ECONOMY, ENERGY AND TOURISM COMMITTEE

AGENDA

11th Meeting, 2010 (Session 3)

Wednesday 24 March 2010

The Committee will meet at 9.30 am in Committee Room 3.

1. **The public sector's support for exporters, international trade and the attraction of inward investment:** The Committee will take evidence from—

   Iain McTaggart, General Manager, Scottish Council for Development and Industry;

   Paul Docherty, Director, British Council Scotland;

   David Smith, Interim CEO, Scottish Development International;

   David Lonsdale, Assistant Director, CBI;

   Alasdair Kerr, Managing Director, Scottish Chambers International;

   Boyd Tunnock, Managing Director, Thomas Tunnock Ltd.

2. **The public sector's support for exporters, international trade and the attraction on inward investment:** The Committee will consider written evidence received for this inquiry and its approach.

3. **Budget Strategy 2011-12:** The Committee will consider its approach to the scrutiny of the Scottish Government's Budget Strategy 2011-12.

4. **Evaluation of the Homecoming Scotland 2009 initiative:** The Committee will consider a draft terms of reference for its work to assist with its evaluation of Homecoming Scotland 2009.
The papers for this meeting are as follows—

**Agenda item 2**

[Link to web page submissions] - Hard copy of submissions for Members only

Note by the Convener

**Agenda item 3**

Note by the clerk

**Agenda item 4**

Note by the clerk

---

EET/S3/10/11/1

EET/S3/10/11/2

EET/S3/10/11/3
At the invitation of Scottish Development International (SDI) I joined a joint UKTI/SDI Trade Mission to Nanjing, Shanghai and the China Wind Energy Exhibition and Conference in Beijing.

I received excellent support from Ian Ross and Paul O'Brien of SDI. I want to put on record my thanks for their assistance throughout the week.

A number of Scottish companies went on the mission, which was run in association with UK Trade and Investment. Among the Scottish organisations were the Aberdeen Renewable Energy Group; the all-energy conference, which is an annual conference that is based in Aberdeen; the Met Office, whose marine centre of excellence is based in Aberdeen; MLS Intelligent Control Dynamics, which has offices in Glasgow; SeaEnergy Renewables; and SgurrEnergy, which is already quite heavily involved in wind businesses in China.

The trade mission started off in Nanjing, where a dinner was held in—of all things—an Irish pub, which is owned and operated by a global Scot. That was an opportunity for the delegates to get to know one another and to meet Scots who work in the Nanjing area, who were invited along to give their impressions of what it means to work in China.

The following day, there was a seminar that was jointly organised by SDI and UKTI that enabled the British companies to make presentations to representatives from Chinese companies and to have individual meetings with them over lunch time.

The mission then moved to Shanghai, where we visited the Shanghai Electric wind turbine factory and the UK companies had an opportunity to present their wares to Shanghai Electric, which builds turbines and undertakes various other energy projects.

The main purpose of the mission was to attend the wind energy exhibition conference in Beijing where UKTI and SDI had a joint stand. This offered space to a number of the Scottish and UK companies and acted as a base from which members of the mission could tour the exhibition and meet people from other companies. I know that a number of links and contacts were made with Chinese energy companies.

On the second evening of the exhibition, the British Ambassador held a reception at his residence, which was attended by representatives of a
number of Chinese companies. It is worth noting that most of the companies were SDI contacts rather than UKTI contacts. SDI clearly has a lead in the promotion of wind energy and renewable technologies, particularly in offshore technologies.

On Friday, I did not go to the final session of the exhibition. Instead, I had meetings with some of the other organisations that are involved in the area. I met Lucy Watkins, who is the first secretary for Scottish affairs in the British embassy in Beijing; Marie MacRae, who is SDI's head of office there; the China-Britain Business Council, which is headed by another global Scot; the British Council; and VisitBritain, which provides services for VisitScotland in China. Some useful information came out of those meetings.

Lucy Watkins was clear that being based in the British embassy was a distinct advantage, as she was able to pick up on more information that was of benefit to Scotland—information about inward-trade missions, for example—than she would if she were in a separate office.

Marie MacRae gave a detailed briefing about the work that is being done by SDI in China, which includes helping to organise trade missions from China to Scotland—there have been about nine on energy alone in the past year—and helping Scottish companies with visits to China.

