



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Thursday 13 November 2014

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CONTENTS

	Col.
DECISION ON TAKING BUSINESS IN PRIVATE	1
DRAFT BUDGET SCRUTINY 2015-16	2
“BRUSSELS BULLETIN”	25

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE
20th Meeting 2014, Session 4

CONVENER

*Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP)

DEPUTY CONVENER

*Hanzala Malik (Glasgow) (Lab)

COMMITTEE MEMBERS

Clare Adamson (Central Scotland) (SNP)

*Roderick Campbell (North East Fife) (SNP)

*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

Jamie McGrigor (Highlands and Islands) (Con)

*Alex Rowley (Cowdenbeath) (Lab)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Gavin Brown (Lothian) (Con) (Committee Substitute)

Fiona Hyslop (Cabinet Secretary for Culture and External Affairs)

David Torrance (Kirkcaldy) (SNP) (Committee Substitute)

CLERK TO THE COMMITTEE

Katy Orr

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

European and External Relations Committee

Thursday 13 November 2014

[The Convener opened the meeting at 09:16]

Decision on Taking Business in Private

The Convener (Christina McKelvie): Good morning and welcome to the 20th meeting in 2014 of the European and External Relations Committee. I make the usual request that mobile phones are switched off.

We have received apologies from Jamie McGrigor and I welcome Gavin Brown in his place. We also have apologies from Clare Adamson—I welcome David Torrance to the committee.

The first agenda item is a decision to take in private item 4 and future consideration of our approach to the transatlantic trade and investment inquiry. Is the committee content to do that?

Members *indicated agreement.*

Draft Budget Scrutiny 2015-16

09:17

The Convener: Agenda item 2 is scrutiny of the draft budget 2015-16. I welcome to the committee a very well co-ordinated Fiona Hyslop, Cabinet Secretary for Culture and External Affairs, and Ian Donaldson, deputy director of the Scottish Government's international division. Cabinet secretary, I believe that you have an opening statement.

The Cabinet Secretary for Culture and External Affairs (Fiona Hyslop): I have a very short statement, convener. Thank you for inviting me to address you on the 2015-16 draft budget.

This year has seen a great deal of international interest in Scotland, with major events such as the Commonwealth games, the Ryder cup and, just last weekend, the MTV awards, which of course were all part of the homecoming 2014 programme. We have had the independence referendum, the positive manner in which it was conducted and the debate's unprecedented level of public participation. All those things have enabled visitors and audiences around the world to see the best of Scotland.

It is against that backdrop of increased international opportunities that I have approached the 2015-16 budget allocations. In 2015-16 the Europe and external affairs budget is expected to increase to £17.9 million. 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.

Last year when I appeared before you to discuss the budget we agreed on the importance of increasing Scotland's profile and activity in Europe. I am therefore pleased that we have been able to embed the increases that we achieved in that area in the 2014-15 budget into the 2015-16 European relations budget. 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.

The major events line will increase by £0.85 million. 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.

The lion's share of the external affairs budget is the £9 million that will continue to be directed to help the world's poorest countries in 2015-16.

The Scottish ministers continue our commitment to ensure that Scotland plays its part as a good global citizen. One way that we do that is through our work on international development. Our commitment is clearly evidenced by our securing a doubling of the baseline budget from £4.5 million to £9 million between 2007-08 and 2011-12. Despite the difficult financial context, of which all members will be aware, we are committed to keeping international development funding at that level for the duration of the spending review period, and we will do so again in 2015-16.

As part of our unique model, we provide funding for Scottish non-governmental organisations to work in partnership with organisations in the developing world on our priority areas and particularly on issues in which Scotland has specific skills and expertise, such as renewable energy. We will work across our priority countries to focus on the key objective of poverty alleviation and the achievement of the millennium development goals, and we must adhere to the principles of the Paris declaration on aid effectiveness.

In addition to our programmed international development work, the Scottish Government aims to respond where it can to international humanitarian emergencies and urgent appeals. Some of the money for that comes from my portfolio, but we also support contributions to such emergencies from other parts of the Scottish budget. Most recently, that has helped to ensure Scottish Government contributions to the international fight against Ebola, and we continue to monitor the situation in west Africa closely.

I am pleased that, this year, I have been able to increase the international strategy and reputation line slightly. That budget supports 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.

Finally, I am pleased to have been able to maintain the level of funding for our overseas offices in China and North America. Our presence in those countries is a firm indication of the importance that we place on our relationships with them and the economic benefits that they bring to Scotland.

As members are aware, we want to ensure that Scotland is known as a good global citizen that has much to contribute to the world. With the

budget, we continue our contribution to promoting Scotland's interests and identity at home and abroad and to delivering the Scottish Government's purpose and Scottish economic ambitions.

The Convener: Thank you very much for that detailed but condensed opening statement, cabinet secretary.

Members have a number of questions, but I first want to touch on your point about being a good global citizen and maintaining the international development budget and the priorities for that. One issue that we all face is climate change. Can you give us a bit more in-depth information on how the climate justice fund works and on progress that is being made towards a new global climate agreement in Paris in 2015?

Fiona Hyslop: I remind the committee that the international development fund focuses on a number of areas and includes projects that deal with energy, particularly in Malawi. MREAP—the Malawi renewable energy acceleration programme—is a good example of that. I understand that Humza Yousaf, the Minister for External Affairs and International Development, saw that in practice when he visited Malawi. Some innovative work is happening on different models, for example, with the University of Strathclyde.

The climate justice fund is separate from that. As I have said to the committee before, when we established that fund, I was keen to ensure that it would not come from top slicing the international development fund but would be in addition to that fund. Of course, Scotland was one of the first countries in the world, if not the first, to have a climate justice fund. 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.

