

CONSTITUTION, EUROPE, EXTERNAL AFFAIRS AND CULTURE COMMITTEE

2nd Meeting 2022, Session 6

20 January 2022

Budget scrutiny

1. On 9 December 2021, the Scottish Government published the Scottish Budget 2022-23. This evidence session will consider the Budget in relation to the recommendations made in the Committee's pre-budget scrutiny report, which is available [here](#).
2. During this meeting the Committee will take evidence from—
 - Angus Robertson MSP, Cabinet Secretary for the Constitution, External Affairs and Culture
 - Scott Wightman, Director for External Affairs, Scottish Government
 - Bettina Sizeland, Deputy Director for Tourism and Major Events, Scottish Government
3. Members can find a copy of the response from the Cabinet Secretary for the Constitution, External Affairs and Culture to Committee's pre-budget scrutiny report in **Annexe A**.
4. Members can also find attached a SPICe briefing on the Budget 2022-23 in **Annexe B**.

Committee Clerks
January 2022

Response from the Cabinet Secretary for Constitution, External Affairs and Culture to Committee's pre-budget scrutiny report

Dear Clare

Following the publication of the proposed budget for 2022-23, I am replying to your letter of 1 November 2021 and the Committee's pre-budget scrutiny report which concentrated on culture sector funding.

I am very grateful to the Committee for its work on culture funding, the range of evidence gathered through the evidence sessions and the focus group, and the helpful way in which the results were summarised and set out in the report. I found the session I had with the Committee on 7 October was very useful in starting to explore some of the themes raised in your investigation.

The 2022-23 budget for my portfolio totals £370 million covering - in addition to culture and heritage - major events, external affairs, and the National Records of Scotland.

We will invest £277 million in Scotland's culture and heritage sector, including additional support so that Historic Environment Scotland can continue to protect and care for our heritage and communities while its commercial income continues to be affected by reduced tourism income.

On the cultural funding which is the subject of the Committee's report, we are continuing to support core funding including, for another year, £6.6 million funding for Creative Scotland so that, while lottery income continues to be at lower levels, it can maintain funding for its Regularly Funded portfolio pending changes to its Funding Strategy. I have also been able to find some additional funding for both youth arts and the screen sector.

Multi-year funding

Before I turn to the remainder of the Committee's recommendations, I would like to start with the question of 3-year funding settlements for the organisations in receipt of regular Government funding, as I know how important that will be to many of those who gave evidence to the Committee. This remains an important Government commitment. The 2022-23 budget confirms funding available until March 2023. Alongside the Budget, as noted by the Committee, we have published our Resource Spending Review Framework. This consultation document sets out our intentions to develop and publish multi-year portfolio spending plans by the end of May 2022. These plans will provide the culture sector and others with greater certainty for future planning.

The Committee's report concluded that it is essential that 3-year funding settlements are, where practical, passed to the groups and individuals funded by Government bodies. Creative Scotland confirmed in a [future funding statement](#) on 28 October its intention to develop a multi-year funding approach from April 2023, recognising from

its Funding Review that a greater number of organisations require funding on a multi-year basis. Our forthcoming Resource Spending Review will support that aim. The funding for Creative Scotland in the 2022-23 budget will enable it to implement the planned transition from its current funding model to the new approach. We will be discussing that new approach with Creative Scotland early in 2022 and I am conscious of my offer on 7 October to write to the Committee with more detail in due course.

Recovery and Transitional Funding

I agree with the Committee's observation that funding for cultural recovery relies to a certain extent on Barnett consequentials arising from UK Government support. The position remains unclear about the £40 million consequentials expected from the UK Government's Cultural Recovery Fund, announced in the March 2021 Budget. There have been further announcements this week about overall consequential funding for the Scottish Government in the light of the COVID 19 developments, but it is not absolutely clear if those reflect the consequentials for cultural recovery.

As regards the Scottish Government's allocations of cultural recovery funding this financial year, I can report the following. As Jenny Gilruth announced in the Chamber on 9 December, we have now allocated from the £25 million, announced in June, over £4 million for the innovative Culture Collective programme as well as £2 million of capital support for the museums and galleries sector, £1 million of which is to support the re-establishment of the Scottish Crannog Centre in Kenmore. These announcements followed an earlier commitment to make £1.2 million available to support the reopening of public libraries.

The First Minister announced on 17 December £20 million support for the culture sector from the £100 million lifeline Scottish Government funding package to support businesses experiencing cancellations due to the rapid spread of the omicron variant. That has now been increased to £21 million using some existing events budgets.

