European and External Relations Committee

Report on Draft Budget 2014-15

The Committee reports to the Finance Committee as follows—

EXECUTIVE SUMMARY

1. The Finance Committee has asked that any priority issues are highlighted in this report. The European and External Relations Committee highlights all the recommendations in this report to the Finance Committee as follows.

2. The European and External Relations Committee recognises the greater need for flexibility in the Europe and External Affairs budget, and welcomes the Cabinet Secretary’s assurances that she is taking steps to reduce the level of underspend and the resulting miscellaneous transfers in the future.

3. Given that the Europe and External Affairs budget is small, and that underspends or transfers out of the budget line have represented a significant proportion of the budget in recent years, the European and External Relations Committee will continue to monitor underspends and miscellaneous transfers as part of its future budget scrutiny. The Committee recognises the Cabinet Secretary’s emphasis on the need for flexibility in the budget line to respond to demands and welcomes the efforts made to date in improving transparency. The Committee would hope that this greater transparency in relation to any underspend or transfers out of the Europe and External Affairs budget would continue in future years.

4. The European and External Relations Committee notes the £100,000 increase in the Major Events budget in respect of the Year of Homecoming, and notes the transfer of monies as a result of the “shift of policy responsibility” referred to by the Cabinet Secretary.

5. The European and External Relations Committee welcomes the Scottish Government’s continued commitment to international development spending. It recognises that while the sustained freeze to the £9 million budget represents a real terms reduction in funding, the overall budget has been protected in the wider context of the cut to Scotland’s block grant.

6. The European and External Relations Committee notes the Cabinet Secretary’s explanation regarding the decrease in the International Strategy and...
Reputation budget, and will continue to monitor this budget and the delivery of key Scottish Government country plans including Pakistan and India, and other international engagement, in future years.

7. The Committee welcomes the Scottish Government’s introduction of greater transparency by giving its work in China its own budget line and would welcome further work to increase transparency in other level 4 budget lines in the International Relations budget.

8. The Committee welcomes the Scottish Government’s continued commitment to providing immigration advice and recognises the valuable contribution that immigrants, such as foreign students, make to Scottish society and the Scottish economy. As a consequence, the Committee also welcomes the Scottish Government’s continued commitment to working with the UK Government on the issue.

9. The Committee welcomes the increase in funding for the European Strategy heading, and asks for further information to allow a full and accurate evaluation of whether the increased funding is successfully utilised. The Committee also welcomes the Scottish Government’s commitment to update the Committee on the increased expenditure of £280,000.

10. In the context of its consideration of the seven International Relations budget headings, the Committee notes the Scottish Government’s clarification that the Europe and External Affairs portfolio facilitates spend by acting as a hub and spoke framework with other portfolio budgets and public agencies. To create greater transparency in the Committee’s scrutiny of the Draft Budget in future years, the Committee asks for more information in the future to clarify how the Europe and External Affairs portfolio facilitates other spend.

11. The European and External Relations Committee notes the Cabinet Secretary’s comments regarding National Performance Framework indicators (particularly those made regarding a need for greater co-ordination on the indicator on improving Scotland’s reputation in the context of the ‘signature events of 2014’), and will continue to monitor this area in future years.

12. The Committee recognises the work that has been done to co-ordinate the International Relations budget in the Europe and External Affairs portfolio with the Scottish Government’s wider work on climate change particularly on the Climate Justice Fund, and would welcome further information on this area in future years to facilitate continued scrutiny.
INTRODUCTION

13. This report considers the spending proposals for the Europe and External Affairs (EEA) portfolio in the Scottish Government’s Draft Budget 2014-15.¹

14. The European and External Relations Committee (‘EERC’) took oral and written evidence from the Cabinet Secretary for Culture and External Affairs on 31 October 2013 to assist with scrutiny of this portfolio.²

BUDGET OVERVIEW

15. The EERC considered the Draft Budget 2014-15 in the context of previous years’ budget trends, and noted a pattern of underspends and miscellaneous transfers in the EEA portfolio for the period 2010–2013. The EERC took evidence on these underspends and transfers from the Cabinet Secretary to clarify whether this pattern might be repeated for the Draft Budget 2014-15.

