Ar faidhle/Our ref: E1330332
28 November 2011

Dear Rob,

FOLLOW UP TO RACCE COMMITTEE MEETING OF 26 OCTOBER 2011

I'd like to thank the committee for the opportunity to discuss the budget at the meeting on the 26 October. I remain committed to investing in measures to continue the transition towards a low-carbon Scotland.

I offered to write in response to several questions from various committee members. I have listed these responses below, and would be happy to offer any further clarification the committee may require.

Aileen McLeod asked me to outline exactly what the climate change policy development and implementation line will fund.

The Budget line for Climate Change Policy Development and Implementation (£1.2m, £1.2m, £1.2m, £1.1m) supports a number of actions in relation to implementing the Climate Change (Scotland) Act 2009. These include the following:-

• Contribution to Committee on Climate Change to provide advice to Scottish Ministers on targets and implementation of the Act.
• Support for improvement work on the Greenhouse Gas Inventory.
• Funding for Adaptation Scotland (formerly Scottish Climate Change Impacts Partnership) and other Adaptation-related initiatives.
• Costs related to development of the second Report on Proposals and Policies
This budget line is also used for our international engagement activities as well as engagement with business and other sectors in Scotland e.g.

- Annual membership of the Climate Group [www.theclimagroup.org]
- Support for the 2020 Climate Group [www.2020climategroup.org.uk]

Annabell Ewing asked if I could provide the committee with further information on any flooding projects that are funded from the Natural Assets and Flooding budget line.

The Natural Assets and Flooding Level 3 budget line supports the development of our policy and implementation across our flooding, water environment and air and noise agendas. Resources are used to support particular projects that support policy development and implementation in these areas. Examples of projects supported by this budget line include the Water Environment Restoration Fund, the Scottish Flood Forecasting Service and research into incentives to land managers to support natural flood management. It does not support operational delivery – eg flood protection schemes is funded through the local authority settlement.

These outputs provide invaluable tools to support our policy development but also provide tools that can be shared at the local level by our delivery partners. In short this budget line supports a number of discrete projects that support ground level actions. It is important area which is why we have broadly maintained spend, despite financial pressures forced on the Government. The discrete project nature of this spend however gives us good opportunities to focus on the key priorities.

Finally, you asked for several details on Agri-Environment schemes and their effectiveness, namely;

- How is the demand for agri-environment schemes assessed and predicted

Agri-environment support is provided via the Scotland Rural Development Programme. The majority of the agri-environment financial support is provided via Rural Development Contracts – Rural Priorities (RDC – RP) which for agri-environment start on the 1st of January each year. This is supported by an annual Regional Proposal Assessment Committee (RPAC) for Axis 2 measures, which includes the majority of agri-environment support.

The outcome from the annual RPAC for agri-environment support was £31.5m for support starting in 2011 and £30.5m for support starting in 2012. The percentage of projects meeting the programme objectives and therefore offered funding reached an all time high during October 2011 at 82%.

Agri-environment measures are also supported via the non competitive scheme called Land Managers Options (LMO). The current predicted demand for LMO, sourced via the Single Application Form (SAF) is £6m per year.

The combined demand for agri-environment support as evidenced by demand through 2011 and 2012 is currently £36.5m, hence the Cabinet Secretary statement from 5 October that he was "confident that our agri-environment budget will meet demand" (budget is £38m).
In what ways are the effectiveness of these schemes, in making the necessary contribution to the achievement of biodiversity, water quality or carbon reduction targets, assessed?

Under the EC Common Monitoring and Evaluation Framework for Rural Development funding, the Scottish Government is required to report against indicators which evaluate the performance of SRDP support in benefiting biodiversity, water quality and mitigating climate change (amongst others).

The impact of SRDP agri-environment funding on Scotland’s biodiversity is being assessed through a three year project which began in July 2011. The project is using remote sensing and field surveys to monitor changes in habitats and species to assess how effectively the SRDP protects and enhances biodiversity.

Another contract let this year (SRDP Ongoing Evaluation Activity 2011-13) covers all evaluation activity to the end of the Programme, including advising on methods for estimating the contribution of SRDP funding to combating climate change (with respect to the increase in production of renewable energy) and improvement in water quality. Methods for these elements will be reported in January 2012. Forestry Commission Scotland also annually monitor the extent of new woodland planting under SRDP, which further contributes towards meeting climate change targets.

Lastly, the Scottish Government published a report this year setting out a methodology for measuring the impact of SRDP support on the extent of High Nature Value Farming and Forestry in Scotland. Scotland was among the first EU countries to develop an indicator for this purpose.

If the unmanaged demand for such schemes is insufficient to deliver the necessary contribution, what steps does the Government have in mind to enhance demand?

The Scottish Government funds a programme of Biodiversity and Conservation Advice, delivered by Scottish Agricultural College, which aims to increase awareness of opportunities for land managers to deliver environmental benefits under SRDP, including through workshops and technical notes. The budget for the current financial year for this advisory programme is £120,000.

Since 2008, Scottish Natural Heritage has also funded and coordinated a programme of advice for land managers to promote funding available for agri-environment management in the SRDP and provide guidance to ensure the effective implementation of the scheme on the ground. Since 2008, nearly £500,000 has been allocated to SNH’s programme of advice for land managers. Most projects are contracted to agri-environment consultants to provide one-to-one and group advice, workshops, technical publications and demonstrations for land managers.

If demand rises as a consequence, is it possible to adjust budget allocations accordingly?

The Spending Review required difficult decisions to be taken in our efforts to sustain public finances and public services, and it is not possible to adjust the overall SRDP budget set out in the Review. However, within the SRDP, budgets do have some element of flexibility to be
used where demand is highest, particularly if it is within the same Axis, subject to EC approval.

If you, or any other member of the committee require clarification, or have any further questions, I'd be happy to supply further details as required.

STEWART STEVENSON