I announced on 22 December that from the £21 million, £8 million will be allocated to the Cancellation Fund for Creative Freelancers, to be administered by Creative Scotland, reflecting the consistent reports I have been receiving about the impact on the freelance workforce of recent cancellations. The fund will open for applications on 6 January. A further £10.2 million will be available for cultural organisations and venues, to be administered by Creative Scotland. There will be £2.8 million (including the £1 million from the major events budget) for the events sector, to be administered by EventScotland.

This additional £21 million makes a total of £46 million additional support from the Scottish Government for the culture and events sector so far this financial year, surpassing the £40 million in Barnett consequentials for cultural recovery expected from the UK Government.

The additional COVID-19 protections announced by the First Minister on 21 December, which come into force after Christmas, are obviously having a further

impact on the culture and events sector. We are reviewing urgently the potential for additional support and I will keep the Committee informed of further announcements.

Mainstreaming and the spending review

The Committee recommended that a multi-year spending review should consider how budgetary decisions can support the mainstreaming of culture across the Scottish Government, including recognising the relevance and impact that culture, health, education and wellbeing have on each other. As I briefly indicated when we met on 7 October, the Cabinet has since taken the opportunity to consider the combined effects of the pandemic and EU exit on the culture sector and the need to support longer-term recovery and renewal on a cross-government basis. The discussion on 8 November noted the unique role that culture can play in helping Scotland to recover from the pandemic by making progress towards a wellbeing economy.

Following that discussion, I am starting a series of conversations with fellow Cabinet Secretaries in the key complementary areas of education and skills; health and wellbeing; economic development; and net zero. This is so that we can identify areas of joint collaboration and action to inform our portfolios' part in the multi-year Resource Spending Review. We intend this to inform both the outcome of that spending review and a longer-term cultural recovery plan. More detailed recommendations from the National Partnership for Culture, established under A *Culture Strategy for Scotland*, on capitalising the synergies between culture, health and wellbeing will also be concluded in early 2022. As the Committee recognises from the evidence it has seen, there is widespread appetite, interest and capacity in the culture sector to engage with the health and wellbeing agenda, and this is a real opportunity in developing a cross-cutting approach.

Innovation

I welcome the Committee's conclusions about the way cultural organisations and freelancers have demonstrated new ways of doing things in the pandemic and confirm my observation that we should now view things with fresh eyes. We will continue to explore with the sector, particularly those who receive funding from the Scottish Government, how we can build on the innovative use of digital technology and reflect this in the longer-term cultural recovery plan.

We will be entering the evaluation phase of our £1m Creative Digital Initiative in 2022 and plan to use this evaluation to help determine where further support would be most valuable in supporting creatives in developing their digital and data skills going forwards. The Creative Digital Initiative has been taken forward via a multi-agency approach and this collaborative way of working will be essential going forwards as we look to learn from the sector's innovative response to Covid-19.

Funding Process

The Committee report helpfully reflects the discussion we had on 7 October about balancing a process which responds to applicants' needs whilst ensuring accountability for public funding and delivering public good. I note the specific recommendation for Creative Scotland and local authorities as regards grassroots organisations. Creative Scotland's [refreshed Strategy and Funding Framework](#) sets out that it will move towards a more tailored approach to providing support "based on the specific context and individual needs of the organisations", with funding applications and monitoring scaled according to investment. I believe these are positive intentions and will discuss further with Creative Scotland.

I look forward to discussing with the Committee the range of CEAC portfolio proposals in the 2022-23 budget at the planned session in January.

Best wishes,

Angus Robertson

Constitution, Europe, External Affairs and Culture Committee

20 January 2022

Budget 2022-23

Introduction

On 9 December 2021, the Scottish Government published:

- [Scottish Budget 2022-23](#)
- [Equality and Fairer Scotland Budget Statement 2022-23](#)
- [Scottish Budget 2022-23 – Carbon Assessment](#)
- [Medium Term Financial Strategy](#)
- A consultation paper—
[Investing in Scotland's Future: Resource Spending Review Framework](#)
- Papers on tax and public pay policy.

This paper focuses on a number of areas of spend and outcomes within the portfolio of the Cabinet Secretary for Constitution, External Affairs and Culture. It also briefly sets out the local government settlement.

The Cabinet Secretary for Finance and Economy described the budget as transitional. Her foreword to the Budget stated—

“It paves the way for a full Resource Spending Review in May 2022 which will set out the government’s long-term funding plans and the roadmap for delivering key commitments, such as the establishment of a National Care Service and ending our contribution to climate change through a just transition.”