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. I talked about us contributing as a good global citizen. Humza Yousaf is just back from Geneva, where he was discussing some aspects of that, and there is a good deal of interest in what Scotland can contribute and in the models that we are using.

On a visit to Malawi a few years ago, I saw some of the energy projects that are being developed, and that work is about localised, sustainable areas. One of the things that we did on my most recent visit to Malawi at the beginning of the year was to bring together some of the

different projects across the country so that each could see what the others were doing. We are sharing expertise from Scotland, but we also want to ensure that there is sustainability, and we think that the impact of the MREAP project has reached about 20,000 people in Malawi.

What was the second part of your question?

The Convener: It was about the Scottish Government's involvement in the global climate agreement.

Fiona Hyslop: Paul Wheelhouse is our lead on that. He has recently been in Argentina and we hope that he will take part in discussions on that agreement. 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.

The fact that we have world-leading climate change legislation and that our targets—and indeed our delivery compared with other countries—are very strong means that, in the light of this week's announcements from China and the United States, we recognise that the agenda is continuing and pressing.

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. That is not in my portfolio or in the budget that I am responsible for, but I know that the committee is interested in how we work across the different portfolios to deliver not only on our own objectives but on international objectives as well.

The Convener: When I visited Malawi, one of the pressing issues was the impact of climate change on people's ability to grow food and maintain sustainable food sources. The two efforts need to overlap and help each other out.

Fiona Hyslop: Yes.

Hanzala Malik (Glasgow) (Lab): Could you clarify one or two things for me about international relations and international development? On international relations, you clearly point out that there has been a real-terms cut of 8.6 per cent since 2010-11. I wonder why we are looking specifically at that year rather than at our current year to say whether we are on budget or not for current development. For example, there was a reduction in marketing budgets for Pakistan and India and I wonder whether that cut made a difference. Are we on track or are we finding that that squeeze was unhelpful? How do you intend to develop that element?

Fiona Hyslop: If you compare the international promotion budgets, as I have explained to the

committee before, you will find that some of the changes are because of shifts between departments and responsibilities. Today we are looking at the 2015-16 budget and I have managed to maintain that line, which is a significant achievement, bearing in mind the pressures on the Scottish Government's budget over the piece.

I am quite comfortable about what we have managed to do. We have had our first ever ministerial visit to Pakistan this year, which gave us an opportunity to promote Scotland as part of the Commonwealth games programme. A number of our activities are not just about what we do in Pakistan but also what we do to help promote the Pakistan plan here, particularly for business interests. We had a business conference in Glasgow in June 2014, hosted by the Scottish Government, UK Trade & Investment and the Pakistan consulate, to highlight opportunities for Scottish business.

We also do work in India, and a business networking reception was held in Delhi. You know about my keen interest in the promotion of Scotland not just for business but for education, and when I was in India there was a great deal of interest in that.

The tourism connections are strong as well, and VisitScotland works with tour operators in India to find out how we can promote Scotland and Scotland's interests. I do not think that there has been pressure on what we are able to do because of reprofiling. When our budget is compared with other portfolios, it is much smaller, but the margins we are talking about are very small indeed.

09:30

The committee may be interested in the fact that we are co-ordinating a lot of our messaging. Much of it is done using traditional media, but social media is becoming more important. Because we had so many international events taking place, due to the interest that people across the globe have in Scotland, we produced a suite of materials on the different segments that we had, including cultural life, skills and training, business, and food and drink—all those areas where we had core messages. We will make sure that the committee gets copies of it. Whether people are directly employed by the Scottish Government or are ambassadors for their own field in business or education, they can use the world-stage exposure that we are getting this year as an opportunity for promotion. That is something that we will continue to help with.

Bearing in mind that my international strategy, reputation and promotion budget is minuscule compared to the budgets that we had for the

Commonwealth games, the Ryder cup and all the other big events that we had this year—and bearing in mind that, even on Sunday night, 750 million people were watching an event from Glasgow—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. However, I do not feel that there is any pressure in the way you describe. Yes, I would like more money in that area, but, frankly, the whole Government has to be very careful about its funding, which has been tight.

Hanzala Malik: That is exactly why I asked the question about how we are managing the fund. As it is small, it is more crucial for us to ensure that it is focused and directed and that we maximise it. That is why I wanted to know where we are with the fund so far. I do not know whether you have information at hand or would be able to provide it, but are we on target or not? If we are on target, what are we actually doing to achieve those targets, and how do we intend to develop that? I understand that we are going to look at new country plans and they will indicate some direction, but in the meantime I think that it is important that the small amount of finance that is available is focused. If you cannot give me that information just now, I am happy to receive it by—

Fiona Hyslop: If you are looking for figures, I can give you some now.

For the level 4 spend on the international strategy and reputation line—which is the line you are interested in—the allocation for 2015-16 is £1,666,000, compared with last year at £1,396,000. 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. That figure is sourced from the figures that I have given you.

I am comfortable that we are managing to satisfy the requirements for promotion. We are also going into a phase where we are looking at different country plans and at the international framework, as I have explained previously. In 2014-15 that line was slightly down because of a transfer to help promote European Union engagement last year, which was understandable and which I explained previously to the committee.

Hanzala Malik: The other good news I see is that there has been an increase from £120,000 to £500,000. Where will that additional resource come from? Is it from other parts of the international development budget, or elsewhere?

