



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Tuesday 5 October 2010

© Parliamentary copyright. Scottish Parliamentary Corporate Body 2010

Applications for reproduction should be made in writing to the Information Policy Team, Office of the Queen's Printer for Scotland, Admail ADM4058, Edinburgh, EH1 1NG, or by email to:
licensing@ogps.gov.uk.

OQPS administers the copyright on behalf of the Scottish Parliamentary Corporate Body.

Printed and published in Scotland on behalf of the Scottish Parliamentary Corporate Body by
RR Donnelley.

Tuesday 5 October 2010

CONTENTS

	Col.
DECISION ON TAKING BUSINESS IN PRIVATE	1685
INTERNATIONAL ENGAGEMENT INQUIRY	1686
INTERESTS.....	1693
INTERNATIONAL ENGAGEMENT INQUIRY	1694
“BRUSSELS BULLETIN”	1703

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE
12th Meeting 2010, Session 3

CONVENER

Irene Oldfather (Cunninghame South) (Lab)

DEPUTY CONVENER

*Sandra White (Glasgow) (SNP)

COMMITTEE MEMBERS

*Ted Brocklebank (Mid Scotland and Fife) (Con)

*Patricia Ferguson (Glasgow Maryhill) (Lab)

*Jamie Hepburn (Central Scotland) (SNP)

*Jim Hume (South of Scotland) (LD)

*Mr Frank McAveety (Glasgow Shettleston) (Lab)

*Bill Wilson (West of Scotland) (SNP)

COMMITTEE SUBSTITUTES

Jackson Carlaw (West of Scotland) (Con)

Ken Macintosh (Eastwood) (Lab)

Gil Paterson (West of Scotland) (SNP)

Iain Smith (North East Fife) (LD)

*attended

THE FOLLOWING GAVE EVIDENCE:

Nicola Hudson (Scottish Parliament Research, Information and Reporting Group)

Scherie Nicol (Scottish Parliament Research, Information and Reporting Group)

Simon Wakefield (Scottish Parliament Research, Information and Reporting Group)

CLERK TO THE COMMITTEE

Lynn Tullis

Simon Watkins

LOCATION

Committee Room 3

Scottish Parliament

European and External Relations Committee

Tuesday 5 October 2010

[The Deputy Convener *opened the meeting at 10:30*]

Decision on Taking Business in Private

The Deputy Convener (Sandra White): I welcome everyone to the 12th meeting in 2010 of the European and External Relations Committee. We have received apologies from Irene Oldfather, which means that members will have to put up with me as deputy convener for this meeting.

The first item was supposed to be Bill Wilson's declaration of interests. However, as he has not yet arrived, we will defer that item until he appears.

Item 2 is a decision on taking business in private. Does the committee agree to take item 6 and future updates on the European strategy in private?

Members *indicated agreement.*

International Engagement Inquiry

10:31

The Deputy Convener: The next item is consideration of a briefing paper from the Parliament's financial scrutiny unit on the international spending of the Scottish Government and its agencies. Members will recall that, in June, we considered a briefing from the FSU on the costs of international activity and agreed at the time to seek further information, primarily on the benefits that derive from international expenditure. That additional information is included in the papers for today's meeting.

I welcome Ted Brocklebank to the meeting.

Before I ask the FSU team to give us their briefing, I draw members' attention to the letter that we have received from Fiona Hyslop, the Minister for Culture and External Affairs. I am sure that everyone has read the letter, in which a number of concerns are expressed. Simon Watkins will give us an update on the matter.

Simon Watkins (Clerk): In order to brief members, we have been trying to ascertain which aspects of the FSU briefing, "Impact of International Expenditure", the Government is still concerned about. Our understanding is that it is content with the main text of the international development and China sections and that its outstanding comments relate to certain aspects of the costs of the United States and Brussels offices. It is worth pointing out that the comments relate only to the section on Scottish Government direct spending, which is only one of the report's four sections; the others deal with the Scottish Qualifications Authority, VisitScotland and Scottish Development International. We should know either late this week or early next week what the Government's specific concerns are.

The Deputy Convener: Thank you, Simon. I am sure that members have questions on the matter, but I remind everyone that we will discuss the report in private at the end of this meeting. You will certainly have a chance to raise issues at that time.

