockhart has made clear, we have solutions—indeed, we have proposed some over and above those that are in the report—and we hope that the Government will reflect on them and take them forward.

Voting for the Scottish Conservative amendment will send a signal that we can move forward together, and I look forward to the chamber sending that signal to the Scottish people.

16:50

The Minister for Business, Innovation and Energy (Paul Wheelhouse): I welcome the opportunity to close this debate on how the innovation centre programme is driving innovation in Scotland, and I, too, thank Professor Reid for his very valuable report.

As members have said, innovation makes a vital contribution to Scotland’s economy, but we need to start acting collectively to drive up business participation in innovation. There have been a number of references today to business expenditure and R and D figures and, clearly, the latest figures that have come out confirm that there continues to be a gap between us and the UK and the European Union.

That said, I want to make a point that has not yet been mentioned but which I think is significant. Scotland is second among EU countries in terms of university graduates as a share of our adult population, and fifth in the OECD in terms of higher education spend on research and development. I think, therefore, that we have to see things in the round. We have a very educated workforce, and we have great investment through our universities sector. The issue is how we convert that into economic impact and get business to engage, which is perhaps the focus of the debate.

We need more businesses that are ambitious and which use innovation to drive growth, to create more and better jobs and to access international markets, and we also need to develop a stronger innovation culture among businesses across Scotland to support that aim and drive productivity growth. Of course, as members have pointed out, such an approach leads to higher productivity, the ability to pay higher wages and more prosperity in our economy. I certainly agree with Tavish Scott’s

point about the need for a culture change, because we need a culture in which everyone understands what innovation is and how it can benefit them. I will say more about the nature of innovation in the course of my remarks. We also need to connect our support systems to make them easy to understand, navigate and use—again, I will say more about that later.

Having a thriving and dynamic innovation ecosystem is essential for improved productivity, competitiveness and growth, and colleagues can be assured that the Scottish Government continues to be clear on the importance of innovation in driving improvements in productivity. We are determined to improve Scotland’s performance in the area. The latest UK innovation survey showed that the share of innovation-active enterprises in Scotland has increased by 18.8 percentage points since the 2011 survey, compared with a 17.6 percentage point increase for the UK as a whole. There is still a gap; however, that gap has narrowed, which I think is significant. It means that 50.4 per cent of enterprises are now innovation-active in Scotland, and that figure is up 7.1 per cent since 2013.

It has been shown that the main driver for innovation among those businesses is improving quality of goods and services, although I would add that process innovation, too, should be seen as important. We seek to improve on those trends and numbers, and I am pleased to say that the spend on business enterprise research and development—albeit, as we all know, low—has gone up 41 per cent in Scotland since 2007 compared with a 17 per cent increase in the UK as a whole. The gap is being closed, but a gap remains and needs to be closed even more.

Our ambition is to become a world-leading nation in innovation and entrepreneurship and to that end—and in light of stubborn productivity statistics—we need to shift the dial. Reference has been made to Einstein, but I remind the chamber that his definition of insanity was to keep doing the same thing and expect different results. That is why we are looking at reshaping the innovation landscape.

Clearly there are strong links to our economic strategy. We will continue to focus on its four key pillars—investment, infrastructure, innovation and internationalisation—while promoting fair work and innovation in the workplace. If I have time, I will say a little bit more about workplace innovation, but I should say that we are also driving innovation by reaching out to the world through our innovation and investment hubs in locations such as Brussels, Dublin, Berlin and London and trying to identify business challenges around the world.

We are also trying to improve collaboration between business and academia. That is a key

aim; indeed, it is a key role that innovation centres in Scotland are playing.

Iain Gray made an important point about the role of the ITIs. It was a reasonable attempt to challenge us on the issue, but there are issues around the degree to which the solutions are closely developed by business rather than by the academic community. That is clearly an important aspect of what we need to try to achieve.

We also need to follow through on the recommendation in Professor Reid's report that we encourage closer links between innovation centres and the college sector, as Shirley-Anne Somerville set out in her remarks.

The Deputy First Minister established the Scotland can do innovation forum last year in order to improve collaboration. Over the past year, forum members have been assisting us with identifying and setting clear objectives that will help to increase levels of innovation in businesses in Scotland, which in turn will help to drive up levels of productivity. The forum has focused on three overarching themes: investing in ambition, building a can-do innovation culture and creating connections.

