European and External Relations Committee

Report on Draft Budget 2015-16

The Committee reports to the Finance Committee as follows—

KEY RECOMMENDATIONS

1. The European and External Relations Committee highlights the following key recommendations to the Finance Committee—

- Last year, in its report on the Scottish Government’s 2014-15 Draft Budget, the Committee highlighted both the consistent underspend of around £1.5 million a year and the transfer of over £1 million a year from the Europe and External Affairs (‘EEA’) budget to other budget lines during the period 2010-13. Consequently, the Committee welcomes the achievement of the Scottish Government in spending the entire budget for 2013-14, and calls on the Scottish Government to ensure that this will continue in future years without significant transfers being made out of the EEA budget.

- The Committee scrutinised the EEA budget to ascertain how the Scottish Government had used the principles of value for money and priorities to inform its EEA budget decisions, and – in particular – how outcomes were being measured. Whilst the Committee found the Cabinet Secretary’s¹ responses helpful, the Committee would greatly appreciate more detailed information on how these principles are delivered in future years. This would allow the Committee to make a clearer assessment of whether the Scottish Government’s policy objectives are being achieved, and whether spending in the EEA portfolio is being targeted at the correct priorities and spent effectively. To this end, the Committee would welcome more evidence in future years on value for money, outcomes, and priorities for the EEA budget line.

- The Committee notes the emphasis that the Cabinet Secretary placed on a cross-portfolio approach to how EEA programmes are managed and funded during both this and last year’s Draft Budget scrutiny (described as “a hub and spoke” framework by the Cabinet Secretary). The

¹ The Cabinet Secretary for Culture and External Affairs.
Committee would appreciate further information outlining how this hub and spoke approach operates in relation to EU competitive funding, and therefore welcomes the Cabinet Secretary’s commitment to provide a ‘holistic collective’ overview of this approach to the Committee. The Committee would appreciate greater detail of what the hub and spoke process is, including specific examples of how the EEA budget facilitates spending across other portfolios on European and international policies. Provision of the information will assist the Committee in assessing how the Scottish Government prioritises certain decisions in future scrutiny of the Draft Budget.
INTRODUCTION

Background

2. This report considers the spending proposals for the Europe and External Affairs (‘EEA’) portfolio in the Scottish Government’s Draft Budget 2015-16. Details of the EEA portfolio budget lines and historical spend are outlined in the figure and tables in the Annexe.

3. The European and External Relations Committee (‘EERC’) took oral and written evidence from the Cabinet Secretary for Culture and External Affairs (the Cabinet Secretary) on 13 November 2014 to assist with scrutiny of this portfolio.

4. The EERC was asked by the Finance Committee to consider the principles of value for money and prioritisation for this year’s Draft Budget scrutiny, and has framed its scrutiny accordingly.

National Performance Framework

5. The EERC continues to monitor the EEA portfolio using the Scottish Government’s National Performance Framework (‘NPF’) which underpins the delivery of its National Outcomes. The Committee is monitoring the indicators and targets in the National Performance Framework linked to the Europe and External Affairs budget line, namely to—

- Match the growth rate of the small independent EU countries by 2017;
- Increase exports; and
- Improve Scotland’s reputation.

6. The Scottish Government has provided an up-to-date snapshot of performance against each of the indicators. The update shows that the total value of Scotland’s international exports has continued to rise since 2006, whilst Scotland’s international reputation is “consistently rated in the top third of the 50 countries evaluated”. The indicator measuring Scotland’s rate of growth compared to that of small independent EU countries by 2017 shows that whilst Scotland’s growth rate had been higher during 2012 and 2013, in the first quarter of 2014 the small EU countries growth rate was slightly higher.

BUDGET OVERVIEW

7. Last year, in its report on the Scottish Government’s 2014-15 Draft Budget, the EERC raised the issues of underspend and transfer of money from the Europe and External Affairs (‘EEA’) budget to other budget lines with the Cabinet Secretary for Culture and External Affairs.

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2 http://www.scotland.gov.uk/Topics/Government/Finance/18127
3 Taken from the Scottish Parliament Information Centre (SPICe) briefing to the EERC: http://www.scottish.parliament.uk/S4_EuropeanandExternalRelationsCommittee/General%20Documents/SPICE_briefing_draft_budget_2015-16.pdf
8. During the financial years 2010-11, 2011-12 and 2012-13, there was a consistent underspend of around £1.5 million each year. In addition, in each of those three years, at least £1 million was moved to other budget lines in the form of miscellaneous transfers (see Figure 1 in the Annex).