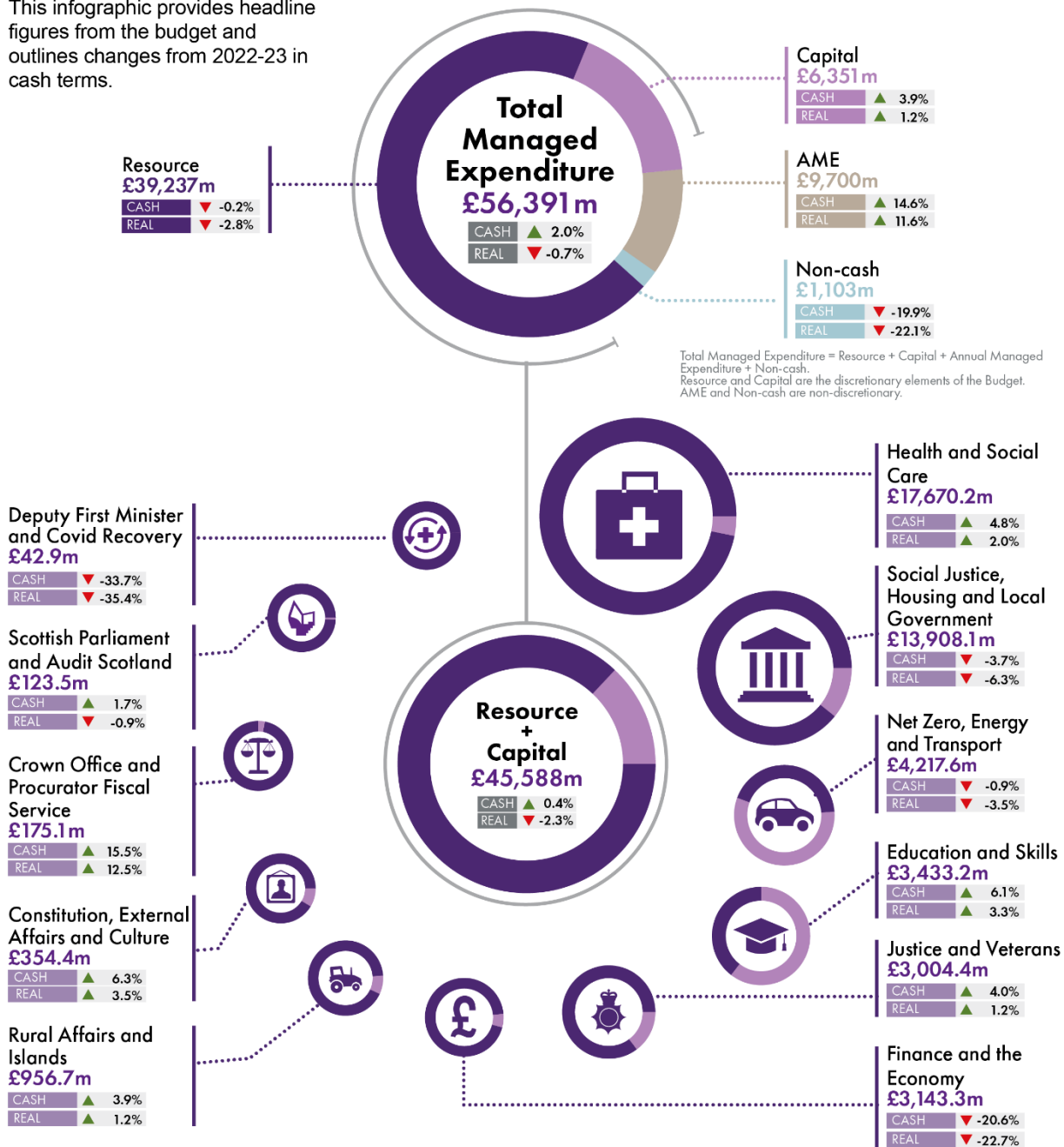
For context the figure below shows the planned total managed expenditure across the entire budget.



Scottish Government Budget 2022-23

SB 21-87i

This infographic provides headline figures from the budget and outlines changes from 2022-23 in cash terms.



This infographic is based on Annex B of the Scottish Budget 2022-23 document which include COVID funding in 2021-22.