16. Figure 1 below shows the initial budget agreed by Parliament alongside the actual budget spent (outturn) for the EEA budget between 2010-11 and 2012-13. It also shows the budget agreed by Parliament for 2013-14 and the proposed 2014-15 Draft Budget for EEA. Between 2010-11 and 2012-13, the Scottish Government’s Budget Spring Revision³ was used to move EEA funds which had not been spent to other budget lines.⁴

**Figure 1: Trends in the EEA Budget (£m, cash terms)**

![Trends in the EEA Budget](image_url)

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² See Annexe B.

³ The purpose of the Spring Budget Revision is to amend the Budget (Scotland) Act for the relevant year.

⁴ Taken from Scottish Parliament Information Centre (SPICe) briefing for the EERC (see EERC committee meeting paper [EU/S4/13/17/1](#), Annexe 1).
Underspend and miscellaneous transfers

17. Between 2010-11 and 2012-13, the outturn (actual budget spent) in the EEA budget showed a consistent underspend of around £1 million.

18. In evidence to the Committee, the Cabinet Secretary explained that the EEA budget was “reactive” compared to other portfolios; it responded to international events (such as the recent crisis in Syria to which £200,000 was allocated this year) and thus it was less easy to plan the spend in advance. She assured the Committee that the need for flexibility did not undermine the Scottish Government’s capacity to spend the budget—

“We provide flexibility, but it is not the case that the money will not be used. It will be used, and by and large we try to make sure that it is used in areas that reflect the external affairs portfolio. The Scottish Government’s general underspend is 0.64 per cent of the entire budget.”

19. In addition, the Cabinet Secretary set out how the Scottish Government was working towards reducing the underspend in the 2014-15 budget proposals—

“This year, in the areas that are more likely to have an underspend, I have made reductions and put the funding into the European budget, which I explained in my opening statement, to help with the secondments and engagement. That meets the recommendations and views that have come forward from the committee.”

20. She also provided reassurance that the budget would be spent by confirming the plans that had already been made—

I know that it will be spent, because it is on staffing. That is predictable now, and we know what we are doing. For example, we have two secondees with the Lithuanian presidency. That allows us to plan our budget a bit more, and it is a more effective use of the budget to shift it in that direction.”

21. The EERC noted that the Scottish Government had made a series of miscellaneous transfers worth £2.8 million in 2010-11, £1.1 million in 2011-12 and £1 million in 2012-13. The Cabinet Secretary explained that the EEA portfolio acts as a hub and spoke framework for utilising and co-ordinating with other portfolios and that—

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“A lot of what we do in promoting Scotland internally but also externally involves activity with agencies that are not in my portfolio.”

“When we are working on international marketing and communications, for example, we commission the work and it is our funding because it is international work, but it is not spent by my portfolio. Operationally, the staff and spending on international marketing and communications come from the cities portfolio. That explains some of the transfers.”

22. The European and External Relations Committee recognises the greater need for flexibility in the Europe and External Affairs budget, and welcomes the Cabinet Secretary's assurances that she is taking steps to reduce the level of underspend and the resulting miscellaneous transfers in the future.

23. Given that the Europe and External Affairs budget is small, and that underspends or transfers out of the budget line have represented a significant proportion of the budget in recent years, the European and External Relations Committee will continue to monitor underspends and miscellaneous transfers as part of its future budget scrutiny. The Committee recognises the Cabinet Secretary's emphasis on the need for flexibility in the budget line to respond to demands and welcomes the efforts made to date in improving transparency. The Committee would hope that this greater transparency in relation to any underspend or transfers out of the Europe and External Affairs budget would continue in future years.

THE EUROPE AND EXTERNAL AFFAIRS PORTFOLIO

24. Overall, there is a cash reduction of £0.2 million in the total EEA budget compared to 2013-14. In real terms, this equates to a reduction of 3.1%.

25. In evidence to the Committee, the Cabinet Secretary highlighted that the EEA portfolio of the Draft Budget “does not reflect the totality of the Government’s financial commitment to international work”, and that public funded agencies (such as Scottish Development International and VisitScotland) with larger budgets from other portfolios were also active components of the Scottish Government’s external engagement.

26. The EERC considered the two level 3 headings in the EEA portfolio in the Draft Budget in more detail. These headings are Major Events and Themed Years, and International Relations.