9. In 2013-14, the Spring Revision\(^5\) showed that a total of £2.8 million was transferred from the EEA budget line. £1 million was transferred to VisitScotland for the year of Homecoming 2014 and a further £1.3 million was transferred to Strategic communications for International Marketing and Reputation Management. Finally £500,000 was accounted for in miscellaneous minor transfers. The Consolidated Accounts for 2013-14 show that all £12.9 million was spent.

10. In last year's budget scrutiny, the Cabinet Secretary provided reassurance to the EERC that the risk of underspend had been reduced because “in the areas that are more likely to have an underspend, I have made reductions and put the funding into the European budget ... to help with the secondments and engagement.”\(^6\)

11. This approach has been reflected in the fact that following these transfers, all of the 2013-14 budget of £12.9 million was spent. The Spring Revisions for the 2014-15 budget (which will allow the EERC to monitor underspend and transfers for the 2014-15 budget year) will not be available until spring 2015.

12. The EERC welcomes the fact that there was no underspend for the 2013-14 budget year, although it recognises that was due in part to the increase in transfers made out of the EEA budget. The EERC hopes that the Scottish Government will be able to spend the entire EEA budget without significant transfers in subsequent years. The Committee will therefore continue to monitor spending in the Spring Revisions.

THE EUROPE AND EXTERNAL AFFAIRS PORTFOLIO

Major Events and Themed Years

13. The Major Events and Themed Years budget has been increased by £800,000 to £3.2 million in the Draft Budget for 2015-16 compared to the 2014-15 budget.

14. According to the Scottish Government—

“The budget is primarily used to market, promote and deliver activity in respect of the Year of Food and Drink 2015 and other Themed Years. The budget supports other major event activity, including the Scottish Open, both directly and through our delivery partners, VisitScotland and EventScotland.

\(^5\) The purpose of the Spring Budget Revision is to amend the Budget (Scotland) Act for the relevant year.

\(^6\) \url{http://www.scottish.parliament.uk/S4_EuropeanandExternalRelationsCommittee/Reports/BudgetReport_final_version.pdf}
This funding is also used to deliver the Winter Festivals programme and fund diaspora projects and engagement.”

15. The Cabinet Secretary explained the increase in funding, and what outcomes would be achieved—

“The funding is intended to support VisitScotland’s work in connection with the 2015 Scottish open, which is being played at Gullane, and is part of the Scottish Government’s £1.2 million sponsorship of that event.”

16. The EERC welcomes the increase in this budget line, and asks the Scottish Government for further information on how the increase has provided value for money and the outcomes achieved before the EERC’s consideration of next year’s Draft Budget.

International Relations

International Development

17. The International Development budget rose from £3 million in 2007-08 to its current level of £9 million in 2010-11. This budget line has been frozen at £9 million for the sixth consecutive year in 2015-16. This cash terms freeze on the budget translates into a real terms cut of 1.6% from 2014-15, and a real terms cut of 8.6% since 2010-11.

18. According to the Scottish Government—

“The International Development Fund supports development programmes delivered by a range of organisations in Scotland, working with partners overseas, clearly focused on the achievement of the Millennium Development Goals. This includes funding for: the Malawi Development Programme; the SubSaharan African Development Programme; and the South Asia Development Programme.”

19. The EERC asked about the impact of the six-year freeze to this budget line. The Cabinet Secretary acknowledged that there was an impact and explained her plans to mitigate it—

“If you have a frozen line, which is the case with many of the portfolio lines, of course there will be a real-terms impact.

“I point out that we have also managed to secure funds from other parts of the Government for the climate justice fund and, on top of that, we have secured funds from health and other areas for humanitarian aid. Although, as you rightly say, the IDF line has been frozen, that does not mean that we

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7 From information provided to the Financial Scrutiny Unit in the Scottish Parliament Information Centre by the Scottish Government.
9 From information provided to the Financial Scrutiny Unit in the Scottish Parliament Information Centre by the Scottish Government.
have not had additional spend in that area. I have been effective in working with my colleagues across the Government to pull that funding in. “Of course I would like to have an increase in that area, but it would be at the expense of other areas.”