Committee approach

The Committee agreed to undertake budget scrutiny following the approach set out in [the guidance from the Finance and Public Administration Committee](#) to subject Committees. This includes the following framework for budget scrutiny—

- Full Year Approach: a broader process in which committees have the flexibility to incorporate budget scrutiny including public engagement into their work prior to the publication of firm and detailed spending proposals;
- Continuous cycle: scrutiny should be continuous with an emphasis on developing an understanding of the impact of budgetary decisions over a number of years including budgetary trends;
- Output / outcome focused: scrutiny should also be evaluative with an emphasis on what budgets have achieved and aim to achieve over the long term, including scrutiny of equalities outcomes;
- Fiscal Responsibility: scrutiny should have a long-term outlook and focus more on prioritisation, addressing fiscal constraints and the impact of increasing demand for public services; and
- Interdependent: scrutiny should focus more on the interdependent nature of many of the policies which the budget is seeking to deliver.

While this paper is focusing on the recent budget publications, members may wish to draw upon the wider work the Committee has undertaken thus far.

For its he Committee undertook a short piece of work in Autumn 2021 focusing on the creative sectors. The Committee [published its pre-budget report on 1 November 2021](#). The Committee’s report welcomed emergency funds made available to the creative sectors to support recovery from the pandemic; it also noted that the Scottish Government expected further Barnett Consequentials arising from spend on culture by the UK Government. The Committee also welcomed the 3-year settlements agreed for the cultural organisations funded by the Scottish Government. The Committee’s report also looked forward to the Resource Spending Review Framework. More details on that framework are set out below. The Committee recommended that the creative sectors continue to innovate and work collaboratively. The Committee also highlighted concerns it had heard about funding processes for individuals and organisations.

During the [meeting on 7 October 2021](#), the Cabinet Secretary told the Committee that the Scottish Government was working on a recovery plan. Mr Robertson said—

“We are preparing plans for cultural recovery and are not merely seeking to return to the status quo. As so many cultural organisations and freelancers have demonstrated during the pandemic, there will be new ways of doing things ... Our cultural recovery plan will be at the heart of economic and social transformation to ensure that we build a fairer, greener Scotland with equal opportunities for all.” (Col 3)

To date, this recovery plan has not been published.

The Scottish Government's Budget document stated—

“The Committee's report focused on the culture spending in the portfolio and its support through, and recovery from, the pandemic. The Committee welcome the Scottish Government's commitment to supporting the culture sector to make a strong recovery from the pandemic and acknowledge the dependency on Barnett consequential from the UK Government being received. The report points out the opportunity in the forthcoming resource spending review to align budget choices with the National Performance Framework and the Culture Strategy, and help mainstream culture across the Scottish Government, in particular as regards health and wider social benefits of cultural activity. The 2022 Scottish Budget confirms £277 million of support for Scotland's culture and heritage sector to protect key cultural provision and support recovery. Our Resource Spending Review Framework published alongside this Budget sets out our intentions to deliver multi-year portfolio spending plans, which will provide the culture sector with more certainty for future planning.” (p26)

The Cabinet Secretary wrote to the Committee on 23 December 2021. The content of this letter is reflected in the following sections.

The session is an opportunity to discuss with the Cabinet Secretary how the budget will support outcomes in the Cabinet Secretary's portfolio. This may include how the activities funded through other portfolios are expected to support those outcomes and how policy coherence will be maintained. A key mechanism to understanding the effectiveness of policy is having clear and measurable outcomes; while the pandemic has disrupted many of the sectors the sectors under the Cabinet Secretary's portfolio, the Committee may wish to explore how the effective of the planned spending will be measured in the short and longer terms. Such questions are tied up with the expected short-term and long-term impacts of the pandemic on the cultural and heritage sectors. The Committee may also wish to follow up on the recommendations in its prebudget report. In terms of external affairs, the Committee may wish to build on its inquiry on international engagement and explore how the budget now reflects the Scottish Government's international priorities following EU Exit.

The Resource Spending Review Framework

The Resource Spending Review Framework (RSRF) is a consultation document to support a spending review for resource spending. This review will not capital spend, which was the subject of a [spending review published in February 2021](#). The [Budget Process Review Group's report in 2017](#) recommended that prior to a spending review, the Scottish government publish “a framework document setting out the economic and political context, the criteria which will govern the assessment of budgets and the process and timetable for the review”.

The RSRF says that the Government's approach to the spending review will be:

- Outcome-focused
- Evidence-informed; and
- Consultative.