Major Events and Themed Years

27. The Draft Budget document states, “£690,000 has been transferred from International Relations to Major Events and Themed Years to reflect the fact that

policy responsibility for Scotland's Winter Festivals and diaspora activity has now shifted.” A further £100,000 has been allocated to Homecoming 2014.

28. The Cabinet Secretary explained that this reflected a change in the allocation of responsibilities within the Scottish Government—

“The increase is accounted for by the shift of policy responsibility for Scottish winter festivals and our diaspora work from our international strategy unit to our major events team. A further £100,000 top-up has been found to facilitate 2014 work around the homecoming.”

29. The Committee questioned the Cabinet Secretary about whether this increase was particular to this budgetary year or whether the budget levels would be similar in future years. The Cabinet Secretary explained that 2014 was a “big year”, encompassing signature events such as the second year of homecoming, the Commonwealth Games and the Ryder Cup. She concluded that she—

“would not anticipate this budget area being as large in subsequent years unless I were to get an increase in the overall budget.”

30. The European and External Relations Committee notes the £100,000 increase in the Major Events budget in respect of the Year of Homecoming, and notes the transfer of monies as a result of the “shift of policy responsibility” referred to by the Cabinet Secretary.

International Relations

31. As highlighted in the ‘Major Events and Themed Years’ section of this report a transfer of funds has been made; specifically £690,000 from the International Relations budget to the Major Events and Themed Years budget (see discussion on this budget above). Policy responsibility for Scotland’s Winter Festivals and diaspora activity has moved, and £418,000 has moved to the Local Government and Scottish Enterprise budgets to support work on migration issues.

32. The International Relations budget is divided into seven Level 4 budget lines. Table 1 below shows the seven budget lines, ranked in terms of the size of their allocation in the 2014-15 draft budget, and illustrates any changes in cash or real terms on the previous year.

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16 See Scottish Parliament Information Centre (SPICe) briefing for the EERC (see EERC committee meeting paper EU/S4/13/17/1, Annexe 1).
17 Level 4 figures provide a more detailed breakdown than the level 3 figures presented in the draft budget.
18 Taken from Scottish Parliament Information Centre (SPICe) briefing for the EERC (see EERC committee meeting paper EU/S4/13/17/1, Annexe 1).
### Table 1: Level 4 Budgets for International Relations – change in cash and real terms

<table>
<thead>
<tr>
<th>Level 4 Heading</th>
<th>2013-14 (£m)</th>
<th>2014-15 (£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>-1.9%</td>
</tr>
<tr>
<td>International Strategy and Reputation</td>
<td>2.71</td>
<td>1.40</td>
<td>-1.31</td>
<td>-48.5%</td>
<td>-49.4%</td>
</tr>
<tr>
<td>North American Strategy</td>
<td>0.75</td>
<td>0.75</td>
<td>0.00</td>
<td>0.0%</td>
<td>-1.9%</td>
</tr>
<tr>
<td>Immigration Advice</td>
<td>0.62</td>
<td>0.62</td>
<td>0.00</td>
<td>0.0%</td>
<td>-1.9%</td>
</tr>
<tr>
<td>China Division</td>
<td>0.40</td>
<td>0.40</td>
<td>0.00</td>
<td>0.0%</td>
<td>-1.9%</td>
</tr>
<tr>
<td>Other International Relations</td>
<td>0.39</td>
<td>0.35</td>
<td>-0.04</td>
<td>-10.5%</td>
<td>-12.2%</td>
</tr>
<tr>
<td>European Strategy</td>
<td>0.12</td>
<td>0.50</td>
<td>0.38</td>
<td>317%</td>
<td>309%</td>
</tr>
<tr>
<td>British Irish Council Secretariat</td>
<td>0.10</td>
<td>0.10</td>
<td>0.00</td>
<td>0.0%</td>
<td>-1.9%</td>
</tr>
</tbody>
</table>

33. The Cabinet Secretary explained that the International Relations budget headings had changed from previous years “to reflect restructuring within the Government’s International Division and also to simplify monitoring”. These changes were considered in more detail with the Cabinet Secretary.

**International Development**

34. The International Development budget has been frozen at £9 million for the fourth successive year: a real terms decrease of 1.9% from 2013-14. The International Development budget rose from £3 million in 2007-08 to its current level of £9 million in 2010-11.