20. The Cabinet Secretary provided further information to explain how cross-Government funding supplemented the £9 million International Development budget line—

“As an illustration of this, in 2013-14 the International Development Fund budget within my portfolio was £9.0m, however the total Scottish Government spend on Overseas Development Aid was £11,339,747. This total included contributions from Energy & Climate Change, Hydro Nation, Cashback for Communities, Commonwealth Games Legacy and other budgets within the External Affairs portfolio.”

21. The EERC notes the continued freeze to this budget line, appreciates the Scottish Government’s efforts to mitigate the freeze by cross-Government spending (as illustrated by the supplementary evidence from the Scottish Government) and welcomes the Scottish Government’s continued commitment to international development.

European strategy
22. In the Draft Budget document, the Scottish Government described its international priority as—

“The Government's key international priority is to increase the level of engagement with European countries. This includes pressing the case for an ambitious EU reform agenda, building on relations with Nordic countries and deepening our ties with countries around the world.”

23. This key prioritisation is reflected in successive increases to the European Strategy budget from £500,000 (in 2014-15) to £1.67 million (in 2015-16). Successive increases in the last three years have reflected the Scottish Government’s increased prioritisation of relations with the European Union (the aims of which are set out in the Scottish Government’s Action Plan on European Engagement).

24. The £1.17 million increase this year to £1.67 million is the biggest component of the overall £2.4 million rise in the EEA portfolio. However the budget document makes it clear that this is primarily due to a technical transfer—

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11 Scottish Government. Supplementary written evidence.
12 Scottish Government. Supplementary written evidence.
“The budgets for 2015-16 remain as set out in the Draft Budget 2014-15, with the addition of a £1 million transfer of running costs for the SG EU office to programme budget.”

25. Consequently the actual increase for this budget line is £117,000, with the remaining £1 million being a transfer of staff costs from one budget line to another.

26. The Cabinet Secretary explained the increase—

“The increase is due largely to the technical transfer to programme spending of just over £1 million running costs for the Brussels office, which will allow increased scrutiny by the committee of the office’s work and will bring the way that we fund the office into line with funding of other overseas offices in Beijing and Washington.

“I am not pretending that there is suddenly a massive increase in what the Brussels office can do, as some of the increase is a technical transfer.

“It means that we will be able to continue to expand our policy of seconding staff into European institutions, which we regard as a key way to build Scotland’s influence in Europe.”

27. The Committee asked for further clarity on this budget line, and how it would achieve the Scottish Government’s declared aims, which are (according to the Scottish Government’s budget document) to—

“increase the level and frequency of Scottish engagement with EU institutions (including through the secondment of staff) to advance our policy objectives, develop our expertise in European affairs and increase our return on EU competitive funding programmes.”

28. The Committee thanks the Scottish Government for the supplementary evidence provided for this budget line, which provides further information on what the £117,000 buys—

“Facilitate increasing strategic engagement with key EU countries, including actions identified in the Nordic Baltic policy statement. It will support a programme of policy and cultural events in Edinburgh and Brussels, Government secondments to the EU institutions and increasing Scotland’s return on EU competitive funding programmes including Creative Europe.”

29. On the questions of how the priorities for this budget line would be achieved, the Cabinet Secretary said—

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17 Scottish Government. Supplementary written evidence.
“We are...focusing on the staff, so that it is about the people and the advice that is provided... For example, we have a big issue just now on the European arrest warrant and the opt-out around the justice pillar.

“Not all of the work will be on competitive funding; some of it will be on policy issues...We can help to support the gaining of experience in competitive funding tendering. Most of the competitive funding resource will be for other portfolios to allocate. Let us get the issue in perspective—£1.6 million for a European strategy on funding will not then co-ordinate all the activity across the portfolios.”

30. The EERC asked for further information on how much of this budget line was spent on secondment of staff, how value for money was measured, and why this area was prioritised with the biggest increase in the context of the freeze on other budget lines, such as those for North America and China. The Cabinet Secretary responded—

“We reckon that, in 2015-16, £300,000 will allow us to have seconded posts. In 2014-15, the figure was £200,000. Of course, secondments might not happen cleanly from one financial year to the next; they happen when they suit the institution or organisation.