I had a very interesting discussion with CBBC about some of the difficulties of setting up in China, the bureaucratic rules that businesses have to deal with and how the organisation can assist Scottish companies that wish to establish a base in the country.

My discussions with the British Council related largely to education and how we might improve links with Chinese universities, schools and colleges. Given that a number of universities and colleges have already established such links, we were particularly interested in how we might expand our school links with the country.

As for my discussions with VisitBritain, I was surprised to find that, despite the size of the growing Chinese market, the organisation has only four staff—two in Shanghai and two in Beijing—to market Britain to the whole country. Perhaps we should examine with VisitBritain and indeed VisitScotland whether we should be doing more to promote the UK and Scotland in China.

Prior to my visit to China, I was part of a Cross Party Delegation of MSPs who visited Taiwan as guests of the Taiwanese Government. A number of useful issues arose that might be of interest to our inquiry. The Taiwanese Government is particularly interested in developing more links in areas such as renewable energy, life sciences and the creative industries. Again, of course, there are opportunities for our universities not only to improve recruitment links with the country but to develop joint research projects with Taiwanese institutions, and I hope to pass that message on to the various universities through Universities Scotland.
I also met Reggie Wu, SDI's Taiwanese representative, who made the interesting point that because of the bureaucratic difficulties of setting up in China there might be advantages in Scottish companies setting up in Taiwan and using it as a base for entering the mainland Chinese market. Links between mainland China and Taiwan are opening up all the time—indeed, I was able to take advantage of new direct air links to fly from Taipei to Nanjing—and opportunities certainly exist. I also met the British Council to discuss not only university links with Taiwan but the need for school links between Taiwan and Scotland.

Postscript

On 4th March 2010 I was invited by SDI to participate in an “Asia Offshore Wind Roadshow Presentation” dry run at their offices in Glasgow. The purpose of the presentation will be to showcase the opportunities in offshore wind in Scotland, to encourage inward investment, led by SDI, and to allow Scottish companies including SeaEnergy and The Wood Group, to promote their expertise.

The Roadshow will be visiting Korea, China, Taiwan and Japan in April. The full day presentation to Governments, financial institutions and energy companies will be followed by a couple of days for individual company visits and meetings.

Iain Smith MSP
Convener, Economy Energy & Tourism Committee.
The Budget Strategy Phase

Background

1. The Budget Strategy Phase (BSP) is the new term for the former “stage 1” of the budget process. The Finance Committee and the Scottish Government agreed that the budget strategy phase would take place between April and June 2010.

2. The purpose of the BSP is to allow the Parliament to identify the government’s priorities, determine whether the budget is delivering on these priorities and make suggestions for alternative strategies. It is also anticipated that the BSP will inform the subject committees’ subsequent scrutiny of the Scottish Government’s draft budget later in autumn.

The Finance Committee’s approach

3. The Finance Committee has decided to undertake an inquiry entitled “What preparation should be underway now by the public sector to ensure the efficient delivery of public services within a period of tightening public expenditure?” The Finance Committee is taking evidence as part of this inquiry between 13 April and 11 May and aims to publish its report in early June, with a debate in the Chamber before summer recess.

Economy, Energy and Tourism Committee’s approach

4. The Finance Committee has asked the subject committees to report to it by 21 May 2010. Given the Committee’s ongoing international trade inquiry, and other events that may place a demand on Members’ time in April and May, it is likely that there will only be a limited opportunity for evidence sessions as part of the BSP, probably two at most.

5. The Finance Committee has indicated that the Scottish Government will provide information to the Finance Committee and other committees to support their consideration of the BSP by the end of March. This will include:

- A snapshot of the most up to date information on the Scotland Performs website, setting out progress towards delivery of the Scottish Government’s purpose and National Outcomes, measured through the National Indicators and Targets
- An update on the Scottish Government’s work on Budgeting for Outcomes
- An overview report on Single Outcome Agreements and their contribution to delivery of the Government’s Purpose and strategic objectives;
• An update on the state of the economy and the contribution of the Government’s Economic Recovery Plan;
• An update on progress against the Government’s efficiency plan;
• Updated projections of capital budgets and spending; and
• Latest relevant demographic data for Scotland (details to be discussed and agreed).