The RSRF also set out the Scottish Government's three 'core priorities' of the spending review. These are—

- To support progress to meet our child poverty targets
- To address climate change
- To secure a stronger, fairer, greener economy

The RSRF set out the fiscal context of the coming years. This included scenarios for funding available and demand on services, particularly in relation to demographic changes. The review stated—

“With limited resources, increased investment in the Scottish Government's priorities will require efficiencies and reductions in spending elsewhere: we need to review long-standing decisions and encourage reform to ensure that our available funding is delivering effectively for the people of Scotland. The Resource Spending Review will, through evidence and consultation, develop four-year spending plans with the aim of managing the financial risks we face and maximising the impact of our available funding.” (p23)

The RSRF identified areas to explore which may make public spending more effective. There is some continuity here with the recommendations of the report of the Christie Commission in 2011. These areas are:

- Cross-government collaboration to reduce duplication;
- Public service reform;
- Preventative spend;
- The capacity and distribution of Scotland's public service workforce;
- Better targeting of some policies in order to focus on achieving outcomes for those most in need, whilst releasing funding to be put towards other measures; and
- Targeted revenue raising.

The Committee's prebudget report identified long term funding as being a key theme of its inquiry. The Committee welcomed the certainty the government provided through the announcement that the organisations it funded would receive 3 year settlements. The Committee also recommended that, where practical, those organisations which disburse grants, such as Creative Scotland, should also support more long-term grants to organisations .

The Cabinet Secretary's response to the Committee's pre-budget report stated that the three-year spending plans expected in May will "provide the culture sector and others with greater certainty for future planning".

The Cabinet Secretary's letter also noted that Creative [Scotland published an update in October 2021](#) on its future approach to funding. Its new approach is intended to be fully implemented in April 2023. Among other things it is expected that there will be a "new simplified, streamlined and proportionate approach to multi-year funding for organisations, recognising that many more organisations than the current 121 RFOs seek access to stable, multi-year funding."

The Committee also recommended that the spending review "include detailed consideration of how budgetary decisions can support the mainstreaming of culture across the Scottish Government including the impact on health and wellbeing." As is noted above, the RSRF identifies (and seeks views on) cross-government collaboration as one of the ways to make Government spending more effective. The RSRF stated—

"We will identify where there may be shared interest, duplication or overlap in intended policy outcomes over multiple portfolios. Where there is, we will look to develop a more effective and efficient cross-government solution."

The RSRF is a consultation. The [Budget Process Review Group's report in 2017](#) recommended that—

"The Parliament's committees undertake a constructive dialogue with the Government, public bodies, and stakeholders once the framework document is published in order to influence the outcome of the spending review."

Culture Outcomes and Strategies

The Budget identifies which national outcomes each budget portfolio is intended to support. These are split by Primary and Secondary under each portfolio. In this portfolio, the Primary outcomes are:

- Communities
We live in communities that are inclusive, empowered, resilient and safe;
- Culture
We are creative and our vibrant and diverse cultures are expressed and enjoyed widely; and
- International
We are open, connected and make a positive contribution internationally.

The secondary outcomes are:

- Economy;
- Poverty;

- Children and Young People;
- Education;
- Fair Work and Business;
- Health;
- Environment; and
- Human Rights.

Taken together, these are all of the [National Outcomes](#). The inclusion of the Communities outcome as a Primary outcome here perhaps reflects the increasing focus on the concept of ‘place’ within culture and heritage policy.

Members have been interested in how the Culture strategy would be embedded across Government. The other portfolios which included the Culture outcome as a secondary outcome are:

- Social Justice, Housing & Local Government;
- Education and Skills;
- Net Zero, Energy and Transport; and
- Rural Affairs and Islands.

The Cabinet Secretary’s letter provided an update on work to mainstream culture policy across portfolios. The letter stated—

“I am starting a series of conversations with fellow Cabinet Secretaries in the key complementary areas of education and skills; health and wellbeing; economic development; and net zero. This is so that we can identify areas of joint collaboration and action to inform our portfolios’ part in the multi-year Resource Spending Review. We intend this to inform both the outcome of that spending review and a longer-term cultural recovery plan.”

The letter indicated that shortly the National Partnership for Culture is expected to make recommendations on building on links between culture and health and wellbeing.

The Cabinet Secretary also expressed a desire to support innovation in the Culture sectors, particularly in terms of the use of digital skills. He said—

“...we should now view things with fresh eyes. We will continue to explore with the sector, particularly those who receive funding from the Scottish Government, how we can build on the innovative use of digital technology and reflect this in the longer-term cultural recovery plan.”

Culture and Heritage strategies

There are four indicators under the Culture national outcome. These are—

- Attendance at cultural events or places of culture
- Participation in a cultural activity
- Growth in the cultural economy
- People working in arts and culture

[A Culture Strategy for Scotland](#) was published by the Scottish Government in February 2020. The strategy foregrounds the intrinsic value of culture. It stated—

“Culture must be valued first and foremost in and of itself. It is central to who we are and who we seek to be.”

It also notes the value of culture to society in helping individuals and communities thrive, supporting wellbeing and its economic contribution. The Culture Strategy has three strands, or ‘ambitions’ which are listed below along with a short description.