“Other countries clearly think that having such people is in their interests, and we are playing catch-up a bit on that, UK wide. As small as our budget is, and as small as the number of people involved is, we think that secondment is important for that reason. We cannot put a value on it in pounds, shillings or pence, or in the results that are achieved, because we must remember that the secondees are serving the institutions.

“Members should remember that a lot of the work that we do in Brussels is institutional and governmental...A lot of the people resource that helps to achieve jobs and tourist numbers is delivered by other agencies, whereas in Brussels, it is important that the Government has a direct role and influence. That might explain the issues about funding for people, as opposed to funding for advertising or communications.”

31. The EERC asked how the Scottish Government had assessed whether its work on increasing returns on EU competitive funding programmes had provided value for money, and how success was measured. The Cabinet Secretary said—

“Again, that is about cross-Government and probably cross-Parliament scrutiny. Some of the EU funding streams that we would maximise are in the capital infrastructure portfolio. We will try to maximise value for money within each portfolio, and the committee could take an interest in those matters. We want to benchmark where we are against different countries and identify our

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successes. A lot of that is not part of my responsibilities and would be for another minister.”

32. The EERC asked how success could be measured in the context of the funds being managed across several different Scottish government departments. The Cabinet Secretary said—

“We will measure how much can be drawn down in different areas... It is also about not waiting until after the event to measure how successful we have been. It is about being up front and making sure that we are making the connections, particularly with small businesses, in relation to Horizon 2020 and our institutions and preparing them to maximise their impacts and what they can get.

“I undertake to come back to the committee on the monitoring of the funding cross-Government. I can provide you with a holistic collective...I cannot give you details of the individual areas.”

33. The Scottish Government provided supplementary evidence on its work on EU Competitive Funding Programmes which the Committee welcomes. The Committee recognises that as the Scottish Government explains—

“...it is difficult to give a comprehensive picture of all the money Scotland receives from EU competitive funding programmes. This is because, in Scotland as in the wider UK, government will not always be party to (or funders of) many of the projects in which partners are involved.”

34. The Committee welcomes the news that the Scottish Government is “working with Scotland Europa to develop an internet-based EU Funding Portal which we hope will launch in the first quarter of 2015.” Accordingly the Committee looks forward to receiving further updates on how the Scottish Government is improving its knowledge of the ‘EU funding landscape’.

35. The EERC welcomes the increase in the European strategy budget line, although, as the Cabinet Secretary explained, this includes a £1 million technical transfer of funds for the Brussels office.

36. The EERC welcomes the Scottish Government’s intention that the £1 million technical transfer to this budget line should provide greater transparency for the running costs of the Brussels office. The EERC asks for further information in future on what outcomes the European strategy budget line will achieve, and more detail on how the money will be spent.

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Scottish Government. Supplementary written evidence.

Scottish Government. Supplementary written evidence.
37. The Committee also welcomes the Cabinet Secretary’s commitment to provide a ‘holistic collective’ overview of the funding cross-government.

38. The Committee looks forward to receiving the further information outlined above, which will allow the Committee to make a more effective analysis of value for money and prioritisation for this budget line.

*International Strategy and Reputation*

39. Spending on the International Strategy and Reputation budget line has increased by £270,000 to £1.67 million in the 2015-16 Draft Budget.

40. During 2015-16, the £1.67 million budget will be used to support—

“... international communications and marketing for all of the Scottish Government’s priority countries, as well as the delivery of the Government’s Pakistan and India plans, which is an area that the committee has been interested in. The budget is being used to deepen relationships with key countries with which we engage diplomatically and economically.”25

41. During its consideration of the 2014-15 Draft Budget, the EERC committed to monitoring this budget line and “the delivery of key Scottish Government country plans including Pakistan and India, and other international engagement, in future years”.26 The EERC asked for an update from the Cabinet Secretary on how the increase would enhance engagement in Pakistan and India in order to understand how the aims for this budget line were being achieved, and how Scotland was being promoted abroad.

42. The Cabinet Secretary told the EERC that the Scottish Government was considering its India and Pakistan Country Plans, with a view to informing how the increase should be spent. The Cabinet Secretary explained—

“Bearing in mind that my international strategy, reputation and promotion budget is minuscule compared to…all the other big events that we had this year…I would say that we are managing to maximise our impact and reach.

One of my roles, which this committee has shown an interest in before, is to leverage in funding from across the Scottish Government in alignment with what we do—it is like a hub and spokes.