6. The Finance Committee’s guidance to the subject committees invites them to base their approach on the Finance Committee’s inquiry remit and key questions in order that the “end result would be consistent, co-ordinated and comprehensive cross-committee scrutiny of the Scottish Government’s plans, providing a highly detailed evidence base to enable more sophisticated scrutiny of the 2011-12 Draft Budget in the autumn.” The Finance Committee’s guidance, which includes the key questions that it will be pursuing in its inquiry, is attached in annexe to this paper.

7. When the Committee has conducted its stage 2 scrutiny of the Scottish Government’s draft budget in the past three years, it has focused on Scottish Government spending proposals within the Finance and Sustainable Growth portfolio which fall within the remit of the Committee. This has included taking evidence from the two enterprise agencies and VisitScotland, as well as on energy spending. A particular focus of the Committee’s scrutiny in the last two years has been how Scottish Government spending has contributed to its “Purpose” of increasing sustainable economic growth and how it has helped to alleviate the impact of the economic downturn.

8. The Financial Scrutiny Unit will be available to provide support to the Committee in its consideration of the BSP.

Decision

9. The Committee is invited to consider:

• the approach that it would like to take to the BSP, i.e. whether it wishes to address the key questions identified by the Finance Committee in relation to the spending within its portfolio and/or whether it wishes to address other issues;

• whether it is content to hold a maximum of two oral evidence sessions on the BSP during April and May in light of other commitments;

• which witnesses – either individuals or organisations – it would like to take hear from at the evidence sessions;

• whether it would like to seek written evidence from any individuals or organisations;

• whether it wishes to request any specific briefings or information from the Financial Scrutiny Unit in advance of these evidence sessions.
Annexe – Finance Committee Guidance for subject committees

1. The Finance Committee and the Scottish Government have agreed that a budget strategy phase (BSP) will be undertaken between April and June 2010 (the BSP is the new term for stage one of the budget process).

2. The rationale for having a BSP was set out in the Finance Committee’s 2009 Report on the Review of the Budget Process – it was envisaged that such a phase would allow the Parliament to identify the government’s priorities, determine whether the budget is delivering on these priorities and make suggestions for alternative strategies. It was also expected that the phase would influence subsequent committee scrutiny of the Scottish Government’s draft budget.

3. For the BSP, the Finance Committee has agreed that it will undertake an inquiry into the public sector response to the predicted reductions in future Scottish budgets. Members of the Committee agreed that such an inquiry was particularly topical given recent reports by, for example, the Finance Committee’s budget adviser, professor David Bell, the Auditor General and the Centre for Public Policy for Regions, which have warned of medium-term spending squeezes in Scotland and the UK as a whole.

4. The specific inquiry remit is as follows:

   What preparation should be underway now by the public sector to ensure the efficient delivery of public services within a period of tightening public expenditure?

5. Given the likelihood of relatively substantial cuts in public spending, the Finance Committee considers the engagement of other committees in the BSP to be essential. The Finance Committee believes that if this participation were to be based on its inquiry remit and key questions – tailored according to the portfolio each committee scrutinises – the end result would be consistent, co-ordinated and comprehensive cross-committee scrutiny of the Scottish Government’s plans, providing a highly detailed evidence base to enable more sophisticated scrutiny of the 2011-12 Draft Budget in the autumn. The questions that the Finance Committee will be asking in its call for evidence are set out below.

6. The Scottish Government intends to provide, by the end of March, information to the Finance Committee and other committees to support their engagement in the BSP. The annexe to this guidance sets out the information that is likely to be provided. Further details will be provided to subject committees in due course.

7. Subject committees are reminded that Professor David Bell will be the Finance Committee’s adviser on the budget process until the end of this

---

1 See, for example, David Bell (2009), Auditor General (2009), and the Centre for Public Policy for Regions (CPPR 2009a).
parliamentary session. Any papers produced for the Finance Committee by the adviser and the Financial Scrutiny Unit (FSU) will be made available after they have been considered by the Committee.

8. Professor Bell will also seek to co-ordinate discussions with any subject committee budget advisers in preparation for scrutiny, and will support joint discussions among advisers on key issues arising during the BSP.