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19 Figures provided by the Scottish Government to the Scottish Parliament’s Financial Scrutiny Unit in SPICE and available at [http://www.scottish.parliament.uk/parliamentarybusiness/17534.aspx](http://www.scottish.parliament.uk/parliamentarybusiness/17534.aspx)

20 Due to the small monetary amounts assigned to a number of these budget lines, a small cash increase or reduction will often appear as a large percentage in both cash and real terms in this report.

21 Scottish Government. Written evidence.

22 Taken from Scottish Parliament Information Centre (SPICe) briefing for the EERC (see EERC committee meeting paper [EU/S4/13/17/1](http://www.scottish.parliament.uk/parliamentarybusiness/17534.aspx), Annex 1).
35. The Scottish Government provided the details on the components of its International Development Programme in its written evidence to the EERC, which included—

- over £5 million funding per year for over 40 projects in Malawi on Health, Education, Civic Governance and Sustainable Economic Development, through the Malawi Development Programmes (2012-15, and 2013-16);

- over £1.4 million per year to help improve food security for vulnerable farmers in three projects in Rwanda, Tanzania and Zambia through the Sub Saharan development programme which are due to finish in 2015; and

- £3.8 million over three years to be funded on projects in Pakistan, Bangladesh and the Indian states of Bihar and Orissa through the South Asia Development Programme (2013-16) on the themes of education, healthcare, food security and climate change.

36. The European and External Relations Committee welcomes the Scottish Government’s continued commitment to international development spending. It recognises that while the sustained freeze to the £9 million budget represents a real terms reduction in funding, the overall budget has been protected in the wider context of the cut to Scotland’s block grant.

**International Strategy and Reputation**

37. International Strategy and Reputation is a new level 4 heading which combines two previous budget lines and which has funding of nearly £1.4 million. The Cabinet Secretary explained that the “International Strategy and International Image lines have been merged to form one line called “International Strategy and Reputation”.

38. She also clarified why the funding had decreased from 2013-14 levels—

“The international strategy line, which funds international marketing and communications, along with engagement strategies with countries including India, Pakistan and the Gulf states, has been reduced by just under 50 per cent. That includes a transfer of around £700,000 to major events and a further £380,000 transfer to European strategy. The money has been found by making efficiencies, particularly around international marketing and communications work.”

39. In response to concerns expressed by the Committee that activities in India and Pakistan were decreasing due to underspend in this area, the Cabinet Secretary said—

“If anything, our interest and our activities are increasing. I visited India last year, and Humza Yousaf visited India and Pakistan just last week. It is just that we are spending the money more on direct interventions with ministerial

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23 Scottish Government. Written evidence.

visits and promotions as opposed to work through the international marketing budget, as happened previously. The reduction in the budget is more about marketing, communication and advertising and the sort of activity that takes place in country.”

40. The European and External Relations Committee notes the Cabinet Secretary’s explanation regarding the decrease in the International Strategy and Reputation budget, and will continue to monitor this budget and the delivery of key Scottish Government country plans including Pakistan and India, and other international engagement, in future years.

China Division
41. China Division is a new level 4 heading with a proposed allocation of £400,000 intended to “support the Scottish Government’s activities in China and Hong Kong which are aligned with the Economic Strategy and International framework and set out in detail in the China Strategy”.

42. The Scottish Government has restructured this spending line in a similar way to the ‘International Strategy and Reputation’ budget, which was previously included in the ‘International Strategy’ budget. In this case, the change has been made to allow “reporting on expenditure in China to underpin…[the] refreshed China Plan.”

43. The Scottish Government also highlighted that the EERC’s recent inquiry on the Scottish Government’s Country Plan on China had been “very helpful” in relation to this decision—

“It is important to try to improve the transparency of what we do. We have specifically drawn out the China funding in level 4 figures because we thought that that would be helpful for future accountability and reporting to Parliament.”

44. In answer to the EERC’s question on whether £400,000 was enough to engage with China, the Cabinet Secretary responded that more money would be welcome, but that the Scottish Government was content that the funding was sufficient due to the EEA budget acting as a co-coordinating “hub and spoke” framework (which mobilised funding from other portfolios and public agencies such as SDI)—

“Probably the best way to describe the budget is to say that it is more about the administration of the ministerial direct visits and our operation and

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26 Information from the Scottish Government to accompany the level 4 figures.
27 Scottish Government. Written evidence.
support for staff in Beijing itself, but it also helps us co-ordinate and maximise other budgets.”