“The bulk of that spend is on the international communications and marketing budget, which is the other line you are interested in; for 2014-15 the spend there was £1.1 million.”27


43. The EERC asks for further specific detail on the proposed outcomes for this budget line, specifically in the context of the increase of £270,000, to assist the EERC in understanding what the budget line will achieve, what is being prioritised, and how value for money is taken into account.

North America Strategy

44. Spending on the North American Strategy has been maintained at £750,000 for the third consecutive year. This equates to a real terms cut of 3.7% since 2013-14.

45. The North American Strategy budget supports the Scottish Government’s activities in the United States as outlined in the USA Plan and in Canada as detailed in the Government’s Canada Plan.

46. The Cabinet Secretary explained that the Scottish Government’s work in the Americas was being reassessed saying, “We have particular interests in South America”. She explained that there had been “a big increase in investment from the US”, and that the Scottish Government was seeking to capitalise on it by examining how they could “co-ordinate across the piece” and by helping “facilitate much closer working between our agencies”.

China

47. Specific funding for the Scottish Government’s work with China was a new level 4 heading in the 2014-15 budget. The budget line is allocated £400,000 again in 2015-16.

48. The China Division funding supports the Scottish Government’s work in China and Hong Kong which is underpinned by its China Strategy.

49. The EERC asked the Cabinet Secretary about how outcomes were measured for this budget line. She stated that—

“Good and tangible progress is being made through the number of students coming into the country and the business activity that we have been involved in. There has been a huge increase in the number of businesses that we are supporting in China. That is the outcome-based aspect that you are looking for and it is most evident in the China plan.”

50. The Committee thanks the Cabinet Secretary for the further detailed information detailed in her supplementary evidence which is a progress report on outcomes from the Scottish Government’s China Strategy.

51. In the context of both budgets for the North America and China budget lines being frozen and the challenges of a tight budget, the EERC asked whether the

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32 Scottish Government. Supplementary written evidence.
balance of priorities was right in the Draft Budget. The EERC also asked how engagement in the Americas and China could be enhanced in those circumstances. The Cabinet Secretary said—

“I refer you to the answer that I gave on how we measure competitiveness for EU funding. We have to engage, and access to funding is important for many areas across the piece. We must make sure that we have the capacity and capability to maximise access to funding and influence negotiations where we can, in areas where we have interests.

“On how we measure that, this year’s Scotland week was the best ever for jobs and investment announcements: more than 1,000 jobs from the US were announced. That is a strong relationship, but there are opportunities elsewhere. That is why I have charged our North America team with considering an Americas approach, which would allow us to support activity elsewhere.”

52. The EERC asks the Cabinet Secretary for further information on how the Scottish Government has chosen and balanced its priorities in the Draft Budget, and why it has chosen to successively freeze the North America and China budget lines.

53. The Committee welcomes the detailed outcome based information provided by the Scottish Government for its China Strategy in its supplementary evidence to the Committee. The Committee would appreciate similar levels of information for the other Scottish Government country plans.

54. The EERC also requests further information on how the new Americas approach will enhance engagement in those countries in the context of the freeze to that budget line.

Immigration Advice
55. The Immigration Advice budget line was introduced in the 2014-15 budget to replace the Fresh Talent budget line. The allocation of £730,000 in the 2015-16 Draft Budget is an increase of £110,000 compared with 2014-15.

56. According to the Scottish Government the increase in funding is to “reflect increased focus on immigration support.” The EERC asked for more clarity on what the increase would achieve. The Cabinet Secretary explained the breakdown of funds more fully in both her oral evidence and supplementary written evidence—

“The bulk of the migration strategy funding is allocated to delivery partners.

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34 Taken from the Level 4 figures provided by the Scottish Government available at http://www.scottish.parliament.uk/parliamentarybusiness/17534.aspx. Level 4 figures provide a more detailed breakdown than the level 3 figures presented in the draft budget.
“£150,000 goes to local government to support the Convention of Scottish Local Authorities strategic migration partnership…That involves helping local authorities in dealing with immigration, asylum seekers and the support that is provided.

“£267,500 goes to support TalentScotland’s role in providing visa advice to workers who relocate in Scotland. That used to be delivered by the Scottish Government, but it was transferred to TalentScotland in April 2013. A lot of companies that invest in Scotland will work with Scottish Enterprise, and we felt that those arrangements provided a better fit.