I welcome to the meeting the FSU team who have prepared the briefing under consideration this morning—Simon Wakefield, Scherie Nicol and Nicola Hudson—and invite them to make some opening remarks.

Simon Wakefield (Scottish Parliament Research, Information and Reporting Group): Thank you, convener, for inviting us to prepare the briefing paper and make this presentation. Scherie Nicol, Nicola Hudson and I are from the financial scrutiny unit, which is one of the Scottish

Parliament information centre's three research teams. Scherie will introduce the briefing and provide an overview of the results for SDI; I will summarise information on the Scottish Government's spending and VisitScotland; and Nicola Hudson will sum up on findings about the SQA.

Scherie Nicol (Scottish Parliament Research, Information and Reporting Group): The committee asked us to examine the impact of international expenditure as a follow-up to the briefing that the committee requested from us on the value of international expenditure. Before we go any further, I should clarify what is meant by an impact. Essentially, we are measuring returns on Government investment. Although returns can be measured in, for example, environmental, social and cultural terms, our paper focuses on economic impacts in light of the Scottish Government's current purpose of increasing sustainable economic growth.

We focused on the four organisations that accounted for 93 per cent of international expenditure in 2009-10: Scottish Development International, the Scottish Government, VisitScotland and the Scottish Qualifications Authority. We compiled the briefing using information that was provided directly from those organisations.

Measuring the impact of international expenditure has been a complex and difficult task, but one of our key findings is that, in general, organisations are meeting internal output targets that relate to international activities, such as on the number of high-value jobs assisted and the return on investment for specific tourism marketing campaigns. The Government's international expenditure is, however, just one of a multitude of factors that influence overall outcomes in areas such as exports, tourism numbers and international poverty reduction. Factors such as economic growth, exchange rates and natural disasters have all had a much larger influence on outcomes. That makes it difficult to disentangle the effects of individual public sector interventions.

I will now look at the impact of international expenditure by organisation.

Scottish Development International spends more public money overseas than any other organisation, and its international spending has risen by 47 per cent since 2004-05. Its spending goes on two main streams of work: promoting exports and attracting inward investment. Its targets for both of those work streams are set by the organisation on an annual basis and agreed with the Scottish Government. It can be seen from figures 1 and 2 in the briefing that, over the period that was analysed, SDI always performed within the set target range or above it and has thus

delivered outputs in line with internal targets. The target levels show that SDI works with a small number of jobs and businesses in the overall economy, but it focuses its support on high-value jobs and key companies that it recognises as important in the strategic development of a sector.

Tables 1 and 2 in the briefing show that, throughout Scotland as a whole, the number of inward investment projects has decreased over the period, but the value of exports has increased. Those external trends have much to do with exogenous factors that are outwith SDI's control, such as relative tax rates and global economic conditions.

On benchmarking SDI's performance against England's regional development agencies, table 3 shows that, although SDI has favourable returns on investment on export promotion, its performance is not as strong in other areas, particularly cost per job. However, given that the differences are of a relatively small scale, it can be concluded that, in general, the impacts of SDI's spend are in the same ball park as those from spend by the regional development agencies.

One area in which SDI has performed very favourably relative to similar agencies is the quality of service delivery. Figure 3 shows that SDI was ranked as the sixth best performing agency out of more than 210 that were assessed across the world in a recent study by the World Bank.

Simon Wakefield will now consider the impact of spend by the Scottish Government and VisitScotland.

Simon Wakefield: The Scottish Government's direct spending overseas has two main components. The majority of it—more than two thirds of it in 2009-10—is allocated to the international development fund. Most of the remaining funding is spent on promoting Scotland, and specifically on running the offices in Brussels, Washington and Beijing.

Since 2005, £36 million has been allocated to 258 international development projects. Those figures are set out in table 5 in the briefing. Funding from the Government currently provides resources to six elements, as figure 5 illustrates. The Malawi programme accounts for the largest share of resources—around £5 million in the current financial year. Obviously, we are aware that many members of the committee have direct experience and knowledge of the Malawi programme and that many of their projects run through it. The other programmes include the south Asia and sub-Saharan Africa development programmes, and support to two networking organisations and the Scottish Fair Trade Forum. Finally, the Government has provided support to deal with the humanitarian crises in Gaza, the

Democratic Republic of the Congo, Haiti and, most recently, Pakistan.