Fiona Hyslop: I was just explaining that what we have managed to do is to return the 2015-16 figure on international strategy and reputation to the kind of level that it was in 2014-15. That year had been slightly down, because we funded more in Europe to try to build up our capacity and activity there. I have also talked about the Nordic-Baltic strategy and some of the activity there. What we have managed to do is to realign the funding. We must remember that my budget is going up slightly, to £17 million, so there is a bit of movement there.

Hanzala Malik: Okay, thank you.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): Good morning, cabinet secretary. You made a very positive introductory statement, which is welcome. I notice that the European strategy budget is being enhanced significantly. Can you give us a little more information about what the additional investment will bring us, particularly in relation to the work of the Brussels office? I see that one of the aims is to get a bigger return from the competitive EU funding programmes and so on. How will the committee get a sense of how successfully that aim is achieved?

Fiona Hyslop: It will be over the piece, because obviously a lot of funding rounds are taking place as part of the multi-annual financial framework and across funding streams that are currently available. We are very keen to ensure that we are as competitive as possible. A lot of our work, even in the Nordic-Baltic strategy and in our work with Ireland and other countries, is about how we can maximise our access to funds that require cross-country collaboration in different areas.

On the other side of my portfolio, some interesting work is taking place in culture, archaeology and heritage. One reason why we have a particular interest in some of the Baltic states is that they are keen to work with us on creative industries, so there are opportunities if we can identify projects and so on. That is even before we get to film and other areas.

I was quite up front in saying that the increase in the European budget was actually about taking funding out of the regular direct running costs of the Brussels office and putting it into programme budget, which gives it greater visibility to committees, in particular, and puts the office on the same funding model as the Beijing and Washington offices. 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. However, some of it is not. There is a modest increase of £115,000 in the European relations area.

I explained to the committee last year that we were looking to allocate funding for secondments

to EU institutions. By and large, the United Kingdom as a whole has not been as strong as it has been in previous years in ensuring that we have experience within different Administrations on either a permanent or a temporary basis. David Lidington and William Hague have spoken about that at the joint ministerial committees. The issue is how we increase the number of such opportunities and encourage more people to want to be seconded into other areas, and how we—whether it is the Scottish Government or the UK Government—try to get more people working within the institutions.

One thing that we could do, for example, is to have secondments into the presidencies. We have had a reasonable amount of activity in that area, particularly in relation to areas in which we have expertise, such as the environment and the marine sector. Those secondments are very welcome and they also give our staff a better insight into what is going on. They are about networking and they contribute to our influence over the longer term.

I am not pretending that there is a massive increase in budget, but it is strategic. For example, we now have a secondment with Latvia—looking forward to the next presidency. The secondments can be to different institutions. Some secondments are to the Commission, but in recent years there have been a number of secondments to work with the EU Council presidencies.

Willie Coffey: How do we assess how successful we are in the competitive programmes? Our friend and colleague Helen Eadie used to raise regularly at the committee the issue of how we know that we are getting value for money.

Fiona Hyslop: 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 successes. A lot of that is not part of my responsibilities and would be for another minister—currently Nicola Sturgeon.

Willie Coffey: I will ask about Scotland's contribution to Europe in terms of the skills in which we have particular strengths. You have mentioned quite a few of them: creative industries, life sciences, energy and so on. Do we look to Europe to see where we can learn lessons from other countries to address skill shortages that we may have?

One such area that is close to my heart is software engineering. We always seem to be short of software engineers in Scotland. I do not know why that is, although I could guess why. Do we

look around to see what the experience is at the European level? Do we identify particular strengths of other countries in Europe to see whether we can adopt some of their recruitment ideas in order to encourage our youngsters to take an interest in such professions?

Fiona Hyslop: The Cabinet Secretary for Training, Youth and Women's Employment, Angela Constance, has undertaken a number of visits to different countries, often with delegations representing the Scottish Trades Union Congress, business interests or education interests, to see what they are doing on employment. We have certainly been looking at that.

As regards recruitment, we have to be a welcoming country in the first place if we want to encourage people to come and work with us. That is an on-going issue, which the committee has taken an interest in. We need wage levels that attract people, and the quality of life has to attract people into particular areas and industries.

In the spring, when I was in Kraków, which is a very young city in terms of its age profile, I was struck by the many universities in the area and by the capacity, capability and volume of particular sectors—and we will need that in software engineering. There have been huge increases in the number of young people who are coming to study, live and stay there—and who are then recruited by a number of companies, many of which operate in the areas that you are discussing. Those companies are locating there precisely because there is a large pool of skilled labour in the areas where they have an interest.

There are places that we can learn from in various different areas. Scotland house in Brussels hosts events in a number of areas. We can bring together commissioners—we have had commissioners addressing events in Scotland house on our areas of skill and expertise—and that also provides a chance to learn from others in the areas concerned.

One of the big challenges lies with the post-study visa. As regards where we are now—referring to the Smith commission and the committee's interest in post-study work visas—we can see from the submissions that have been published at a number of places that universities are keen to ensure that we have the brightest and the best; that, if they come here, they stay here; and that they have an opportunity to contribute and pay taxes to our country. That will continue to be a live issue, but it is necessary to be attractive in the first place, and we have to want people with the relevant areas of skill to come here in order to get the working-age population that we will need.

The Convener: I want to pick up on the point about the impact of immigration and take it a wee

bit further. You might have seen that the Scottish Chambers of Commerce issued a warning yesterday about the impact that some of the Eurosceptic and anti-immigration noises coming from Westminster could have on the pool of skilled labour that is available to industry and business in Scotland. I see that there has been a modest increase in the budget line for immigration advice, which replaced the line for fresh talent. Will you give us some insight into why that budget line has been increased? What will that be used to achieve?