- *Strengthening Culture*
Supporting the creation of culture.
- *Transforming Through Culture*
Realising the benefits of cultural activity across society (and government structures) to support “wellbeing and cultural, social, economic and environmental prosperity”.
- *Empowering Through Culture*
Celebrating culture more broadly “as part of every community; essential to our lives and wellbeing”

To support implementation of the strategy, the Scottish Government established the National Partnership for Culture. Its role is to provide advice to Ministers on:

- wellbeing (particularly mental health)
- fair work
- culture in education (including skills)
- measuring change

At the time of writing the [last published minutes for the NPC](#) were dated November 2020. Notwithstanding the reference to the NPC in the Cabinet secretary’s letter, it is therefore unclear how much progress is being made by this group.

[Our Place in Time](#) is the first Historic Environment Strategy for Scotland, launched in March 2014. It seeks to situate the historic environment as part of the everyday life

of individuals and communities. It aims to “ensure that the cultural, social, environmental and economic value of our heritage continues to make a major contribution to the nation’s wellbeing.”

The Annex to Equality and Fairer Scotland Budget said—

“We see our culture and heritage as essential to who we are and to our appeal as a place to live and visit. We recognise that the arts and culture bring us pleasure as well as social and economic benefits. We cherish and protect our history, traditional and rural cultures, and embrace those from elsewhere. Our Events Strategy works to establish Scotland as the perfect stage for events. It supports a strong and dynamic events industry producing a portfolio of events and festivals that deliver sustainable impact and international profile for Scotland.”

Overall Constitution, External Affairs and Culture

The Constitution, External Affairs and Culture covers a range of activities. The table below shows the level 2 expenditure plans.

Table 1a: Level 2 Spending Plans £m

	20-21	21-22	22-23
Culture and Major Events	182.2	176.6	207.4
External Affairs	27.6	30.6	33.4
Historic Environment Scotland	42.8	55.9	70.1
National Records of Scotland	65.3	63.3	59.6
COVID-19 Funding	-	23.1	-
Total	317.9	349.5	370.5

Table 1a shows that the overall spending plans for this portfolio area grew by 6% year-on-year, despite 2021-22 including £23.1m of Covid-19 funding. Aside from the funding for NRS reducing, the other budget lines show significant uplifts in funding. The fall in NRS’ budgets is due to the profile of spend for the census taking place in 2022.

Table 1b: Portfolio spending by type £m

	20-21	21-22	22-23
Total Fiscal Resource	279.4	316.2	323.9
Non-cash	15.4	16.1	16.1
Capital	22	17.2	30.5
Financial Transactions	1.1	-	-

Table 1b shows that, of the overall £21.0m increase in spending plans year-on-year, £7.7m is resource and £13.3m is capital funding. In real terms the resource

spending is static¹ - but again it is worth noting that this takes account of the Covid-19 funding in 21-22.

Non-cash is normally depreciation of assets. The remainder of this paper does not discuss non-cash lines, and therefore the figures will not sum to the totals in Table 1a.

The Cabinet Secretary's letter to the Committee stated—

“The 2022-23 budget for my portfolio totals £370 million covering - in addition to culture and heritage - major events, external affairs, and the National Records of Scotland.

“We will invest £277 million in Scotland's culture and heritage sector, including additional support so that Historic Environment Scotland can continue to protect and care for our heritage and communities while its commercial income continues to be affected by reduced tourism income.”

Culture and Major Events

The Culture and Major Events areas of the budget covers the Scottish Government's funding for creative industries.

Table 2a, Culture and Major Events

Resource	£m	
	2021-22	2022-23
Royal and Ceremonial	0.4	0.4
Architecture and Place	1.5	1.5
Creative Scotland and Other Arts	62.9	69.1
Cultural Collections	58.2	59.7
Major Events	8.3	18.2
Culture and Major Events - Advice and Policy	4.5	5.1
National Performing Companies	22.9	22.9
Total	158.6	176.9

The overall resource budget increased £18.3m in cash terms. Particular movement can be seen under the Creative Scotland and Other Arts and Major Events lines.

Creative Scotland's core budget remained static in cash terms, at £32.6m, however increased funding has been made available under the Other Arts line. Generally, this line is for ring-fenced funding distributed through Creative Scotland. This aspect of funding will increase from £30.4m to £36.5m. This increase is explained as:

“Increased investment in Screen Scotland and Youth Music Initiative. Support for Culture Collective. Also includes funding to enable Creative Scotland to

¹ Calculated using [HMT GDP deflators \(Oct 2021\)](#)

maintain support for the Regular Funded programme in the light of significantly decreasing lottery income.”

