Rural Affairs, Climate Change and Environment Committee

Report on Draft Budget 2015-16

The Committee reports to the Finance Committee as follows—

1. In this report, the Rural Affairs, Climate Change and Environment Committee (RACCE) comments on aspects of the Scottish Government’s Draft Budget 2015-16 that relate to its remit.

EXECUTIVE SUMMARY

2. The Committee examined what the draft budget will deliver for rural Scotland and the environment and used relevant aspects of the Scottish Government’s National Performance Framework to assess this, including the strategic objectives, national outcomes, and national indicators. The Committee paid particular attention to the prioritisation and value for money of funds within its remit.

3. In particular, the Committee focussed its scrutiny on the following aspects of the draft Rural Affairs and Environment (RAE) budget—

- forestry;
- climate change measures within the Scotland Rural Development Programme (SRDP); and
- the effects of the draft RAE budget on equality groups, particularly different age groups.

4. The scrutiny of climate change expenditure within the remits of other relevant committees continues to be mainstreamed and these committees will report directly to the Finance Committee on those issues if they choose to do so.

5. The Committee has some concerns over the publication and/or presentation of the draft budget and its associated documents, some of which have been raised previously. It is disappointing to see such issues remain and calls on the Scottish Government to ensure that next year’s draft budget publication address all such issues listed in this report.

6. In its examination of the draft forestry budget, two significant issues emerged: tree planting rates; and tree health. The Scottish Government has
a target of planting 100,000 hectares of new woodlands between 2012 and 2022, which equates to 10,000 hectares per year. This planting target is not being met, and the annual planting rate is falling. This is concerning, not least because the planting targets form part of the Scottish Government’s Second Report on Proposals and Policies (RPP2) which sets out how the Government plans to deliver the climate change targets. Also of concern is tree health, with many questioning whether the funds available are sufficient to tackle the serious issues facing tree stocks. The Committee seeks reassurance that the budgets for both tree planting and tree health are adequate to deliver the desired outcomes, and welcomes the former Minister for Environment and Climate Change’s intention to review both of these areas of spend as part of the next Spending Review.

7. In terms of what contribution the new SRDP will make to reducing greenhouse gas emissions, and helping farmers, land managers and communities adapt to climate change, the Committee is supportive of the principle of many of the schemes being pursued by the Scottish Government. However, the Committee is concerned that the peatland restoration and Scottish Beef Package schemes are not currently underpinned by robust scientific research and evidence and therefore we cannot be sure that optimum value for money is being achieved. Establishing this must be a priority to inform future spend in this area. The Committee also supports the Farming for a Better Climate programme, but has concerns that the modest budget and largely voluntary approach being taken to many of the measures within it will prove successful in securing the level of emissions reduction attributed to this policy in RPP2 and therefore believes that mandatory measures should be considered if robust evidence shows that the voluntary approach is not working.

8. The Committee supports the principles of the Less Favoured Area Support Scheme, which should target funds at the most fragile parts of Scotland’s farming and crofting communities whilst delivering climate change and environmental benefits, but notes that some stakeholders believe that its effectiveness requires further scrutiny. The design of the successor scheme provides an opportunity to review the funds to ensure that the money gets to those most in need and delivers all of its desired outcomes.

9. The implementation of the new Common Agricultural Policy (CAP) and SRDP depends to a large extent on a new IT system, the CAP Futures Programme, which has been highlighted by Audit Scotland and has experienced various concerning difficulties. The Committee is only too aware of the challenges caused by the complexities of the previous CAP and SRDP so it is essential that the new IT system, which will help implement the new programme, is up and running, having been robustly tested and ready to make payments, on time.

10. The Committee was pleased to see that the new SRDP has been equality-proofed and that changes were made to the CAP and SRDP as a result of the equalities assessment. It is important that appropriate support
be now given to assist with the application process, regardless of age or ability of the applicant.

11. Finally, the Committee is also mindful that all parts of Scottish society need to be involved and appropriately supported in helping to mitigate and adapt to the effects of climate change and recommends that the Scottish Government carry out research work on the impacts of climate change on equality groups across all portfolios and provide an update on progress in its next equality statement.

BACKGROUND AND APPROACH

Documentation

12. The Scottish Government published its Draft Budget 2015-16\(^1\) on 9 October 2014. Chapter 10\(^2\) contains the proposed spending for the Rural Affairs and Environment portfolio (RAE). On 23 October 2014, the Scottish Government published a further level of budget information\(^3\) (known as level 4) for each portfolio.

13. The Scottish Government published a Carbon Assessment of the 2015-16 Draft Budget\(^4\) and an Equality Statement\(^5\) alongside the draft budget. A Scotland Performs Update\(^6\) document was also published.

14. On 16 October 2014, the Financial Scrutiny Unit (FSU) in the Scottish Parliament Information Centre (SPICe) published a briefing\(^7\) on the draft budget. This was followed on 24 October 2014 by a second\(^8\) FSU briefing designed to aid committees in their budget scrutiny. A SPICe briefing specific to the Rural Affairs and Environment budget\(^9\) has also been published. In addition to this, SPICe published an infographic\(^10\) which shows the RAE EU Support and Related Services budget.