The most useful performance information on international development is provided in a review of Scottish Government projects focused on Malawi that was published in early 2009. The review concluded that 32 of the 39 projects that were selected were relevant, had been efficiently delivered, were effective in meeting their planned outcomes, had secured impact and were relatively sustainable. Some of the lessons learned were on the need for effective consideration and understanding at the outset of the initial problem, good quality needs analysis and the need to consider fully the planning process all the way through. However, overall, the review reported that the international development fund is making real contributions to the achievement of the millennium development goals in Malawi.

On the Scottish Government's other direct spending, it is difficult to identify the specific impact of the overseas offices, not least because of the nature of the work in which they are involved. The offices clearly have a significant role in delivering the Europe, USA and China plans. The committee recently heard evidence on the 2010 annual report on the Europe plan.

Although it is difficult to link the impact of Government policy to outcomes in the area, it is perhaps worth noting the results of the nation brands index, which has included Scotland in the past couple of years. The results are shown in table 4 in the briefing. The index is based on interviews with people from 20 countries, examining six dimensions of what is called national competence in terms of favourability and familiarity with the countries. Questions are asked about people's perceptions in relation to each country of exports, governance, culture, people, tourism and immigration and investment. Overall, according to the index, Scotland is ranked 14th out of 50 countries on its brand, which puts it marginally ahead of countries such as New Zealand, Denmark, Finland and Ireland.

VisitScotland's international spending buys a programme of international marketing campaigns and a range of public relations activities. VisitScotland measures what it terms the return on investment of its international campaigns, although I should point out that it uses a slightly different definition of "return on investment" from that used by SDI. VisitScotland measures the value of additional tourism spending that results from a specific campaign and a ratio of the additional tourism spend relative to the cost of the campaign. It calculates that using survey evidence. Broadly speaking, respondents to a campaign are asked whether they visited Scotland and, if so, whether the VisitScotland marketing materials influenced

them a lot or a little. If they were influenced a lot or a little, they are considered to be additional visitors and their spend is counted as additional visitor spend.

Tables 6 and 7 in the briefing show the figures on returns on investment. Table 6 expresses that as a ratio of tourism spending to VisitScotland's campaign costs. For example, in 2004, the campaign in France generated £38 of visitor spending for every £1 that VisitScotland spent on the campaign. Table 7 expresses the same thing but as the total additional spend resulting from the campaign. So taking the same example, the France campaign of 2004 generated a total of £14.2 million of additional spending from the additional visitors. Broadly speaking, the data indicate that some campaigns in the European markets have achieved a higher rate of return on investment, given the ratios of the campaign costs to the spend generated. The tables also indicate that VisitScotland has been successful in hitting its own targets for the campaigns.

Looking at the performance of the Scottish tourism industry as a whole, figures 8 and 9 illustrate the fluctuations in visitor numbers and visitor spend in recent years. Figures 10 and 11 indicate that, compared to other parts of the United Kingdom, between 2000 and 2009, Scotland performed above the UK average on international visitor numbers but slightly below the average on international tourist spending generated.

I will pass over to Nicola Hudson.

Nicola Hudson (Scottish Parliament Research, Information and Reporting Group): I turn to the Scottish Qualifications Authority. As with the other bodies that are covered in our report, the SQA's international activities aim to promote and build the reputation of Scotland overseas, although the SQA focuses specifically on the Scottish education system. The SQA also aims to generate surplus income through its international activities, which is used to support the SQA's core activities and role in Scotland.

10:45

Surplus income generated by the international activities is seen as important to the SQA at a time of increasing pressures on the public purse and with forecasts of declining income from Scottish learners because of demographic factors. In 2009-10, international income accounted for 5 per cent of all income generated by the SQA. The two main strands of international activity are international awarding of SQA qualifications, with the main market being China, and international consultancy projects, undertaken on behalf of international development agencies and foreign Governments.

Both areas of activity have grown substantially over the past five years. The SQA monitors the performance of its international activities through analysis of financial information and activity data. That information is reported internally to the international and commercial committee and to the board of management. The overarching international strategy is reviewed annually.