[Creative Scotland's](#) response to the budget stated—

“This proposed budget includes an increase in funding allocated for Screen Scotland, for Youth Arts and for the Culture Collective initiative.

“The settlement is particularly welcome given the extremely challenging context that the ongoing Covid-19 pandemic presents, and the significant pressures being brought to bear on public finances more broadly.”

The Major Events line funds “a range of major events and the national Themed Years programme”. The increase is due to the “spend profile of 2023 UCI Cycling World Championships.”

The Cultural Collections line covers the funding for the National Museums of Scotland, National Libraries of Scotland, the National Galleries of Scotland and a range of other ‘non-national’ institutions. The resource funding for the National Collections will see small increases to support the public sector pay policy. Those institutions saw increases in their capital budgets. In addition, the budget for direct capital support in the sector increased. Overall the capital budget under the Cultural Collections line increased from £8.2m to £21m.

Historic Environment Scotland

HES relies quite heavily on earned income. The figures presented in Table 1a, above, show the net funding. Clearly the pandemic has impacted on HES’ income and shortfalls have been supported through additional Scottish Government funding.

The anticipated running costs of HES in 2022-23 is £93.9m. The budget models the income in 2022-23 as £33.3m. In addition, there is a £6.5m capital budget. This is an £0.5m uplift compared to 2021-22 and is to “support an increase in essential maintenance.”

While the budget for 2021-22 shows the Scottish Government’s support to HES was £55.9m, HES also received an allocation of £20 million from COVID-19 consequentials. In other words, despite the apparent increase, once the additional £20m is added into the 2021-22 figure, the support in 2022-23 will be expected to fall by around £5.8m.

[HES welcomed the budget stating](#)—

“The budget confirmation reflects the continued impact of COVID-19 on the work of HES and the funding will allow HES to help protect jobs and prioritise resources and activities to make a positive contribution and impact on Scotland’s key national outcomes and agendas, including green recovery, digital access and innovation and inclusion and wellbeing.”

External Affairs

The 2021-22 Budget allocated £30.6 million for the External Affairs budget line. The draft budget for 2022-23 is £33.4 million. According to the Scottish Government's budget:

“We are committed to being a good global citizen and to playing our part in tackling global challenges, including climate change, poverty, injustice and inequality. We want to ensure Scotland is an open and welcoming nation for people and their families to live and work in, and to make a positive contribution to our country. Across our international and European relationships - supported by the work of our external network of offices - we will continue our commitment to internationalisation by building on relationships, celebrating cultural, educational and ancestral connections, and exchanging policy ideas to address shared challenges, ensuring Scotland remains a valued and well-connected nation. We will continue to demonstrate our commitment to EU values, our alignment with EU policy priorities, and make the necessary preparations for a Scottish referendum and subsequently for re-joining the EU as an independent member state.”

As with the current year, the International and European Relations budget line is allocated all but £100,000 of the External Affairs budget. There are 17 budget lines in the proposed International and European Relations budget. These include a new budget line for the Scottish Government's office in Copenhagen. For the first time the budgets for the Scottish Government hub offices in London, Dublin and Berlin are included within the External Affairs budget having previously been included in the Economy, Fair Work and Culture budget.

The largest increase within the International and European Relations budget is a £1.5 million uplift to the International Development fund which will be worth £11.5 million in 2022-23.

Details of the International and European Relations budget for 2022-23 are provided below.

International and European Relations budget 2022-23

Level 4 Budget Line	2021-22 Budget (£m)	2022-23 Budget (£)
External Affairs Advice and Policy	7.1	7.1
International Development	10	11.5
International Development administration	0.17	0.17
Scottish Government office - Canada	0.58	0.64
Scottish Government office - China	0.56	0.63
Scottish Government office - United States of America	0.82	0.79
Scottish Government office - Paris	0.57	0.66

Scottish Government office - Brussels	2.35	2.47
International Relations	0.24	0.68
Humanitarian Aid	1	1
Scottish Connections - to support a range of activity aimed at enhancing Scotland's global reputation through continuing commitment to the Brand Scotland collaboration	1.56	1.35
European Strategy	0.49	0.25
Migration Strategy	2.19	2.26
Scottish Government office - Copenhagen	n/a	0.6
Scottish Government office – London	2.08	2.18
Scottish Government office – Dublin	0.57	0.59
Scottish Government office - Berlin	0.53	0.57

Overall local government funding

Local government provides a number of cultural and heritage services in their local areas, including libraries, museums, spaces to perform and rehearse and so on.

