This short SPICe Briefing note provides information on the Europe and External Affairs element of the Scottish Government’s 2013-14 Draft Budget.
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KEY POINTS

- The draft budget for Europe and External Affairs for 2013-14 is £15.7 million compared with £15.9 million for 2012-13.

- The International Relations budget line is £14.1 million for 2013-14 compared with £14.4 million in 2012-13.

- The International Development fund budget has been frozen at £9 million for the fourth year in a row.
OVERALL TRENDS (CASH TERMS)

Figure 1 below provides details of how the budget for Europe and External Affairs has changed since 2008-09 along with plans to 2014-15.

Figure 1: Trends in the Europe and External Affairs Budget (£m, cash terms)
Figure 2 below breaks down the overall budget into the two level 3 headings of ‘international relations’ and ‘major events and themes years’, as per annual draft budgets, i.e. figures for 2008-09 to 2011-12 are budget, not outturn numbers.\(^1\)

Figure 2: Breakdown of the Europe and External Affairs budget into 'level 3' headings (£m, cash terms)

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\(^1\) Outturn numbers reflect actual spend.
CASH AND REAL TERMS CHANGES

Table 1 sets out the changes in the two level 3 budget headings for Europe and External Affairs between 2012-13 and 2013-14, in both cash terms and real terms.

Table 1: Europe and External Affairs Level 3 Changes in Cash and Real Terms (2012-13 prices)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Events and Themed Years</td>
<td>1.5</td>
<td>1.6</td>
<td>0.1</td>
<td>6.70%</td>
<td>0.1</td>
<td>4.10%</td>
</tr>
<tr>
<td>International Relations</td>
<td>14.4</td>
<td>14.1</td>
<td>-0.3</td>
<td>-2.10%</td>
<td>-0.6</td>
<td>-4.50%</td>
</tr>
<tr>
<td>Total</td>
<td>15.9</td>
<td>15.7</td>
<td>-0.2</td>
<td>-1.30%</td>
<td>-0.6</td>
<td>-3.70%</td>
</tr>
</tbody>
</table>

Some points to note are as follows—

- The 2013-14 draft budget shows a cash reduction of £0.2 million in the total Europe and External Affairs budget. In real terms this equates to a reduction of 3.7%.

- Within this, the International Relations budget line shows a cash reduction of £0.3 million, which equates to a real terms reduction of 4.5%. As in previous years, the International Relations budget line has been relatively protected as a result of the Government’s decision to retain international development funding at £9m.

- Due to the small monetary amounts involved, any small cash and real terms changes can look large in percentage terms.

WHAT THE MONEY BUYS

According to the Scottish Government:

“The Europe and External Affairs budget supports the promotion of Scotland, its interests and identity at home and abroad. It contributes to the promotion of Scotland as a responsible nation in the world, including our international development work, in maximising Scotland’s influence within the EU and building on mutually beneficial links with other countries including Canada, the USA, China and India. The budget also supports the attraction of fresh talent to live, study and work in Scotland and activity to stimulate growth in our events industry.” (Scottish Government 2012a)

The draft budget outlines the key priorities for the Europe and External Affairs budget. These include:
- Continue to maintain the International Development Fund at £9 million.
- Implementing the Government’s USA, Canada, South Asian and China Plans.
- Contribute to the costs of the Years on Natural Scotland (2013) and Homecoming (2014).
- Delivery of the annual Scotland Week programme.
- Delivery of the Government’s Fresh Talent initiative promoting Scotland as a great place to live, learn, visit, work, do business and invest.
- Delivering the Scottish Government’s EU priorities.
A CLOSER LOOK AT THE 2013-14 DRAFT BUDGET

The following section looks in more detail at the Europe and External Affairs budget including the level 4 figures provided by the Scottish Government.

MAJOR EVENTS AND THEMED YEARS

The draft budget for 2013-14 allocates £1.6m for major events and themed years. This reflects a cash increase of £0.1m compared to the 2012-13 budget. Major Events and Themed Years has only appeared as a budget line in the Level 3 data since 2008-09.

How the money will be spent

According to the draft budget the Major Events and Themed Years Budget will:

- Contribute to the Year of Natural Scotland in 2013;
- Support activity in the development and delivery of the Year of Homecoming in 2014.

INTERNATIONAL RELATIONS

The draft budget for 2013-14 allocates £14.1 million for the International Relations budget line. This is a £0.3 million reduction of funding compared to 2012-13. Table 3 sets out the different elements of the International Relations budget, ranked in terms of the size of their allocation in the 2013-14 draft budget.