Reflecting the aim to generate a surplus from international activities, financial performance is a key factor in monitoring performance. Current figures show that in 2009-10, income from international activities exceeded the costs of delivering those activities by £0.2 million. Of that total, two thirds was accounted for by consultancy activities and a third by awarding activities. Income and activity levels have grown significantly in individual countries, most notably China, but the scope of international activities has also broadened. The SQA now undertakes awarding activities in 10 countries and has undertaken consultancy activities in 23 countries.

It is difficult to benchmark the SQA's international activities against those of other awarding bodies because of the differing remits and status of those organisations. In international markets, the SQA is often in direct competition with private-sector organisations and the commercial nature of those activities means that accessing comparative data is not possible. It is also worth noting that although the financial imperative influences the SQA's international activities, the wider aims of its international activities are also important, such as reputation building and awareness raising, but those are much harder to evaluate in quantitative terms.

Our review has gathered the available impact information for the four organisations that together account for over 90 per cent of overseas spending by Scotland's public sector. We found evidence that those bodies are having a positive impact in the areas in which they operate and are generally meeting internal performance targets. We also found that there is sometimes limited information available, partly reflecting the costs and complexities of producing such information. The different types of international activities covered means that it is impossible to produce an overall impact figure, even sometimes for a single organisation.

In a wider context, it is difficult to disentangle the effects of individual interventions from the impact of wider economic factors, such as exchange rates and international economic performance. It is worth noting that the Scottish Government's international strategy has a range of aims and objectives, including awareness and reputation building, increasing and sharing knowledge, and

changing attitudes. Those wider objectives can be difficult to evaluate in purely financial terms.

In that context, it is impossible to draw definitive conclusions in respect of the overall value for money of the Scottish public sector's overseas spending. As our report has highlighted, that can be done meaningfully only at an individual programme or project level.

Thank you for listening; we hand over to the committee for questions.

Interests

10:49

The Deputy Convener: Before we move to questions, I introduce Bill Wilson, a new member of our committee, and invite him to declare any interests.

Bill Wilson (West of Scotland) (SNP): I have no declaration to make beyond what is in my entry on the register of members' interests. I apologise for being late to the meeting.

International Engagement Inquiry

10:49

The Deputy Convener: On the whole, the report from all sections was positive. The only issue raised was about the collection of data and the various ways of collecting it from different agencies. My conclusion is that it is pretty difficult to get an overall picture because of the different methods of collecting and accessing the information. Committee members might raise that point with you but, if not, I will pick it up at the end. I open the meeting up to questions from committee members. Jamie—do you have any questions?

Jamie Hepburn (Central Scotland) (SNP): No. I have no questions at this time.

Ted Brocklebank (Mid Scotland and Fife) (Con): One theme that runs through the report is that all the organisations examined and considered seem to have met their internal output targets, in other words the targets set by the agencies. Comparing them to outside bodies or benchmarking them against other countries seems to be a more difficult task, because we may be comparing apples with plums, given that other people do things slightly differently. The question is whether it is meaningful to say that we have met internal output targets. We would, would we not? If we set the targets, you would expect us to meet them.

Simon Wakefield: I suppose that the issue is the Government's relationship with those agencies when they discuss what the target should be, whether they set targets that are challenging enough and stretching enough and whether they set them in a realistic way. It is difficult for us to comment on the degree to which the targets are appropriate. That might be something for the Government to give a view on.

Ted Brocklebank: Are there any other comments?

Nicola Hudson: We are aware of that limitation and that is why we sought to gather as much benchmarking information as possible, but, as you will have seen, its availability is limited.

Ted Brocklebank: I move on to two specific questions. The first is about VisitScotland and the second is about the Scottish Qualifications Authority.

It appears from the report that the Europe campaign, or the campaign to promote Scotland in countries such as France and Germany, was more effective than the campaign to attract visitors specifically from the United States. Does that question the value of Scotland week and the work

that is done in that context? If we appear to get a bigger bang for our buck from promoting ourselves in Europe, why are we spending so much money trying to promote ourselves in the United States through Scotland week?

Simon Wakefield: We have presented the results and the returns on investment. At the risk of copping out, that is probably a question that VisitScotland might wish to respond to.

Scherie Nicol: I know that VisitScotland does not want to put all its eggs in one basket. It makes sense to have campaigns targeted at many different markets that are at different stages of maturity. I know that VisitScotland does not want to focus its marketing efforts solely on the countries that generate the largest return, but on those that will create a more sustainable tourism market.