Fiona Hyslop: We work in different areas and some of the budget is transferred to other areas. We work with Scottish Enterprise because, when businesses want to come here, they sometimes need advice. They might wish to bring in business experience from other countries.

I am just finding the relevant budget lines. The allocation for 2014-15 was £615,000, which has been increased to £730,000 in 2015-16. Some of the issues are to do with in-year factors. When we are dealing with tight budgets and sums of hundreds of thousands of pounds, we sometimes have slight movements between the budgets.

The bulk of the migration strategy funding is allocated to delivery partners. Of the funding, £417,500 is transferred annually; £150,000 goes to local government to support the Convention of Scottish Local Authorities strategic migration partnership. As you will be aware, a lot of good work takes place with our local authority partners. That involves helping local authorities in dealing with immigration, asylum seekers and the support that is provided.

As I have said, resource goes to Scottish Enterprise and its partners; £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. There has been a lot of engagement across civic Scotland and our universities on the subject, and we continue to work together.

As I said, we supported activity in Europe last year, and I am pleased that we are managing to develop activity, although we have a long way to go. We are still managing to provide two main types of migration advice: advice to businesses on incoming workers who come to support them; and advice to local authorities on refugees and asylum seekers.

09:45

Roderick Campbell (North East Fife) (SNP): I will go back to the discussion about the European strategy budget, which has increased substantially over the past couple of years. You explained some of the reasoning behind that. I recall discussions last year about secondment of staff to European institutions. How much of the budget is spent on secondment of staff?

Fiona Hyslop: 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. We have secondments to the climate directorate-general, the DG for maritime affairs and fisheries, the DG for the environment, the Latvian presidency and the International Atomic Energy Agency.

Roderick Campbell: How do we measure the success of secondments?

Fiona Hyslop: We can consider where we are now and what we have not done. A challenge for the UK Government in its European relations is that it is not as well connected as other countries are. Other countries have been strong at building capacity and capability over decades. When I was in Poland, I learned that there is a college where the brightest and best students who are interested in careers in European institutions are supported and trained, so that they can be well placed, because when people end up working for those institutions they bring knowledge and understanding of their country.

The UK Government has acknowledged that it has fallen behind in that regard over decades—I am not blaming a particular UK Government. There is a price to pay. Young professionals start careers in the civil service in different areas, but experience is built up over decades, and there is concern in the UK Government that there are fewer people from a UK background than there used to be at senior levels in the European institutions.

That is not about special pleading. Staff in the institutions are there to serve the presidency. However, they develop knowledge and relationships that can come good and be helpful in future years. It is not about trying to exert undue influence for selfish reasons; someone who is seconded must be professional and work for the institution to which they are seconded, while gaining skills and experience that will serve them well in the future. However, it helps the country to get its message across if people at a senior level across the institutions understand where we are coming from because they know about Scotland and its interests.

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.

Roderick Campbell: Given the tight budget, have we got the balance right, when expenditure on the North America and China offices is frozen? Is that simply about priorities?

Fiona Hyslop: 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.

Councils meet all the time. Unfortunately, we saw this week that Richard Lochhead, who has been fisheries minister for seven years and is the longest-serving fisheries minister in all the 28 member states, could not speak at or contribute to the fisheries council. The UK secretary of state was replaced on the council by an unelected lord who has very little experience, knowledge or understanding. All those aspects—supporting council meetings and our work to get funding—are important.

I know that the committee will look at China and the US in its work plan. Members should remember that a lot of the work that we do in Brussels is institutional and governmental. A lot of the work that we do in China and the US is not carried out directly by the small but very effective Government teams that we have in the offices there but based on how we work with our partners in Scottish Development International, Scottish Enterprise and VisitScotland. The issue is how we maximise that. 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.

Hanzala Malik: My question is on the international strategy and reputation, and the welcome increased allocation of £267,000. Will that allocation enhance engagement with Pakistan and India and, if so, how will it do that?

Fiona Hyslop: I repeat that we funded business networking receptions in India and promoted business conferences for Pakistan in June,

supported by different agencies. When you ask how we use the funding—

Hanzala Malik: No—I am asking how you will use the increase. What value will the additional resource bring to the table?

Fiona Hyslop: We are planning what we will do over the next year and looking at whether it will involve ministerial delegations, as part of refreshing the plans. The budget should follow the policy and plan, rather than us saying, “Okay—that is the budget. Now we determine what another minister, Humza Yousaf, might want to do in India and Pakistan over the next year.”

Hanzala Malik: Can you give me an indication of what you are proposing or thinking of?

Fiona Hyslop: I have told the committee that we are looking at our India and Pakistan plans. It is important that we follow our proposals. I am not cutting the allocation—that is the good part.

Hanzala Malik: That is helpful. I will not press you on that any more.

Will we establish any new benchmarks in our work to engage with the US and Canada? I know that that part of the budget is frozen, but what new elements will we introduce to enhance our engagement with our North American cousins?

Fiona Hyslop: One major development that we are looking at is how we work across the Americas. We have particular interests in South America—for example, SDI has opened an office in Rio. Brazil is interested in Scotland. It had the world cup and will have the Olympics. I have met a number of incoming delegations from Brazil that have been interested in how they can maximise the cultural contribution of major events.

There was strong attendance at the culture summits that we had after the London Olympics last year and the Commonwealth games this year. We are building up the links. The oil and gas sector is important, as are our whisky exports.

If you were to ask what we will see as a development, the answer would be that we will make the most of our US areas. There has been a big increase in investment from the US. It has been a strong year for inward investment. A report from Ernst & Young showed that Scotland has been the strongest place outside London for pulling in inward investment. That is still a strong market for us and we will continue to develop it with our partners but, if you are asking about the directions that we are going in, the issue is how we can best do that and co-ordinate that across the piece.