“The remaining £312,000 is for migration policy development and advice.”35

57. The Committee asked for more clarity on how this budget line was accessed and delivered. The Cabinet Secretary stated that it was “a transfer budget—we give it to local government, which works with COSLA. The strategic migration partnership is very long standing.”36

58. The EERC welcomes the explanation of the breakdown of the Immigration Advice budget line from the Cabinet Secretary, thanks the Cabinet Secretary for the further information outlining the aim of funds in her supplementary evidence,37 but asks for further detail on what the funds specifically achieve in terms of outcomes before the Committee’s next Draft Budget scrutiny.

Climate Change mainstreaming

59. The EERC has been invited by the Rural Affairs and Climate Change and Environment Committee to assess 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.

Climate Justice Fund

60. In the context of the EERC’s consideration of the 2014-15 Draft Budget, the Scottish Government committed to provide more information in following years on how the EEA budget interfaces with the Climate Justice Fund to ensure there is coordination between them.

61. For the 2015-16 Draft Budget, the Cabinet Secretary explained that the Scottish Government wished to take a “good global citizen” approach, working across her portfolio and the Climate Justice Fund to focus on specific areas and projects in Africa—

“The fund is managed as part of Paul Wheelhouse’s portfolio, but we work cross-Government on the issue. Water is another area in which Scotland has an interest and expertise, as well as energy.

37 Scottish Government. Supplementary written evidence.
“The climate justice fund is focusing on four countries in sub-Saharan Africa: Malawi, Rwanda, Tanzania and Zambia. A recent announcement was made to extend the fund by another £3 million.

“It is interesting to consider what that means we can contribute...there is a good deal of interest in what Scotland can contribute and in the models that we are using.”

New international climate change agreement

62. UN negotiations are underway to develop a new international climate change agreement. The Scottish Government has stated that “Scotland is committed to play a part in tackling climate change and encouraging others to follow suit in agreeing an ambitious new climate agreement at Paris 2015.”

63. The EERC asked how the EEA budget will support the Scottish Government’s commitment to help secure a new global climate agreement in Paris in 2015. The Cabinet Secretary said—

“It is one of the areas where our relationship with the United Kingdom Government is such that we are represented and play a key role at global climate conferences. We are seen as a supportive and productive partner in that effort because we are recognised as having expertise.

“Where we have expertise and political leadership in our country and where we can work with others, including the UK Government, on those conferences, we will continue to do so.”

64. The Committee welcomes the updates from the Scottish Government on how the EEA portfolio facilitates climate change targets. The EERC would welcome an outcome-based overview of projects where the Europe and External Affairs portfolio interfaces with the Climate Justice Fund in advance of next year’s Draft Budget scrutiny.

65. The Committee would also welcome more information on the progress of the Scottish Government involvement with securing a new global climate agreement in Paris in 2015 following that event.

Annexe – Explanatory diagrams

OVERALL TRENDS (CASH TERMS)

Figure 1 below provides details of how the budget for Europe and External Affairs has changed since 2010-11.

Figure 1: Trends in the Europe and External Affairs Budget (£m, cash terms)

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget</th>
<th>Outturn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>16.9</td>
<td>11</td>
</tr>
<tr>
<td>2011-12</td>
<td>16.1</td>
<td>12</td>
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<tr>
<td>2012-13</td>
<td>15.9</td>
<td>12</td>
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<td>12.9</td>
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<tr>
<td>2014-15</td>
<td>15.5</td>
<td></td>
</tr>
<tr>
<td>2015-16</td>
<td>17.9</td>
<td></td>
</tr>
</tbody>
</table>

Figure 1 shows the initial budget agreed by Parliament alongside the actual budget spent (outturn) for the Europe and External Affairs budget line between 2010-11 and 2013-14. It also shows the budget agreed by Parliament for 2014-15 and the 2015-16 Draft Budget for Europe and External Affairs.

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41 All information in this annexe is taken from the SPICe briefing for the Committee:
http://www.scottish.parliament.uk/S4_EuropeanandExternalRelationsCommittee/General%20Documents/SPICe_briefing_draft_budget_2015-16.pdf
CASH AND REAL TERMS CHANGES

Table 1 sets out the changes in the two 'level 3' budget headings for Europe and External Affairs between 2014-15 and 2015-16, in both cash terms and real terms.