Ted Brocklebank: My final, more specific question is about the SQA, which is working particularly in places such as China, where we obviously see a tremendous market. I have been told that, interestingly, no such effort is being concentrated on Taiwan, which is currently sending 15,000 students to British universities. Taiwanese students are being encouraged by other parts of the United Kingdom, but only 500 come to Scottish universities. I am told that one reason for that is that we do not represent ourselves at international educational trade fairs in Taipei and other places in Taiwan. Can you comment on that?

Nicola Hudson: The SQA has a wider international strategy, which, as I said, is reviewed annually. Obviously, the details of that strategy and, in particular, its future plans, are an internal matter for the SQA, because of the commercial confidentiality issues that I have highlighted. When it seeks to generate surplus income, it does not necessarily want its competitors to know where it plans to do that, so there are commercial sensitivities. You are right that, currently, the majority of income is generated in China but it is not generated exclusively in China. I do not have the figures and cannot tell you off the top of my head whether Taiwan features in them, but that is not to say that the SQA does not have plans for those markets.

Jamie Hepburn: Inspiration has struck me this time round, so I have some questions, which reflect what the deputy convener said about the report's seeming to be a positive endorsement of the international activity of the Government and its agencies.

Ted Brocklebank said that much of it was about internal targets being met, but I heard you say that it made use of quite a few external assessments. I will just run through a few achievements and

perhaps you could confirm whether they were externally assessed. Is it correct that the assessment that put SDI as sixth out of 210 bodies of its type was undertaken by the World Bank?

Scherie Nicol: Yes.

Jamie Hepburn: I presume that that was an external assessment.

Scherie Nicol: Yes.

Jamie Hepburn: Was the finding that the Scottish Government's international development fund had made a real impact and was contributing towards the millennium goals programme in Malawi the result of an external assessment?

Simon Wakefield: That assessment was done by an external contractor for the Scottish Government.

Jamie Hepburn: Okay. I presume that Scotland's being ranked 14th in the nation brands index 2009 was the result of external assessment as well.

Simon Wakefield: That is an external survey that the Government buys into.

Jamie Hepburn: I am glad that we got that on the record.

It was interesting that Ms Hudson commented on the fact that it is hard to identify the benefits of international spend because of the cost of collating the necessary data. I do not know whether you will be able to comment on this, but would it be prohibitively costly for the agencies concerned to gather such data? Would they not end up just spending money that they could otherwise use for front-line services?

Nicola Hudson: There is a balance to be struck between spending money on evaluation and spending it on undertaking activities. Individual organisations need to establish how much they want to allocate to evaluation. We have collected the information that is available, but we have been limited by what is available. We have not undertaken our own evaluations as part of the exercise that we have carried out. We have based our information on what is already available, which is dependent on the evaluations that individual organisations have decided to undertake and, as you highlighted, some external assessments.

Jamie Hepburn: Thank you.

Scherie Nicol: It is worth bearing it in mind that if effective evaluations are carried out in certain programme areas, money can be saved as a result. In particular, it is recommended that evaluations are undertaken on areas on which there is a large amount of spend, and on new and

innovative projects, so that spend can be targeted most effectively.

Jamie Hepburn: Do you have any information on the likely savings or is it speculative at this stage?

Scherie Nicol: No. The nature of any inefficiencies that are identified depends on the project. The identification of areas of spend that are not directly linked to the desired outcomes varies from project to project. There is a wide range.

Jamie Hepburn: You do not have any specific examples.

Scherie Nicol: Do you mean specific examples of money saved?

Jamie Hepburn: You are suggesting that money could be saved; I presume that you have looked at potential savings and that you have a model for that. Is it speculative at this stage?

Scherie Nicol: It is agreed that the whole point of an evaluation is to understand whether resources have been targeted effectively. In that sense, I do not have any specific examples.

The Deputy Convener: Before I bring in Patricia Ferguson, I have a question about target setting. It has been clarified that targets are set and that we perform very well in various areas. You spoke about money being saved or gained as a result of evaluation. Is it not a fact that it has been reported that for every £1 that SDI spends, £11 is generated for the Scottish economy?

Scherie Nicol: Yes; that figure relates to inward investment.