We can help to facilitate much closer working between our agencies. We have seen that in Canada, where VisitScotland, SDI and the

Scottish Government are working more closely in Toronto. 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. Paul Wheelhouse's recent work in Argentina was about energy and climate change, but he also embarked on a number of visits that helped to develop our activity there.

Hanzala Malik: That brings me nicely on to my next question. I notice that a lot of contractors in my region—Glasgow—are bringing people from overseas to do work in Scotland, whereas our youngsters are not getting those opportunities. I do not know whether that is because of cost or an international agreement about bringing people over here.

On immigration support and advice, I notice that many of our constituents are suffering because of UK policy, rather than Scottish policy. How can we ease the difficult period for Scottish residents who have immigration issues? Will the budget cater for providing advice and stability for families or will that not be included?

Fiona Hyslop: It is challenging for the Scottish Government to continually fund from its budget mitigation of the worst problems of UK Government policy. We see that pressure in welfare and other policy areas. Our best work has been with local authorities, because they are in communities. You talk about your region. When people have issues and concerns, it is important to support them as locally as possible.

Last night, I met the convener, as we were both at the King's theatre, where the British Red Cross is sponsoring "The Kite Runner". The performance was great, and the Red Cross linked it with issues for people who have fled very difficult situations. That organisation reunites families who have been separated by war or severe situations, and that was an opportunity for it to share its work. That is another good example of partnership.

The Red Cross told me about how it works with local authorities and different agencies. We support that. A long time ago, I initiated the unaccompanied minors policy, which is really important to some of the young people under 16 years old who have ended up coming to Scotland and have needed support.

Immigration is an important policy, but it is not possible for us to use our tiny budget to mitigate some of the problems. We can do only as much as we can.

On your point about young people getting jobs, you should remember our make young people your business programme. It is everybody's responsibility, not only ministers' but constituency MSPs' responsibility, to encourage local businesses to make young people their business—that is the programme—and get as many young people employed as possible. I am sure that everybody in the room is trying to do that.

Hanzala Malik: Large organisations such as the Scottish Government are using contracts to bring employees from overseas—I assure you that the facts are here—whereas my constituents in Glasgow find it difficult to get those jobs.

Fiona Hyslop: I am happy for you to write to me with the evidence that you have of that.

Hanzala Malik: I am happy to do that.

Roderick Campbell: I am slightly confused about how the £730,000 for immigration advice is accessed. Is the money provided elsewhere or can the public access it?

Fiona Hyslop: That is a transfer budget—we give it to local government, which works with COSLA. The strategic migration partnership is very long standing. I do not know whether the committee has ever taken evidence from the partnership.

10:00

The Convener: It has.

Fiona Hyslop: The convener says that you have. Those are the partners involved and we fund them to do the work. The Government does not do direct service delivery of support to individuals. We deal with strategic policy and so on, and the work with individuals and families is done by people on the ground. Some of the work is delivered by local authorities and some of it might be delivered in partnership with the likes of the British Red Cross, which I just mentioned, or other agencies in that field.

Roderick Campbell: I wonder whether a fruitful line of inquiry for the committee would be to explore what is happening on the ground with that advice.

Alex Rowley (Cowdenbeath) (Lab): I will return to the point that Willie Coffey raised earlier. If Helen Eadie is looking down on me just now, she would not forgive me if I did not. Helen constantly raised the question of how successful we are at accessing funding programmes. When I was in local government, Helen was constantly raising with me the issue of the funds that were available and not coming into Scotland. When you answered Willie Coffey, minister, you seemed to

suggest that it was for somebody else's department to answer the question of how we measure our success or otherwise in drawing down the European funding that is available. How do we measure that? Are we measuring it?

Fiona Hyslop: We will measure how much can be drawn down in different areas. However, if we look at even one area—common agricultural policy funding, for example, although Jamie McGrigor is not here—the Rural Affairs, Climate Change and Environment Committee will spend extensive time looking at what has happened to the allocation of that funding. Obviously, the total amount has been negotiated and then there are funding streams from within that.

You are asking about the competitive funding streams, which will come from individual areas, so it is about whether we look at them in terms of enterprise or in terms of horizon 2020, for example, which this committee has taken an interest in. I expect that part of what the education and learning directorate will look at is how competitive we have been. 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. Again, I know that, in education, Michael Russell has been working to maximise what we get from that funding.

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 suspect that that is what the committee is getting at. I cannot give you details of the individual areas, whether it is with regard to enterprise or the structural funds in particular, which, as I mentioned, were in the capital infrastructure portfolio.

I suspect that Alex Rowley is asking how we as a country generally are doing, as opposed to drilling down to the detail of each and every bit of funding. However, I think that that is a good piece of work and I am happy to try to undertake it. I am not sure about the maximum of what we can do—the scale of it could be quite extensive—so, with your forbearance, I will take an overview as to what might work. Officials could work with your clerks to work out what would be meaningful for you in assessing what is happening. It might partly be about how you as a committee talk to individual cabinet ministers about how they have maximised the European spend from their portfolios.

Alex Rowley: You described this budget as tiny and perhaps on the grand scale of things it is, but £17.9 million is still a fair bit of money. The obvious question to ask is what we get for that. I

note that the Scottish Government budget document says that the funding will

“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.”

The question is really about outcomes. I will come back to that, but I also want to look at value for money. The Scottish Government talks about national outcomes and 50 indicators. The indicators that relate to the committee and the budget that we are considering are to match the growth rates of small independent EU countries by 2017, to increase exports and to improve Scotland's reputation. You have touched on improving Scotland's reputation, but how do we measure the outcomes from the budget? What are we trying to achieve from it, and how do we know if we are achieving it?