9. The Finance Committee expects to start taking oral evidence on its inquiry on 13 April 2010, to publish its inquiry in early June and to have a chamber debate on the report in late June. To inform the Finance Committee’s report, other committees are requested to report to the Finance Committee by 21 May. As is established practice, such reports should remain private until the Finance Committee has published its report to the Parliament.

Finance Committee: Key inquiry questions

a) In preparing for the forthcoming reductions in the Scottish budget, how can public sector bodies best take service users’ views and needs into account?

b) How can public service providers ensure that the most vulnerable groups do not unduly suffer from any budget reductions?

c) Should any spending area be protected from real term cuts and, if so, what would the implications be for other areas of the public sector? Should there be an emphasis on seeking uniform efficiency savings, or are there particular bodies/ spending areas that should be targeted?

d) How should the public sector best be organised to deliver the services for which it has responsibility and what barriers would have to be overcome to achieve this? What are the principles that should underpin any future strategic changes to the configuration of the Scottish public sector?

e) What are the challenges to the successful delivery of the Scottish Government’s national performance framework if public spending is reduced?

f) What are the best examples of efficiency savings being achieved by public bodies working together and across boundaries, for example, through procurement, and can these savings be replicated across the public sector?

g) Have efficiency savings had an impact on the quality of public services? To what extent can efficiency savings continue to be made while maintaining current levels of service delivery?

h) Have any improvements that have been made to the delivery of public services always been commensurate with the amount of funding that
relevant delivery bodies have received? What is the best way of measuring the quality of public services and ensuring that this performance monitoring leads to improved service delivery?

i) How should technology be utilised to ensure the better provision of public services?

j) What lessons can other countries provide for how public services can be more efficiently delivered in Scotland, particularly at a time of budgetary constraint?

k) Given reduced budgets, will the public sector have the capacity to deliver efficient public services while also responding to the longer-term challenge of demographic change?
ANNEXE

(i) A snapshot of the most up to date information on the Scotland Performs website, setting out progress towards delivery of the Scottish Government’s purpose and National Outcomes, measured through the National Indicators and Targets.

(ii) An update on the Scottish Government’s work on Budgeting for Outcomes.

(iii) An overview report on Single Outcome Agreements and their contribution to delivery of the Government’s Purpose and strategic objectives.


(v) An update on progress against the Government’s efficiency plan.

(vi) Updated projections of capital budgets and spending; and

(vii) Latest relevant demographic data for Scotland (details to be discussed and agreed).
Terms of reference for research support to assist with the evaluation of Homecoming Scotland

Background

1. The Committee has previously agreed that it wishes to seek some external support to assist it in its evaluation of the Homecoming Scotland initiative and, in particular, to provide advice and comments on the evaluation of the initiative being undertaken by VisitScotland and its consultants.

2. This paper sets out a specification for the external support, drawn up by SPICe, see annex. This has been drawn up on the basis of the discussions in the Committee. The external researchers will be managed by SPICe supported by the clerk of the Committee.

Procurement options

3. There are two main options available in terms of the procurement routes that can be followed. The choice of which depends on the detail and complexity of the studies being produced by VisitScotland's consultants and how much time would be required by the external researchers to evaluate the material produced for the national tourism body.

4. If the parliamentary staff managing the work on the Committee’s behalf consider that the evaluation can be carried out in under 6 days (5 for the research analysis and report preparation and 1 for attendance at the Committee), then a single tender model would be used, subject to the approval of parliamentary authorities. If additional days are required, then a restricted tender (involving between 4 to 6 tenderers) would be used. In any case, this work is not expected to be a substantial undertaking as it is an independent assessment of VisitScotland’s own evaluation of Homecoming Scotland rather than completing the evaluation itself.

Timetable

5. VisitScotland staff have indicated that its evaluation of Homecoming is not likely to be completed until the end of May 2010. SPICe has asked for an insight before it is published into the detail/volume of the material that the Committee's external researchers may need to analyse, as this affects the procurement option chosen. In any case, it is anticipated that the research commissioned by the Committee would be underway before the summer recess and completed for the Committee's consideration upon its return in September. The clerk will advise the Committee if there are any major changes to this timetable.
Decision

6. The Committee is asked to comment on the terms of reference set out by SPICe in the annex to this paper and task the clerk with taking forward the commissioning of the research on the Committee’s behalf along with SPICe and to delegate day-to-day decision making to the Convener where necessary, e.g. on timetable issues. The next stage will be to take the terms of reference to the Conveners Group for approval.