As a result of those discussions and the recommendation of the First Minister's Council of Economic Advisers, we are undertaking a review of the innovation ecosystem, which will help to define how we can shift the dial on innovation. However, we already know that certain initial steps will help to address Scotland's innovation challenges, including the innovation centres, and we will set out those actions at the end of November.

In response to the points that Tavish Scott made, I say that, although business investment in research and development activity is important, innovation is a broader concept—this also ties in with what Richard Leonard said—that encompasses the development and exploitation of new processes, products, services and business models. The vast majority of business innovation, unfortunately, is undertaken by large firms. Although that is not surprising, the establishment of a culture of innovation and, crucially, its commercialisation across business more generally is vital. Equally important for firms of all sizes is the ability not only to create innovation, but to capitalise on innovative ideas and to commercialise them. [*Interruption.*]

The Deputy Presiding Officer: Excuse me, minister. Will members please stop having private conversations? The debate is still on-going.

Paul Wheelhouse: The colleges' role will help with the required cultural change, in that they have fantastic access to a wide range of small and medium-sized enterprises—and indeed large

enterprises—across the country. They clearly have a role to play.

I turn to workforce innovation. When companies benefit from innovation, so should the workforce. To create the conditions and culture in the workplace that can stimulate and inspire innovative ideas is equally, if not more, important. Ensuring that the talents of all members of staff are used and developed is therefore a key part of our innovation approach, and we believe that it develops the win-win environment that we want to encourage. We are seeing some of that emerging in the oil and gas industry, where the workforce is working with management to drive out costs, and we are supporting an SE-led workplace innovation service. Workplace innovation makes business processes as profitable, efficient and responsive as possible by enabling staff to make full use of their skills, experience and creativity in their everyday tasks.

Academic research shows that increasing employee motivation and wellbeing in the workplace plays an important role in reducing employee stress, enhancing job satisfaction and wellbeing, improving mental health and increasing retention.

In the time that I have left, I will address some specific points that were made by colleagues across the chamber. Stewart Stevenson was quite right to highlight that we need to have an appetite to take a bit of risk. We need to accept that, in innovating, we will have failures as well as successes. That came out of the ministerial review group as a key message for the Scottish Government.

Dean Lockhart, Kate Forbes, Claudia Beamish and others mentioned the need for a renewables innovation centre. I point out that we already have a number of key centres, albeit that they are not innovation centres at this time. We have the European Marine Energy Centre in Orkney, Fife energy park and the Offshore Renewable Energy Catapult, and the Fraunhofer centre is doing work on photonics in Glasgow. We have demonstration projects for floating offshore wind and Wave Energy Scotland.

Dean Lockhart rose—

Paul Wheelhouse: I apologise to Mr Lockhart, but I am very short of time.

We also have a number of areas of pioneering R and D.

There is a process whereby we will look through the review and take on board any claims or cases that are put forward for new innovation centres, but those will be directed by the work that is undertaken following phase 2 of the enterprise and skills review. A number of members asked about

the timescales for the review. Phase 2 started on 1 November and is expected to last for six months.

Ms Somerville pointed out that, at its next meeting in December, the SFC board will look at the role of colleges in the context of Professor Reid's remarks.

A number of members, including Jamie Greene, made points about the need to minimise the admin burden in the innovation centres, but there is a balance to be struck. We want to generate evaluation evidence and impact evidence, so we require some input from the innovation centres through the monitoring and evaluation framework. Some of the centres, such as the centre for aquaculture, have already done a lot of work to take forward assessment of the economic impact to date.

We have had a good, largely consensual debate, which has highlighted the important work of the innovation centres, the importance of innovation to our economy and the need to target that work in specific sectors such as renewables, oil and gas and, I would add, fintech for financial services. We will continue to work with all our partners, including the innovation centres, to nurture a thriving and dynamic innovation ecosystem, helping to create sustainable economic growth.

Importantly, we have to take forward the recommendations in the innovation centre review to help drive innovation in Scotland. I urge all members to support the motion in the name of Shirley-Anne Somerville.