Fiona Hyslop: You mentioned the figure of £17 million. Clearly, £9 million of that is for international development, which is separate from the territory of European funding. The £17 million also funds offices in Beijing and Washington. Let us remind ourselves that the European budget that you are talking about is £1.6 million so, relative to the overall Scottish budget, it is not big by any means. We are therefore focusing on the staff, so that it is about the people and the advice that is provided. I was in Brussels on Friday and again met our staff there. A lot of them are supporting people who are involved in the justice portfolio. For example, we have a big issue just now on the European arrest warrant and the opt-out around the justice pillar. Advice is provided and the staff ensure that the UK knows what the Scottish position is and that we have our own justice system. There are real pressures there.

Not all of the work will be on competitive funding; some of it will be on policy issues. That is what the budget helps to fund. 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. It is not for me to micromanage what Mike Russell is doing in his area or what John Swinney is doing in his.

You make a good point about trying to find a mechanism to allow us to communicate what we have done to date on securing competitive funding and what we will do going forward. If you want to encourage the Finance Committee and the Parliament to give me far more money so that I can take a more managerial role in relation to other portfolios and their funding on Europe, I

would welcome that, but that is not where we are now and you cannot expect that small budget to achieve that. We have to be realistic and keep the size of the budget in perspective.

Alex Rowley: Is it not part of the problem that we need to have some joined-up government and a joined-up strategy and approach? If there is funding out there through European funds, but communities or local authorities or whoever in Scotland are not taking advantage of it because responsibility is spread across many departments, is that not the problem?

Fiona Hyslop: That has been a problem for many decades. We are in a much better position than we have ever been before in relation to co-ordination. Over the past five years for which I have been in my post, I have spent a lot of time in the committee explaining how we are better at co-ordinating across the Government. Part of the role of the staff whom the European strategy budget supports is to ensure that the portfolios across the Government have a far more European and international perspective and that they grow their skills and capacity to advise others to achieve funding. Much of the work is about helping universities or others to maximise the funding opportunities, although some of it is about the Government trying to do that.

To give an example from my portfolio, with Creative Scotland, we are helping to ensure that there is a funded position to maximise European funding. The creative Europe and MEDIA programmes have actually increased—that is one of the few areas where there are more opportunities.

On how we co-ordinate, that is in part about secondment. People from justice, education or other areas in the Scottish Government are seconded to the Brussels office. Some of that is funded from my budget, and I encourage as much of it as possible to be funded from other portfolios. That allows people to build up experience, so that the whole of Government becomes more European in its approach.

Yes, we are much better at co-ordinating what we do. Energy and climate change are an area of strong participation, particularly around how we can influence things at environment councils. We are in a much stronger position than we have been in the past.

I would like to be in a stronger position, but we should remember that we are a devolved Administration and that there are limits to what we can do and the influence that we can have. However strong our work at official level is, unless ministers can be guaranteed an influence in policy, it is very difficult to have such an influence. We tried to get better representation for Scotland in

Europe during the passage of the Scotland Act 2012, but it is given on a grace and favour basis. We have a memorandum of understanding and were given assurances that we would be able to attend EU councils, and that UK ministers would look favourably on our contribution. That is not happening in the way that it should. We will maximise what we can do, but we are a devolved Administration and we face challenges. Any support that the committee can give me to help my influence across the Scottish Government or indeed to get the UK Government to give us a stronger guarantee of what we can do in Europe will help me to make more of what we have.

Alex Rowley: Are you therefore saying that, with this budget, there is nothing you can measure? What are we getting for the £400,000 in the China division and for the £750,000 North American strategy? I know that those are not large amounts of money when we look at the bigger picture. Are we really saying that a budget of £17 million to £18 million has no measurable outcomes that show what we will get this year for the budget?

Fiona Hyslop: Of course not. All I am saying is that Europe is more challenging. To go back to Roderick Campbell's point, it is about how we maximise our influence on the institutions and how we work Government to Government. It is more about how we can maximise what the different departments in the Scottish Government can achieve in Europe by working with civic society, businesses and so on.

You asked about outcomes from the China plan. I gave evidence to the committee when we launched the new China plan about how it seeks to specifically do what you are asking by providing benchmarks and outcomes. I have just responded to the cross-party group on China and I will make sure that a copy of my response comes to this committee if it has not already done so. The CPG asked about the progress that has been made on the outcomes that we have set in the China plan.

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.

All I am saying is that it is far more complex to measure input and success in relation to accessing European funding than it is in relation to China and the US, and it cuts across Government.

Gavin Brown (Lothian) (Con): Good morning, cabinet secretary. The cash change to the European strategy is £1.17 million. In your

introduction you said that some of that is a technical transfer—I think that those were the words that you used—and then some of it is an actual increase in funding. How much of that £1.17 million is a technical transfer and how much of it could be deemed to be an increase in funding?

Fiona Hyslop: I can give you some indication of that. Although there is an increase in the budget, it does not reflect the additional spend. This is because £1,049,000, which is the estimated cost of running the Brussels office, will for the first time be included in programme spend. Previously it was a direct running cost within the Government, working on the same basis as Washington and Beijing. I would like to say that I have got lots more money to do more things in Europe. All I am saying is that we are trying to be more transparent about how we fund things.

The biggest impact is from staff whether it be through secondments or other areas, and that is why we are keen to work on that. It is not even just staff who are funded by this office. We also try to encourage funded positions from other departments, as I have just explained to Alex Rowley.