45. The Committee asked how the Scottish Government would monitor progress in China. The Cabinet Secretary said the “relatively new endeavour” of the China Plan was progressing well, and emphasised the importance of building “good effective business relationships based on trust that we can build over time” between Scottish and Chinese ministers and businesses (such as the First Minister’s visit). She described progress thus far, stating that “exports to China increased by almost 90% between 2007 and 2012” and that “we have already surpassed our 2016 [food and drink] targets”. The EERC asked for the export figures from Scotland to China in 2012 which the Scottish Government stated were £498 million, up 88% from 2007’s £265 million (figures were sourced from HMRC).

46. The Committee welcomes the Scottish Government’s introduction of greater transparency by giving its work in China its own budget line and would welcome further work to increase transparency in other level 4 budget lines in the International Relations budget.

Immigration Advice
47. Immigration Advice is a new name for the Fresh Talent budget line with an allocation of £615,000, replacing the Fresh Talent budget of £800,000 from the 2013-14 budget.

48. The Cabinet Secretary explained this change—

“The Fresh Talent line has been renamed Immigration Advice to more accurately reflect its function. In this connection, responsibility for the Relocation Advisory Service (RAS) has been transferred to Scottish Enterprise (SE) and funding of £267.5k will be made available to SE from the Immigration Advice line for this purpose in 2014/15. A further £150k is also being made available from the line for the COSLA Strategic Migration Partnership to enable Local Authorities in Scotland to provide advice to those seeking to come to Scotland to work or study.”

49. One of the Committee members expressed concerns regarding the challenges faced by some foreign students trying to come to Scotland, and

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36 Scottish Government. Supplementary written evidence.
37 Scottish Government. Written evidence.
questioned the Cabinet Secretary about how the Immigration Advice budget line would provide support to this group—

“I fear that the UK Border Agency is making it more and more difficult for students to come here, which means that we are losing out on an opportunity to expand the relationship that we have enjoyed for many years. The UKBA is denying students the ability to come and participate in education and research and development. What will the Government do about that? Are we making active representations to the UK Border Agency on that issue? Are you considering taking some other action?”  

50. The Cabinet Secretary responded—

“I have taken very direct action. Most recently, I made a direct request of David Cameron himself at the joint ministerial committee plenary session. International students are a vital part of our life in Scotland in many different ways and we welcome them.

“I said to David Cameron that I have particular concerns about the provisions relating to the health levy in the Immigration Bill that is going through the UK Parliament.”

51. The Committee welcomes the Scottish Government’s continued commitment to providing immigration advice and recognises the valuable contribution that immigrants, such as foreign students, make to Scottish society and the Scottish economy. As a consequence, the Committee also welcomes the Scottish Government’s continued commitment to working with the UK Government on the issue.

European Strategy

52. This is the only level 4 heading to increase in the International Relations budget, rising from £120,000 in 2013-14 to £500,000 in 2014-15. This has been realised via reallocation of funds from the previous International strategy budget. The Cabinet Secretary explained that the reallocated funds will be used to—

“Increase Scottish secondments to the EU institutions, to Presidencies and to UK bodies dealing with EU issues; invest in work to maximise Scottish benefit from Creative Europe and develop cultural partnerships with priority countries; (and) provide seedcorn money to develop a wide range of projects on areas of common interest with priority countries, especially the Nordic and Baltic countries and with Ireland.

“This workstream is closely linked to taking forward a strategy with Scotland Europa and key Scottish agencies to secure maximum benefit to Scotland from EU Competitive funds with particular emphasis on Horizon 2020 (mainly research and development), Erasmus (student exchanges and mobility), Connecting Europe (promoting connections in Energy, Transport

and Digital), LIFE (environmental action) and the Cross Border and Transnational InterReg programmes.  

53. The Cabinet Secretary also explained that she would “increase expenditure by up to £280,000” in 2013-14 to progress this work and would update the Committee as the work progressed.

54. The EERC asked how the Scottish Government would achieve its aim for the 2014-15 and 2015-16 budgets for the European Strategy budget line to “develop further links with key priority countries such as the Nordic and Baltic States and Ireland and increase the number of joint projects”; why those countries had been chosen; and how the success of that engagement would be measured.