The local government budget settlement for 2022-23 is £11,141 million. This is mostly comprised of General Revenue Grant (GRG) and Non-Domestic Rates Income (NDRI), with smaller amounts for General Capital Grant and Specific (i.e. ring-fenced) Resource and Capital grants. This figure represents a £33 million increase over the year, translating as a cash increase of 0.3%, or a real terms reduction of 2.4% (or -£268 million).

The combined Budget figure for GRG+NDRI in 2022-23 remains the same over the year in cash terms (£9,739 million). In real terms, this is estimated to be a reduction of 2.7% (or -£264 million).

Once revenue funding which is transferred from other portfolios to local government (but still included in the totals within the Finance Circular) is included, the total is £12,538 million. This represents a growth of 7.9% and 5.1% respectively.

Much of this increase is funding for additional teachers and support staff, care at home, delivering a £10.50 minimum wage for adult social care staff, as well as other health and social care funding from the Health budget. Furthermore, once a number of funding streams attached to particular portfolio policy initiatives, but outside the totals in the Finance Circular are included, overall Scottish Government funding for local government rises to £13,215 million.

Local authorities raise some of their income through Council Tax. In 2019-20, Council Tax receipts amounted to £2.5 billion, or 20% of total local government net revenue funding.

During last year's Budget announcement, the Cabinet Secretary confirmed that, subject to approval from local authorities, Council Tax would be frozen at 2020-21 levels. £90 million was made available to councils to compensate for this, and it was

confirmed during Stage 3 discussions that this would be “baselined” in the 2022-23 Budget.

There is no mention of a council tax freeze in the Budget this year, however. Instead, the Scottish Government states that for 2022-23, “councils will have complete flexibility to set the Council Tax rate that is appropriate for their local authority area”. The appetite of Councillors to raise significant revenues from council tax, however, may be tested by the local authority elections of May next year.

On 15 November, COSLA launched a budget lobbying campaign entitled [Live Well Locally](#). This document said—

“Within the [local government] recovery strategy, ‘local’ is key [and this includes] local leadership, local partnerships, local government, local transport, local children’s services planning, local employability partnerships, local resilience, and local service design. ...

“However, there are issues on the ground that will impact the pace of recovery:

- Councils still experience restrictions around how and when funding can be used – with highly directed and restricted “pots” of money. Councils should be left to provide services in a way that works for local people
- pressures are building on services, with a combination of significant backlogs (e.g. in planning and building control), unknown pent up demand (e.g. in children’s mental health services), and increasing costs (e.g. in construction and energy)”

[COSLA expressed frustration](#) at the publication of the budget. COSLA President Councillor Alison Evison said—

“Whichever way you look at it, the reality of the situation is that yet again the essential services Councils deliver have been overlooked by the Scottish Government. There is no recognition that these very services are the bedrock for additional policies and priorities which the Scottish Government wants councils to provide.

“It is beyond frustrating that the importance of Local Government’s role in enabling Communities to Live Well Locally across Scotland, has not been reflected in the Budget announcement.

“The Scottish Government has to realise that cuts to our core budget hit the most vulnerable in our communities the hardest and are damaging to our workforce. That is why Council Leaders were unanimous today that we must fight for a fairer settlement.”

Emergency funding

Emergency funding and in-year transfers has been a feature of the policy landscape in the past two years. The figures presented in this paper are on planned expenditure and do not include in-year transfers.

In December, the Scottish Government made available three funds, totalling £21m to support cultural and events organisations and freelancers experiencing cancellations due to the rapid spread of the new Omicron variant. These funds are—

- £10.2 million for cultural organisations and venues to be administered by Creative Scotland
- £2.8 million towards the wider events supply chain to be administered by EventScotland.
- £8 million for the Cancellation Fund for Creative Freelancers to be administered by Creative Scotland.

This emergency funding is also highlighted by the Cabinet Secretary's December letter to the Committee. In this letter the Cabinet Secretary said that there was still some ambiguity on the expected additional £40m funding arising from Barnett consequentials. The Cabinet Secretary noted the £25m of emergency funds announced in June had been allocated and stated—

“[The] additional £21 million makes a total of £46 million additional support from the Scottish Government for the culture and events sector so far this financial year, surpassing the £40 million in Barnett consequentials for cultural recovery expected from the UK Government. The additional COVID-19 protections announced by the First Minister on 21 December, which come into force after Christmas, are obviously having a further impact on the culture and events sector. We are reviewing urgently the potential for additional support and I will keep the Committee informed of further announcements.”

Ned Sharratt and Iain McIver
Senior Researchers, SPICe
10 January 2022

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