Table 1: Europe and External Affairs Level 3 Changes in Cash and Real Terms (based on 2014-15 prices)

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<th></th>
<th></th>
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<tbody>
<tr>
<td>Major Events and Themed Years</td>
<td>2.4</td>
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<td>33.3</td>
<td>0.7</td>
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<td>12.2</td>
<td>1.4</td>
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</tr>
<tr>
<td>Total</td>
<td>15.5</td>
<td>17.9</td>
<td>2.4</td>
<td>15.5</td>
<td>2.1</td>
<td>13.7</td>
</tr>
</tbody>
</table>

Some points to note are as follows—

- The 2015-16 Draft Budget shows a cash increase of £2.4 million in the total Europe and External Affairs budget. In real terms this equates to an increase of 13.7%.

- Within this, the International Relations budget line shows a cash increase of £1.6 million, which equates to a real terms increase of 10.4%.

- The Major Events and Themed Years budget line has risen by £800,000 to £3.2 million. This equates to a real terms increase of 31.2%.
Table 2: Level 4 Budgets for International Relations\(^{42}\) – change in cash and real terms (based on 2014-15 prices)\(^{43}\)

<table>
<thead>
<tr>
<th>Level 4 Heading</th>
<th>2014-15 (£m)</th>
<th>2015-16 (£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>-1.6%</td>
</tr>
<tr>
<td>International Strategy and Reputation</td>
<td>1.40</td>
<td>1.67</td>
<td>0.27</td>
<td>19.3%</td>
<td>17.5%</td>
</tr>
<tr>
<td>European Strategy</td>
<td>0.5</td>
<td>1.67</td>
<td>1.17</td>
<td>232.8%</td>
<td>227.6%</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>-1.6%</td>
</tr>
<tr>
<td>Immigration Advice</td>
<td>0.62</td>
<td>0.73</td>
<td>0.11</td>
<td>18.7%</td>
<td>16.8%</td>
</tr>
<tr>
<td>China Division</td>
<td>0.40</td>
<td>0.40</td>
<td>0.00</td>
<td>0.0%</td>
<td>-1.6%</td>
</tr>
<tr>
<td>Other International Relations</td>
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<td>0.35</td>
<td>0.00</td>
<td>0.0%</td>
<td>-1.6%</td>
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<td>British Irish Council Secretariat</td>
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</tbody>
</table>

- The figures in Table 2 for the 2014-15 budget and the 2015-16 Draft Budget have been provided by the Scottish Government. The table also shows the cash change between each year’s budget and the real terms change (calculated by SPICe).

\(^{42}\) Figures provided by the Scottish Government to the Financial Scrutiny Unit and available at [http://www.scottish.parliament.uk/parliamentarybusiness/17534.aspx](http://www.scottish.parliament.uk/parliamentarybusiness/17534.aspx)

\(^{43}\) 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 in both cash and real terms.
ANNEXE A: Extracts from the Minutes

19th Meeting, 2014 (Session 4), Thursday 30 October 2014


20th Meeting, 2014 (Session 4), Thursday 13 November 2014

Draft Budget Scrutiny 2015-16: The Committee took evidence on the Scottish Government's Draft Budget 2015-16 from—

Fiona Hyslop, Cabinet Secretary for Culture and External Affairs, and Ian Donaldson, Deputy Director, International Division, Scottish Government.

22nd Meeting, 2014 (Session 4), Thursday 27 November 2014

Draft Budget Scrutiny 2015-16 (in private): The Committee considered and agreed a draft report to the Finance Committee on the Scottish Government's Draft Budget 2015-16.
ANNEXE B: Oral and Written Evidence

All oral and written evidence can be found on the Committee’s webpage:

Home/Parliamentary Business/Committees/European and External Relations Committee/Current Business/Scrutiny of the Draft Budget 2015-16

Link to Committee webpage: http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/83419.aspx

The SPICe briefing, the Scottish Government draft budget 2015-16 – Europe and External Affairs, is also available using this link.

20th Meeting, 2014 (Session 4), Thursday 13 November 2014

Oral evidence

Official Report 13 November 2014

Fiona Hyslop, Cabinet Secretary for Culture and External Affairs, and Ian Donaldson, Deputy Director, International Division, Scottish Government.

Written evidence

Supplementary written evidence:

Fiona Hyslop, Cabinet Secretary for Culture and External Affairs, 24 November 2014