Parliamentary Bureau Motions

17:00

The Presiding Officer (Ken Macintosh): The next item of business is consideration of two Parliamentary Bureau motions. I invite Joe FitzPatrick to move motion S5M-02552, on committee membership, and motion S5M-02553, on substitution on committees.

Motions moved,

That the Parliament agrees that—

Ross Thomson be appointed to replace Alison Harris as a member of the Public Audit and Post-legislative Scrutiny Committee; and

Alison Harris be appointed to replace Rachael Hamilton as a member of the Delegated Powers and Law Reform Committee.

That the Parliament agrees that—

Brian Whittle be appointed to replace Alison Harris as the Scottish Conservative and Unionist Party substitute on the Health and Sport Committee; and

Alison Harris be appointed to replace Ross Thomson as the Scottish Conservative and Unionist Party substitute on the Standards, Procedures and Public Appointments Committee.

The Presiding Officer: The questions on those two motions will be put at decision time.

Decision Time

17:00

The Presiding Officer (Ken Macintosh): There are six questions to be put as a result of today's business. The first question is, that amendment S5M-02511.3, in the name of Dean Lockhart, which seeks to amend motion S5M-02511, in the name of Shirley-Anne Somerville, on innovation, be agreed to.

Amendment agreed to.

The Presiding Officer: The next question is, that amendment S5M-02511.1, in the name of Iain Gray, which seeks to amend motion S5M-02511, in the name of Shirley-Anne Somerville, on innovation, be agreed to.

Amendment agreed to.

The Presiding Officer: The next question is, that amendment S5M-02511.2, in the name of Tavish Scott, which seeks to amend motion S5M-02511, in the name of Shirley-Anne Somerville, on innovation, be agreed to.

Amendment agreed to.

The Presiding Officer: The next question is, that motion S5M-02511, in the name of Shirley-Anne Somerville, on innovation, as amended, be agreed to.

Motion, as amended, agreed to.

That the Parliament acknowledges the contribution that Scotland's Innovation Centre Programme can make as a driver of innovation on some key sectors of the economy; welcomes the publication of the independent review of Scotland's Innovation Centre Programme by Professor Graeme Reid, and recognises that the review's recommendations set out a helpful course for the Scottish Government to consider during the next stage of the programme; urges the Scottish Government to introduce clearer industry-defined success measures in order to assess the overall performance of innovation centres; encourages it to take further action to boost productivity levels in the Scottish economy through innovation; notes with concern the latest available productivity figures, which show that Scotland currently ranks in the third quartile of OECD countries for productivity, despite the Scottish Government's target for Scotland to rank in the top quartile by 2017; notes that Professor Reid called for a further review to be completed by June 2017; considers that this review should report to the Parliament, which should include progress made on innovation centre objectives, including the generation of 5,000 jobs and the leverage of private sector funding into centre projects, and on improvements to the involvement of further education colleges in the programme, and that it should recommend whether new centres in other sectors are required; notes that the report stated that the Scottish Funding Council and enterprise agencies have vital roles in supporting the innovation centres, and calls for clarity from ministers on their proposals for a Scotland-wide board governing Scottish Enterprise, Skills Development Scotland, Highlands and Islands Enterprise and the Scottish Funding

Council, and how this will impact on innovation centres and, in particular, their ability to make strategic long-term decisions.

The Presiding Officer: The next question is, that motion S5M-02552, in the name of Joe FitzPatrick, on committee membership, be agreed to.

Motion agreed to,

That the Parliament agrees that—

Ross Thomson be appointed to replace Alison Harris as a member of the Public Audit and Post-legislative Scrutiny Committee; and

Alison Harris be appointed to replace Rachael Hamilton as a member of the Delegated Powers and Law Reform Committee.

The Presiding Officer: The final question is, that motion S5M-02553, in the name of Joe FitzPatrick, on substitution on committees, be agreed to.

Motion agreed to,

That the Parliament agrees that—

Brian Whittle be appointed to replace Alison Harris as the Scottish Conservative and Unionist Party substitute on the Health and Sport Committee; and

Alison Harris be appointed to replace Ross Thomson as the Scottish Conservative and Unionist Party substitute on the Standards, Procedures and Public Appointments Committee.

Meeting closed at 17:01.

This is the final edition of the *Official Report* for this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

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