55. The Cabinet Secretary responded that “increasingly, many of our political and economic approaches are aligned”, such as shared interests on oil and gas with Norway, and on energy issues with Denmark and Ireland. She described how Scottish Ministers were engaging with these countries to develop these common interests, providing an example of the Cabinet Secretary for Health and Wellbeing’s recent visit to Estonia to discuss minimum pricing for alcohol. She said that—

“Success will mean that knowledge has been exchanged and gained, whether that be with Finland on e-health or Estonia on other health issues.”

56. The Committee welcomes the increase in funding for the European Strategy heading, and asks for further information to allow a full and accurate evaluation of whether the increased funding is successfully utilised. The Committee also welcomes the Scottish Government’s commitment to update the Committee on the increased expenditure of £280,000.

57. The EERC sought further information regarding the Scottish Government’s ambitions to use this budget line to increase the numbers of students benefitting from the EU funded programme, Erasmus, for student exchanges and mobility. The Cabinet Secretary stated that, as with the overall budget, the EEA portfolio would be used to develop relationships through ministerial support and visits and having “people on the ground”, whilst funding for the student support mechanisms would come from other portfolios.

58. The EERC has recently received an update on the progress being made on Erasmus in Scotland from the British Council Scotland which states that—

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40 Scottish Government. Written evidence.
41 Scottish Government. Written evidence.
“Scottish students outperform students in the rest of the UK in terms of the proportion of their participation in Erasmus. When compared to its percentage share of the UK student population (8.5 per cent), Scotland punches well above its weight, with 13 per cent of Erasmus students coming from Scottish Higher Education Institutions (1,875 students). English Institutions, with the highest overall UK student population (84 per cent), sent out 79 per cent of Erasmus students (11,557).”

59. The Cabinet Secretary also mentioned the Government’s increasing work with the EU Presidencies, such as providing secondees to the Cyprus and Irish Presidencies, which she thought strategically important to demonstrate a “positive and progressive approach as good Europeans.” The EERC asked how much of the increase in budget would be spent on the secondments. The Scottish Government responded—

“We are in the process of developing our secondment policy, however we anticipate that around 50% of the additional funding being made available to the European Strategy line in 2014/15 will be earmarked for funding strategic secondments. This could be up to £200,000.”

60. In the context of its consideration of the seven International Relations budget headings, the Committee notes the Scottish Government’s clarification that the Europe and External Affairs portfolio facilitates spend by acting as a hub and spoke framework with other portfolio budgets and public agencies. To create greater transparency in the Committee’s scrutiny of the Draft Budget in future years, the Committee asks for more information in the future to clarify how the Europe and External Affairs portfolio facilitates other spend.

BUDGET STRATEGY PHASE

61. The EERC considered the EEA portfolio in the context of the Budget Strategy Phase. In May 2013, the EERC identified specific areas to the Finance Committee on which the EERC would welcome an update from the Scottish Government on the latter’s progress in delivering its priorities as set out in the Scottish Spending Review 2011. The Cabinet Secretary for Finance, Employment and Sustainable Growth responded in September 2013 to the Finance Committee, providing information on progress utilising the indicators and

45 British Council correspondence to EERC, November 2013.
47 Scottish Government. Supplementary written evidence.
48 The aim of the Budget Strategy Phase as set out in the Written Agreement being to “allow the Parliament to scrutinise the progress which the SG is making in delivering its own targets through its spending priorities and to take a strategic overview of the public finances around the mid-point of the current Parliament.”
targets in the Scottish Government’s outcome based National Performance Framework.\textsuperscript{50}

62. From the 50 indicators, the Scottish Government highlighted three indicators as being “relevant to the European and External Relations Committee” which were:

- to match the growth rate of the small independent EU countries by 2017;
- increase exports; and
- improve Scotland’s reputation.

63. The Cabinet Secretary for Finance, Employment and Sustainable Growth stated that performance was improving for the two indicators on growth rate and exports, and was being maintained for the indicator on reputation.\textsuperscript{51}

**Increase exports indicator**

64. The EERC asked the Cabinet Secretary for Culture and External Affairs for more detail on the types of exports that the Scottish Government wished to increase apart from food and drink. The Cabinet Secretary responded that “The aim is to increase exports in all sectors. We have seven sectors, one of which is universities.”\textsuperscript{52} The Cabinet Secretary also specifically mentioned architecture and energy as two examples of successful exports.