Stephen Imrie
Clerk to the Committee
March 2010

OUTLINE OF REQUIREMENT

The Scottish Parliamentary Corporate Body is seeking to award a contract for research on behalf of the Economy, Energy and Tourism Committee.

The purpose of the research is to form a view and to advise the Economy and Energy Committee on the rigour of an evaluation of Homecoming 2009 and the validity of conclusions drawn.

BACKGROUND INFORMATION

Homecoming Scotland 2009 was a Scottish Government initiative to encourage more visitors to Scotland and increase spending by visitors. The initiative was managed by EventScotland in partnership with VisitScotland and included more than 400 events with associated publicity and marketing. The target was to increase visitor numbers by 100,000 and revenues by £44m. A budget of £5.5m was provided.

The Scottish Government has commissioned an extensive evaluation of Homecoming, with performance being assessed against the four core aims of the project. These aims were:

- To deliver additional tourism visits and revenue for Scotland (Note: additional is relative to the numbers if Homecoming Scotland had not taken place)
- To engage and mobilise the Scottish Diaspora
- To promote pride in Scots at home and abroad
- To celebrate Scotland’s outstanding contributions to the world

REQUIREMENT – RESEARCH AIM AND OBJECTIVES

Aim: To form a view on the rigour of the Evaluation of Homecoming Scotland 2009 and advise the Economy, Energy and Tourism Committee on the validity of the conclusions drawn.

METHODS

The Homecoming 2009 Evaluation is in three parts.

An Economic Impact Assessment undertaken by EKOS, an independent economic evaluation company. All funded events are required to submit Event Outcome Reports. The outcome reports will evaluate a number of key aspects including the economic impact of the Homecoming events programme. For some of the bigger events, findings
from the Outcome Reports will be supplemented with some fieldwork. Partner events (non-funded events) will also be evaluated in the context of the economic impact assessment.

**Conversion Studies** being worked on by TNS, a market research consultancy. Campaign respondents (international as well as domestic) have been asked whether they actually visited Scotland during the campaign period and the extent to which the marketing materials they received influenced their decision to visit (during 2009 and/or made them more likely to visit in the future).

**Media Coverage evaluation** by Media Measurement looking at reach, value, quality, tone of messages.

Researchers are required to study the evaluation reports and form a view on

- the quality and appropriateness of the evidence assembled
- the appropriateness of the methods used
- the rigour with which they are applied
- the validity of the conclusions drawn

**REQUIRED OUTPUTS**

A paper to the Economy, Energy and Tourism Committee, a short presentation to the Committee, responses to questions and participation in a discussion on the Evaluation.

**RESEARCH TIMETABLE**

The Economy, Energy and Tourism Committee require the research to be complete and a draft report submitted within one month of the Evaluation being published. The successful tenderer should, therefore, be in a position to begin the research in early June.

**MANAGEMENT INFORMATION**

The project manager for the research will be Jim Dewar, Senior Research Specialist in the Scottish Parliament Information Centre (SPICe) and close liaison with him will be required throughout the project.

The Scottish Parliament’s Standard Conditions of Contract for Consultancy Services (SPCC2), attached, will govern the contract.

The ownership of any research material arising from this research and the report lies with the Scottish Parliamentary Corporate Body (SPCB) and may be published by the Scottish Parliament.
INVOICING ARRANGEMENTS

Payment of invoices will be made according to the terms set out in SPCC2. An invoice should be submitted after acceptance of the final report. Invoices should be sent to:

The Scottish Parliament Finance Office
The Scottish Parliament
Edinburgh
EH99 1SP

A copy of the invoice should also be sent to Denis Oag at the address given below.

SUBMITTING A TENDER

Three copies of the tender should be submitted by 16.00 on [dd/mm/yyyy], and should include all the information as listed in the attached schedules 1 – 3 and schedule 5. All quotes will be considered on merit and assessed using the information provided in response to schedules 1 – 3 and schedule 5. Tenders should be submitted to:

Denis Oag
Principal Research Specialist
The Scottish Parliament
Edinburgh EH99 1SP
Tel 0131 348 5369
Fax 0131 348 5378
Denis.oag@scottish.parliament.uk