Table 3: Level 4 Budgets for International Relations - change in cash and real terms

<table>
<thead>
<tr>
<th>Level 4 Heading</th>
<th>2012-13 (£m)</th>
<th>2013-14 (£m)</th>
<th>Cash change (£m)</th>
<th>Cash change %</th>
<th>Real terms change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Development</td>
<td>9.00</td>
<td>9.00</td>
<td>0.00</td>
<td>0.0%</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Scotland's International Image</td>
<td>3.21</td>
<td>3.17</td>
<td>0.04</td>
<td>-1.2%</td>
<td>-3.7%</td>
</tr>
<tr>
<td>Fresh Talent</td>
<td>0.91</td>
<td>0.79</td>
<td>0.12</td>
<td>-13.2%</td>
<td>-15.3%</td>
</tr>
<tr>
<td>North American Strategy</td>
<td>0.53</td>
<td>0.53</td>
<td>0.00</td>
<td>0.0%</td>
<td>-2.4%</td>
</tr>
<tr>
<td>International Strategy</td>
<td>0.43</td>
<td>0.38</td>
<td>0.05</td>
<td>-11.6%</td>
<td>-13.8%</td>
</tr>
<tr>
<td>European Strategy</td>
<td>0.13</td>
<td>0.12</td>
<td>0.01</td>
<td>-7.7%</td>
<td>-9.9%</td>
</tr>
<tr>
<td>British Irish Council Secretariat</td>
<td>0.16</td>
<td>0.10</td>
<td>-0.06</td>
<td>-31.3%</td>
<td>-32.9%</td>
</tr>
</tbody>
</table>

2 Due to the small monetary amounts assigned to a number of these budget lines, a small cash reduction will often appear as a large percentage reduction in both cash and real terms.
HOW THE MONEY WILL BE SPENT

International Development

According to the Scottish Government:

"the International Development Fund supports a development programme delivered by a range of organisations in Scotland working with partners overseas, and focussed on the achievement of the Millennium Development Goals. This includes funding for development work in Malawi, Sub Saharan Africa and South Asia, as well as funding responses to humanitarian crises and providing core funding to sector networking organisations to support capacity building, dissemination of best practice and the campaign to establish Scotland as one of the World’s first Fair Trade Nations.” (Scottish Government 2012b)

The International Development budget rose from £3 million in 2007-08 to its current level of £9 million in 2010-11. The budget was frozen at £9 million in 2011-12, 2012-13 and again remains frozen at £9 million for 2013-14. Whilst this indicates a cash terms freeze on the budget it actually means a real terms cut of 2.4% from 2012-13. In addition, given the budget has been frozen since 2010-11 this equates to a real terms cut of 7.2% based on 2010-11 prices.

Scotland’s International Image

The budget line for Scotland’s International Image supports branding, marketing and promotional activity in the context of international work, annual support of the Scottish Winter Festivals programme, the running of the China office and other international activity.

The international image budget shows a cash terms decrease of £40,000 compared with the 2012-13 figure, this is a real terms decrease of 3.7%.

Fresh Talent

This budget funds activity to promote Scotland as a place to work, live and learn in.

The Fresh Talent budget for 2013-14 will fall by £120,000 in cash terms compared to the current year which equates to a real terms decrease of 15.3%. This decrease follows on from a 15.9% decrease from the 2011-12 budget.

North American Strategy

The North American Strategy budget line supports the Scottish Government’s activities in the USA and Canada. Specifically it will support the work of the Government outlined in its USA and Canada plans and support the work of the Government’s Scottish Affairs Office based in the United Kingdom embassy in Washington.

Following an increase in funding in 2012-13 of £75,000, the 2013-14 budget sees funding for the North America strategy frozen at £530,000. This is a real terms decrease of 2.4%
**International Strategy**

The International Strategy budget is used to support engagement and collaboration with priority countries (including India and China) in areas such as; trade and investment; education and science; and tourism and culture to improve Scotland’s image abroad and directly contribute to Scotland’s sustainable economic growth. As a result the budget will contribute towards the Scottish Government’s work as outlined in its India, Pakistan and (soon to be published) China plans.

The Scottish Government figures show a cash terms reduction of £50,000 on the budget for the international strategy compared with 2012-13, a real terms cut of 13.8%. The Government has said the reduction will be met through efficiencies and savings (Scottish Government 2012b).

**European Strategy**

This budget line supports the EU related work of the Scottish Government’s Offices in Brussels and Edinburgh including policy and cultural events and exhibitions which promote the Government’s strategic priorities as set out in the Action Plan on EU engagement.

The European Strategy budget line has been reduced by £10,000 for 2013-14. This is a real terms decrease of 9.9%.

**British Irish Council Secretariat**

The Scottish Government is responsible for hosting the British Irish Council Secretariat in Scotland. The 2012-13 budget line included a one-off addition of £60,000 to pay for the cost of the Scottish Government hosting the BIC summit in Stirling in June 2012. As a result the funding for the British Irish Secretariat has fallen by £60,000 in the 2013-14 budget.
SOURCES


RELATED BRIEFINGS

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