10:15

Gavin Brown: A couple of members asked about the international development budget line. The Scottish Parliament information centre paper that was given to the committee in advance of the meeting says that that budget line has been frozen at £9 million for the sixth consecutive year in 2015-16. Is that correct?

Fiona Hyslop: Yes. I think that that is a major achievement, bearing in mind the pressures that we have elsewhere. When we came into government, there was a budget of £3 million. In 2007-08, it was £4.5 million, and this Government had increased it. Maintaining that level creates a pressure across the broader portfolio that I have, but we have been determined to maintain it at that level.

Gavin Brown: The SPICe paper calculates that, between the 2010-11 budget and the current budget, there has been an 8.6 per cent real-terms cut. Do you accept that figure?

Fiona Hyslop: 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. That is the problem with the Scottish Government budget. As you know, the Scottish block that is allocated by the Westminster Government has been severely challenging in a number of areas and we have worked hard to relatively protect the areas that are important to us, of which the international development fund is one.

Gavin Brown: Do you accept the figure, though?

Fiona Hyslop: I could not give you a calculation showing the real-terms impact. I am happy to get back to the committee with that.

Gavin Brown: Who decides the Europe and external affairs budget? Obviously, the Cabinet Secretary for Finance, Employment and Sustainable Growth says, "Here is your budget, cabinet secretary," but is it John Swinney or you who decides the budget lines within the EEA portfolio? How are those decisions made?

Fiona Hyslop: As you know, we run a collective Cabinet and we all agree all the decisions that we make. Obviously, I can make recommendations and allocations with regard to what I want to see in my budget.

I want to emphasise that the international development fund budget is one of the areas that, like our predecessor Administration, we feel strongly about. I can tell you that ministers across the Government are supportive about supporting that budget, where we can.

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 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.

Gavin Brown: Have you personally, at any time in the past five years, pushed for the international development line not to have a real-terms cut?

Fiona Hyslop: All our portfolios had real-terms reductions. There are few parts of my portfolio that have not had challenges, over the piece; we have just been very effective in how we have deployed our funding. Of course I would like to have an increase in that area, but it would be at the expense of other areas.

One of the things that I did as part of my European strategy work was to meet Commissioner Piebalgs, who used to be the Commissioner for Energy and is now the Commissioner for Development, to talk about what we are doing in Malawi and how we go about working with non-governmental organisations. That shows that you can use other parts of your budget, and your work with external partners, to maximise what you are doing with the international development fund budget.

Yes, I would like the Scottish Government budget to be bigger and for us to therefore be able to expand the international development fund. That might be an argument that this committee

wants to make. However, my point—which I have made in all the years that I have been coming to this committee to speak about the budget—is that you should not assume that the £9 million budget is all that we spend on areas relating to international development. The actual spend is greater than what is in the budget line.

Gavin Brown: You said that your hands were tied and that you could not have secured a budget line higher than £9 million in each of the past five years. How do you square that with what it says on page 2 of the SPICe paper? It says of the European and external affairs budget:

“During the financial years 2010-11, 2011-12 and 2012-13 there was a consistent underspend of around £1.5 million each year.”

Fiona Hyslop: We have programme budgets for which we need to draw down funding. By and large, we try to ensure that we make the most of that, but it can move from year to year. That is one of the reasons why we are moving to more stable three-year funding for some of the international development programmes, because not all the money is drawn down by the organisations during the financial year.

However, we can maximise budgets. For example, we have contributed to a sport relief matched-funding programme, and we have increased our spend on such areas by match funding them 50:50. Although we put in £1 million and it is matched, the level of the sport relief programme is £2.5 million, so that is a good example of how we have managed to make our budget go further by partnering with different bodies. If you take that as an example of a real-terms reduction with a frozen budget, you will see that other people in the sector, particularly NGOs, are pleased that we have managed to keep and maintain levels of investment when other budget lines are being reduced.

Not only have we done that, we have introduced the climate justice fund and have managed to work with partners such as sport relief. The £2.5 million that we managed to leverage in that partnership, relative to a £9 million budget, shows our effective management of that budget.

The Convener: To bring together all the issues that we have been discussing, I have one final question. How much of an impact on all the work that the Scottish Government does on all its budgets and matched-funding projects would an in-out referendum on Europe make? How much trouble would it give the Scottish Government?

Fiona Hyslop: I could say that it is a \$1 million question, but I think that it may be the \$1 billion question. I have told the committee before that on my visits, whether to America and further afield or to European capitals, the in-out referendum has

given more concern than anything that has happened to date in terms of constitutional change in Scotland. It is important for our jobs and services that we have continuing membership of the European Union.

That does not mean that Europe does not need to be changed or reformed. In August, I published our programme and suggestions for reform, which I have spoken to the committee about. We think that reform can take place from within the current treaties and that they do not need to be changed. You will have seen evidence of the balance of competencies review that we have been asked to take part in by the UK Government, and the vast majority of that evidence shows that we can have reform without the requirement for treaty change.

I hope that everyone will work hard to ensure that, if there should be a referendum, the UK Government ensures that we continue in membership. It is clearly in the interests of our exporting base and of the hundreds of thousands of jobs that depend on EU exports to ensure that we have a place in Europe. As the Deputy First Minister has said, if there should be any EU in-out referendum in future, leaving the EU should not be actioned if one of the family of nations—that is to say, Scotland—voted to remain in Europe. I am pleased that, over the piece, we have seen an increasingly engaged and informed electorate recognising that continued membership is the right thing.

The Convener: I have been speaking to colleagues in Ireland and Wales who have exactly the same fears.