The Deputy Convener: I just wonder why that information was not included in your report, given that we are talking about possible economic benefits.

Scherie Nicol: It is included in the report—it is included in table 3 on page 12.

The Deputy Convener: Thank you very much. I just wanted to clarify that.

Patricia Ferguson (Glasgow Maryhill) (Lab): Good morning. I think that I am right in saying that VisitBritain also has a responsibility to market Scotland as part of the UK in some of the destinations that have been mentioned, particularly the US. Have you had the opportunity to look at whether what is being done has added value or whether there might be some unhelpful crossover, given what we are all trying to achieve?

11:00

Simon Wakefield: I must admit that that was beyond the scope of what we looked at. We did

look briefly at some of the returns on investment that VisitBritain got from its campaigns. However, its methodology for measuring that is different to VisitScotland's, so we were not able to benchmark it. That was as far as we got in looking specifically at VisitBritain.

Patricia Ferguson: This might well have been outwith the scope of what you were trying to do in the report, too. When you were looking at the international development side, did you consider the sustainability of projects and their impact? I am very conscious that one of the stated aims is that the projects that are assisted should be sustainable in the longer term.

Simon Wakefield: The main piece of evidence that was available on the international development fund was the report on the Malawi programme. The report looked at 32 of the 39 projects and it identified that those projects were sustainable. Beyond that, we did not look at that aspect in further detail.

Patricia Ferguson: I want to jump back to VisitScotland. The value of leisure and sports tourism is commented on. Was there—or will there be—further consideration of the value that comes from the work that EventScotland does in that regard?

Simon Wakefield: Our focus was on VisitScotland and its campaigns. We had to really focus on the key organisations that account for the majority of funding.

Jim Hume (South of Scotland) (LD): Good morning, and thank you for the comprehensive report. I refer to figure 9 and figure 11 in the report. I realise that those are VisitBritain statistics. I presume that this must be something to do with the retail prices index. The narrative next to the graph at figure 9 states:

"Between 2005 and 2009 there has been a 13% increase in visitor spend."

However, the graph does not show that; it shows an almost standstill position. Can you clarify that? Has it been adjusted for RPI purposes?

Scherie Nicol: We do not have the raw data to hand, so we would need to get back to you on that point.

Jim Hume: It is quite confusing.

I want to explore further the point that Patricia Ferguson made. VisitBritain works with VisitScotland. Page 17 of the report shows that the United Kingdom rates highly in the nation brands index—it is number 4 and Scotland is number 14. Is there any way of extrapolating what good Scotland gets out of VisitBritain, or is that beyond the scope of your work?

Simon Wakefield: It is certainly difficult to link the campaign work of the tourism agencies to the nation brands index. There is the caveat that the index does not measure the performance of Government policy, but is presumably a contributing factor. One of the indicators is people's perception of tourism, so undoubtedly there will be a link, but it is a bit difficult to say what the link is.

Jim Hume: That is fine, thanks. If you can get back to me on figure 9 and figure 11, that would be helpful, because they look a bit odd.

Simon Wakefield: Absolutely.

Mr Frank McAveety (Glasgow Shettleston) (Lab): I know that much of this is probably an inexact science because of substantial variations in how we gather information and compare that to information from international competitors. On page 4 of annex B, you state:

"Audit Scotland has not undertaken any value for money audit relating purely to SDI."

Would such an audit be of substantial worth in enabling us to assess fully some of the issues that you have identified in the report?

Nicola Hudson: We were asked only to comment on whether Audit Scotland had undertaken such a study. It is for Audit Scotland to define its forward work programme.

Mr McAveety: Would such a study be of benefit? Would it clarify some of the issues that your report highlights? I know that that is work for another body, but would it have been useful for you as members of the FS unit?

Scherie Nicol: SDI provided some particularly good information from its recent policy evaluation, which was undertaken in May 2010. Of the four organisations that we examined, it has some of the best evaluation information. The policy evaluation gives a lot of pointers about areas for improvement. An audit might not add much value at this stage.

Mr McAveety: I refer you to page 16 of annex C, which touches on points that Patricia Ferguson and Jim Hume identified and provides an explanation for the reduction in spending on international marketing. That is not your responsibility, but none of us who argued for a stream change in the structure of VisitScotland presumed that international marketing would be squeezed to pay for the activities of area tourist boards. It is a long time since I was involved in the area, but no such proposal ever came across my desk.