**Improve Scotland's reputation indicator**

65. The EERC asked the Cabinet Secretary for more detail on the budgetary implications of the indicator on improving Scotland’s reputation. The Cabinet Secretary explained that greater efficiency and co-ordination were key to capitalising on the budget—

“We are now far more effective in co-ordinating the different budget lines for VisitScotland, EventScotland and SDI that relate to our international reach. That allows us to maximise the bangs for bucks that we get from our work.”\textsuperscript{53}

66. She emphasised that reputation was not all measured in spend, being about integrity and co-ordination of the budget, and that there was still more that could be done—

“Greater co-ordination is really important, and that is an area that we have to work on. The advertising for homecoming, the Commonwealth games and the Ryder cup is about to be launched, and it is co-ordinated for all those

\textsuperscript{50} See EERC committee meeting paper EU/S4/13/17/1, Annexe 2.
\textsuperscript{51} See EERC committee meeting paper, EU/S4/13/17/1, Annexe 2.
events. The adverts will be shown in Scotland and the UK but also internationally to attract people to Scotland."\(^{54}\)

67. **The European and External Relations Committee notes the Cabinet Secretary’s comments regarding National Performance Framework indicators (particularly those made regarding a need for greater co-ordination on the indicator on improving Scotland’s reputation in the context of the “signature events of 2014”), and will continue to monitor this area in future years.**

**CLIMATE CHANGE MAINSTREAMING**

68. The EERC was invited by the Rural Affairs, Climate Change and Environment Committee to include an assessment in its report on the Draft Budget of how spending in the EEA portfolio has taken account of climate change issues, and how it will help the Scottish Government meet the targets set out in the Climate Change (Scotland) Act 2009.\(^{55}\)

69. The EERC asked the Cabinet Secretary how the EEA portfolio helps facilitate Scotland’s transition to a low carbon economy (identified as one of the priorities for the draft budget). The Cabinet Secretary said that the EEA portfolio differed from the other part of her portfolio on culture in that there was no capital investment in buildings, but that some of the EEA budget lines did support lowering carbon emissions, particularly the international development funding line, such as the Malawi renewables energy partnership.

70. In May 2012, the Scottish Government announced the creation of a Scottish Climate Justice Fund which is funded from the Infrastructure and Capital Investment budget. The Fund initially saw the Scottish Government providing £3 million for the fund to support water projects in Sub-Saharan Africa with the objective of increasing communities’ resilience to the impacts of climate change. The Scottish Government has since announced the provision of an extra £3 million for the fund.\(^{56}\)

71. The EERC asked the Cabinet Secretary whether funding through the International Development budget in her portfolio was integrated with funding available through the Climate Justice Fund. The Cabinet Secretary said that there was co-ordination where possible (such as the University of Strathclyde’s renewables project in Malawi)—

"We support such projects through our funding streams but, because we do not have energy-generating capital investments and so on in our portfolio, what we can do is very limited."\(^{57}\)

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\(^{55}\) See EERC committee meeting paper EU/S4/13/17/1, Annexe 3.


72. The Committee recognises the work that has been done to co-ordinate the International Relations budget in the Europe and External Affairs portfolio with the Scottish Government's wider work on climate change particularly on the Climate Justice Fund, and would welcome further information on this area in future years to facilitate continued scrutiny.
ANNEXE A: EXTRACTS FROM THE MINUTES

15th Meeting, 2013 (Session 4), Thursday 19 September 2013


17th Meeting, 2013 (Session 4), Thursday 31 October 2013


Fiona Hyslop MSP, Cabinet Secretary for Culture and External Affairs, and Craig Egner, Head of International Strategy and Reputation, Scottish Government.

19th Meeting, 2013 (Session 4), Thursday 14 November 2013

1. Decision on taking business in private: The Committee agreed to take items 4, 5 and 6 in private.

ANNEXE B: ORAL EVIDENCE AND ASSOCIATED WRITTEN EVIDENCE

17th Meeting, 2013 (Session 4), Thursday 31 October 2013

ORAL EVIDENCE

Fiona Hyslop MSP, Cabinet Secretary for Culture and External Affairs, and Craig Egner, Head of International Strategy and Reputation, Scottish Government.

WRITTEN EVIDENCE

Fiona Hyslop MSP, Cabinet Secretary for Culture and External Affairs, Scottish Government.