Thank you, cabinet secretary, for your time with the committee this morning. As usual, we have gone a wee bit over time, but we always welcome your contributions and appreciate your willingness to be flexible, so we are delighted to have had you with us today and hope to see you again soon.

10:24

Meeting suspended.

10:30

On resuming—

“Brussels Bulletin”

The Convener: I welcome everyone back. Our next agenda item is consideration of the “Brussels Bulletin”, which members have in their papers. I invite comments or questions on the “Brussels Bulletin”.

Roderick Campbell: This is a comment more than a question. There are quite frightening statistics in the section on poverty and social exclusion, under the heading, “Health, Sport and Social Affairs”, which says that

“122.6 million people ... in the EU were at risk of poverty or social exclusion.”

Unfortunately, it does not go on to say what steps are being taken to alleviate that.

The Convener: Is that something that you want to investigate?

Roderick Campbell: I suppose that it is a general question. I would be interested in what all the institutions in the European Union are proposing to do about those fairly frightening figures.

The Convener: I think that there is some work in the Europe 2020 strategy on that, so maybe we can look at it another time.

Hanzala Malik: I made a comment at the previous meeting about the use of colour. Are we just using up the stationery that we have, or has no one bothered to note my comment about trying to save the planet by not using colour in the “Brussels Bulletin”?

The Convener: I think that this is the format that the Parliament uses. It is to ensure that our publications are interesting, eye-catching and easy to read.

Hanzala Malik: So it is okay to use the planet's resources and extra money. We are not impressing anybody. Surely this is just an internal paper.

The Convener: We can do it in black and white next time.

Hanzala Malik: I would appreciate that.

Willie Coffey: I return to the issue of poverty, which Rod Campbell raised. Some of the figures are pretty frightening. According to the European Union's own statistics, in 2010, 80 million people were, in the EU's terminology, at risk of living in poverty and social exclusion; it is now 122 million.

According to a European Union document that I am looking at here, the target is to reduce the

figure by 20 million over the next six years. That hardly seems ambitious, given the extent of the problem. I am not absolutely certain what our role might be, but I am interested in seeing what the committee can do to get a handle on the issue. I know that the European Union has strategies and initiatives to try to tackle it, but I would like to go into the issue in a bit more depth to see what is going on, what those initiatives are and how we can perhaps influence them a bit more than we have done to date.

The “Brussels Bulletin” says:

“In the UK, 24.8% of the population is at risk of poverty”

or social exclusion. Many of those people will be in poverty, never mind being “at risk of poverty”. At some future stage, perhaps the committee could do a broader paper on poverty issues and how they impact on communities, not just in Scotland but throughout the European Union. I would be very interested to do a wee bit more work on that.

The Convener: The issue is embedded in the Europe 2020 strategy. It is something that we ordinarily look at in the committee anyway, but it is certainly an area that we can focus in on. I do not know whether there are briefings or anything else out there that would inform us.

I believe that the Poverty Alliance has done some work on the issue, so maybe we should get hold of its briefing and see whether it is an area that the committee can focus on.

Willie Coffey: We know that the prevalence of food banks has expanded ridiculously in the UK. I do not know what the position is in relation to food banks elsewhere in the European Union—I do not know whether other countries are experiencing the same problem. That is obviously connected to poverty. I would be very interested to get a European perspective on the matter.

The Convener: We can check what the Poverty Alliance has got on the subject, and we can take it from there.

Alex Rowley: I agree with the points that Willie Coffey has made.

I will pick up on a couple of points in the “Employment, Skills and Education” section of the bulletin, starting with the mention of “work-related stress” and its links with the economic downturn. I would be interested to get a link to the report that is mentioned in the bulletin.

As regards the public sector in this country, an issue arises when thousands or even hundreds of thousands of jobs are lost, yet the same level of work continues, putting more pressure on those who are left. By and large, although there have been very few compulsory redundancies in the public sector, the people who leave, including

those who leave on a voluntary redundancy basis, are not being replaced.

10:39

Meeting continued in private until 10:52.

I know that the Scottish Government has been supporting a mental health first aid programme. I have asked whether there are any mental health first aid programmes in the Parliament and elsewhere, and there do not seem to be many. If I can, I would like to have a further look at that.

On the online platform that is mentioned in the paragraph on adult education, the Trades Union Congress was involved in a number of European pilot projects in that area. What involvement is there in Scotland in the programme that is described in the bulletin and online platforms? Could we get some research done on adult education programmes that we are involved in? I am sure that many of our colleges are involved.

The Convener: I think that we could look into some of that. We could ascertain whether the Education and Culture Committee has done any work in that area, and we should specifically raise some of those issues with that committee.

As you know, there is a debate in the Parliament this afternoon on better workplace and employment practices. Trade unions have worked for many years on alleviating in-work stress, whether that is to do with the actual experience in the workplace or the experience of changes to jobs and so on. A good bit of work has probably been done on the issue, and it is probably worth looking at the report that is mentioned in the bulletin, which was from the European Foundation for the Improvement of Living and Working Conditions.

Roderick Campbell: I have a general comment on the “EU budget” section of the report and the UK Government’s additional payment. I am assuming that, in the next edition of the “Brussels Bulletin”, we will at least get a European take on where we are with that now. For instance, when is a rebate not a rebate?

The Convener: When it is an abatement, I think.

Are members happy with the “Brussels Bulletin”?

Members *indicated agreement.*

The Convener: Are members happy to ensure that other committees get sight of it, and to raise some of the specific issues that Alex Rowley has suggested with the Education and Culture Committee?

Members *indicated agreement.*

The Convener: We now move on to agenda item 4, which we have agreed to take in private.

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