I am concerned about the development, because other profiling suggests that we need to market more aggressively, especially in Europe.

The report provides evidence of the returns that we are getting on our money. The American market is more problematic because of what has happened in international politics over the past few years, which has affected how secure people feel about travelling beyond US borders. However, the reduction in spending on international marketing is a worry for members.

We have received a communication from the Minister for Culture and External Affairs about some issues. Has the minister communicated to you her concerns about the accuracy of some information in the report? It would be useful for us to know what she has said.

Simon Wakefield: We have seen the minister's letter.

Mr McAveety: I am asking whether you have received another letter.

Simon Wakefield: We have not been provided with specific details of the Government's concerns. I understand that they relate to the presentation of data on costs of the international offices.

Mr McAveety: Clearly, the issue of office costs is all about other comparisons, what is fed in and what can be met centrally from other departmental budgets. As representatives of the SS unit—I meant to say the FS unit, although SS might be more appropriate—do you think that you can produce reasonable comparisons between Scotland and the other devolved Administrations, so that we can see what value we are getting from the Beijing, Brussels and Washington offices?

Simon Wakefield: We are happy to look at the information that the Government provides and to see how far we can go towards producing like-for-like comparisons. I hope that we can do that.

The Deputy Convener: The committee includes two ex-culture ministers from the previous Government, Frank McAveety and Patricia Ferguson. Rightly, they are scrutinising everything in the briefing. Frank McAveety mentioned the Brussels and USA offices. There is some contention about the accuracy of the figures for those. How many sections did you have to change when the Government said that the figures were not quite right?

Simon Wakefield: We had to change the whole report. We sent copies of the relevant sections to the various organisations concerned, and to the Government in relation to its section. We had some useful discussions—in some cases robust discussions—about the content of the report. We have tried, as far as possible, to take on board the comments, views and suggestions of the organisations that provided the information. There has been quite a bit of revision from our initial

drafts, but that is what we would normally expect in producing a briefing.

The Deputy Convener: Committee members who get a report want to know about its accuracy. You have said that you went back to look at the figures that you received from the other agencies and amended your report accordingly, with just a few outstanding issues, and I believe that we will receive a letter from the minister pertaining to that. Is that correct?

Simon Wakefield: Yes—I understand that we will get something later this week. I have not been told what the inaccuracies are specifically, but as the clerk has indicated, the Government is broadly satisfied with the text. The only related point is about the presentation of the data on the costs of the offices and the need to ensure that we are comparing like with like.

The Deputy Convener: I wanted to clarify that point, as members have asked about it.

The next issue follows on from what Jim Hume said, and relates to benchmarking and figures 9 to 11 in the report. I know that there has been fluctuation in monetary terms, given the economic downturn and the changes in exchange rates. On trends in visitor spend in figure 9, the level is actually up. In figure 11, the “Change in international tourist spend” for Scotland is down compared with the other countries, however. As far as benchmarking is concerned, the trend in visitors coming to Scotland is shown in a positive light. When you are writing to Jim Hume to clarify the issues, perhaps the committee could also get a copy of that letter. The data in figures 9, 10 and 11 do not seem to match up. Perhaps you can explain.

Simon Wakefield: International tourism spend as shown in figure 11, which is according to the international passenger survey, increased by 13.4 per cent between 2005 and 2009. I am happy to clarify that it did, in fact, increase. If we compare the figure for Scotland with those for other parts of the UK, it is a bigger increase than for Wales, and it is at a pretty similar level to that of England excluding London—but it is slightly below the figure for the UK as a whole.

The Deputy Convener: It is probably just the way I am reading the figures, but a layman looking at figure 10 will see that

“Scotland has performed relatively well when compared to other UK regions, with a 6.3% increase in international visits, relative to 1.8% in Wales, 0.3% in England and an overall decrease across the UK.”

I would like those points to be clarified. Jim Hume raised the issue first—perhaps you could write a letter on the matter.

Jim Hume: I am interested in figure 9 in particular. It says at the side:

“Between 2005 and 2009 there has been a 13% increase in visitor spend.”

There appears to be almost no difference at all looking at the bar chart, however.

Ted Brocklebank: I am grateful to Jamie Hepburn for identifying examples of external assessment when it came to considering our performance vis-à-vis other people's.

The financial scrutiny unit's assessment gives a comparison relating to SDI. The briefing states:

“SDI's 'gross value added to cost' ratio and cost per job are slightly less favourable than those of the English Regional Development Agencies”.

Can you explain some more of the background behind that? Why do we seem to perform less well than some of those comparable English regional agencies?

11:15

Scherie Nicol: The figures for the regional development agencies came from a study by the Department for Business, Enterprise and Regulatory Reform. I personally would not wish to draw any conclusions from those differences until I had done a thorough analysis of the methodologies that were used. The differences in the methodologies of calculation between the England study and the Scotland study are too wide for us to draw immediate conclusions at this stage.

Bill Wilson: Perhaps I misheard you, Simon, but when you were talking about the change in international visit numbers were you referring to passenger numbers, or did I not catch that correctly?

Simon Wakefield: Figure 10 refers to international visit numbers, and figure 11 refers to international tourist spend.

Scherie Nicol: You are referring to passenger numbers. The data are drawn from an international passenger survey and they are then grossed up to provide estimates of the overall numbers of visitors coming to the country.

Bill Wilson: So, it is not just the numbers of passengers who happen to fly into a country. They have to be planning to stay there.

Scherie Nicol: Yes.

Bill Wilson: Right—that clarifies that.

The Deputy Convener: There are no further questions. Thank you very much for coming along and giving us your evidence. We will have the opportunity to consider it as part of our further inquiries.

“Brussels Bulletin”

11:17

The Deputy Convener: Item 4 is our consideration of the latest edition of the “Brussels Bulletin”. Members will recall that we wrote to the Scottish Government on three separate issues that arose in a previous issue of the bulletin. The responses that we have received are included in the paper before us.

There are no comments from members. Everyone is clearly happy with the “Brussels Bulletin”—and that is absolutely fine.

The next item on the agenda is to be taken in private. I ask the public to leave and thank them for attending.

11:17

Meeting continued in private until 11:29.

Members who would like a printed copy of the *Official Report* to be forwarded to them should give notice at the Document Supply Centre.

Members who wish to suggest corrections for the archive edition should mark them clearly in the report or send it to the Official Report, Scottish Parliament, Edinburgh EH99 1SP.

PRICES AND SUBSCRIPTION RATES

OFFICIAL REPORT daily editions

Single copies: £5.00

Meetings of the Parliament annual subscriptions: £350.00

WRITTEN ANSWERS TO PARLIAMENTARY QUESTIONS weekly compilation

Single copies: £3.75

Annual subscriptions: £150.00

Available in e-format only. Printed Scottish Parliament documentation is published in Edinburgh by RR Donnelley and is available from:

Scottish Parliament

All documents are available on the Scottish Parliament website at:

www.scottish.parliament.uk

For more information on the Parliament, or if you have an inquiry about information in languages other than English or in alternative formats (for example, Braille, large print or audio), please contact:

Public Information Service

The Scottish Parliament
Edinburgh EH99 1SP

Telephone: 0131 348 5000

Fòn: 0131 348 5395 (Gàidhlig)

Textphone users may contact us on
0800 092 7100.

We also welcome calls using the Text Relay service.

Fax: 0131 348 5601

E-mail: sp.info@scottish.parliament.uk

We welcome written correspondence in any language.

Blackwell's Scottish Parliament Documentation

Helpline may be able to assist with additional information on publications of or about the Scottish Parliament, their availability and cost:

Telephone orders and inquiries

0131 622 8283 or

0131 622 8258

Fax orders

0131 557 8149

E-mail orders, subscriptions and standing orders
business.edinburgh@blackwell.co.uk

Blackwell's Bookshop

**53 South Bridge
Edinburgh EH1 1YS
0131 622 8222**

Blackwell's Bookshops:

243-244 High Holborn
London WC1 7DZ
Tel 020 7831 9501

All trade orders for Scottish Parliament documents should be placed through Blackwell's Edinburgh.

Accredited Agents

(see Yellow Pages)

and through other good booksellers

e-format first available
ISBN 978-1-4061-6846-4

Revised e-format available
ISBN 978-0-85758-145-7

Revised e-format ISBN 978-0-85758-145-7