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\(^{10}\) SPICe infographic for the EU Support and Related Services budget. Available at: http://www.scottish.parliament.uk/S4_RuralAffairsClimateChangeandEnvironmentCommittee/General%20Documents/SPICE_Rural_Budget_infographic.pdf.
Services budget in detail. All of the FSU and SPICe support and guidance on the budget can be viewed online.\(^{11}\)

15. The Finance Committee published guidance\(^{12}\) to subject committees to assist them in their scrutiny.

16. On 11 November 2014 the Scottish Government published its *Draft Budget 2015-16 – Details of funding for climate change mitigation measures*\(^{13}\) document. This links the draft budget to the Scottish Government’s Second Report on Proposals and Policies (RPP2)\(^{14}\) which indicates how Scotland will meet its climate change targets, as set out in the Climate Change (Scotland) Act 2009\(^{15}\).

17. This document was published almost five weeks after the publication of the draft budget and its accompanying documents, and almost three weeks after publication of level 4 figures. The then Minister for Environment and Climate Change told the Committee that every effort had been made to produce the document as quickly as possible but added that he would review the way the document was produced to see if improvements could be made in presentation, distribution and speed of publication.

18. The Committee was very disappointed that the Scottish Government published details of funding for climate change mitigation measures on 11 November 2014, almost five weeks after the publication of the draft budget and its accompanying documents, and almost three weeks after publication of level 4 figures. This disappointment is compounded by the fact that the Committee recommended in its budget report last year that this information be published alongside the draft budget. In addition, the Economy Enterprise and Tourism (EET) Committee, endorsed by the Finance Committee, recommended that the information be published alongside the level 4 figures. This belated publication was a hindrance to the Committee in seeking to conduct robust scrutiny of the draft budget. The Committee notes the former Minister’s comments on this issue and welcomes his commitment to review the production of the document with a view to improving its presentation, distribution, and time of publication. The Committee seeks a commitment from the Scottish Government that it will ensure much earlier publication of the document next year, preferably alongside the draft budget itself, or, at the latest, alongside the level 4 figures.


19. Several witnesses told the Committee that the draft budget could have been presented more clearly (there are some specific references to this below), both in terms of the way the figures are presented, and in terms of the accompanying explanatory text.

20. An example of this, additional to those listed under various subject headings below, can be found under the EU Support and Related Services budget, where the accompanying text states that there is an additional £30.1m of new money in the draft 15-16 budget, compared to the 14-15 budget, to fund the domestic part of the new Scotland Rural Development Programme (SRDP). The text states that the £30.1m includes money for a beef package in support of agri-environment, but gives no further information on what makes up the £30.1m and in what budget lines the money can be found.

21. The Committee questioned the Cabinet Secretary for Rural Affairs, Food and the Environment on this issue and he said that the £30.1m was made up of £15m for the new beef package, with the remaining money funding other agri-environment measures. However, the Agri-Environment Measures budget line has only increased by £3.8m compared to 2014-15. The Cabinet Secretary also referred to the Financial Transactions budget, stating that £30m of this money, which is effectively a loan from the UK Government, had been allocated to the RAE budget in 2014-15, but stated that £22.5m of that is no longer required.

22. It remains unclear where the increase of £30.1 million of new money to fund the domestic part of the SRDP is allocated. The Committee therefore requests that the Cabinet Secretary write to the Committee with a clear breakdown of the additional £30.1m showing where the money can be found in the draft budget.

23. The Committee also recommends that the Cabinet Secretary review the presentation of the draft budget in future years to ensure that the figures and the accompanying text is as clear, transparent and accessible to all as possible.

Approach

24. The Committee examined what the draft budget will deliver for rural Scotland and the environment and used relevant aspects of the Scottish Government’s National Performance Framework to assess this, including the strategic objectives, national outcomes, and national indicators. The Committee paid particular attention to the prioritisation and value for money of funds within its remit.

25. The Committee also agreed to focus on the delivery of the following specific areas—

- Forestry – the Committee examined the Forestry Commission’s draft budget, together with any other parts of the rural affairs and environment portfolio budget (such as the Forestry Grant Scheme delivered as part of the SRDP package of measures funded under the EU Support and Related Services budget) which contribute to the delivery of related national targets, objectives, outcomes and indicators;
• SRDP climate measures – the Committee examined budgets within the SRDP package of measures funded under the EU Support and Related Services budget to assess impacts on climate change; and

• Equalities issues; age – the Committee examined equalities issues relevant to its scrutiny of the rural affairs and environment chapter of the Scottish Government’s draft budget, particularly with regard to age.

26. Scrutiny of climate change issues across other parts of the budget has again been mainstreamed this year with subject committees being asked to consider and report on the implications of planned expenditure on Scotland’s climate change emissions when scrutinising their own relevant Scottish Government portfolios.

Evidence-gathering

27. The Committee published a call for views\(^{16}\) on the draft budget on 9 October 2014. A total of 15 submissions was received, including submissions sent following up oral evidence sessions, and these can be viewed on the Committee’s webpage\(^{17}\).

28. At its meeting on 5 November\(^{18}\), the Committee took evidence from stakeholders on the issue of forestry. At its meeting on 12 November 2014\(^{19}\) the Committee took evidence from stakeholders on the issue of SRDP climate measures.

29. The Committee followed these sessions by taking evidence from the then Minister for Environment and Climate Change, Paul Wheelhouse, and his officials, on 19 November 2014\(^{20}\), and from the Cabinet Secretary for Rural Affairs and the Environment, Richard Lochhead, and his officials, on 26 November 2014\(^{21}\). Following these sessions, the Cabinet Secretary and the Minister both wrote to the Committee with supplementary written evidence\(^{22}\).

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30. The Committee thanks all those who provided views to the Committee on the draft budget and helped inform this report.

RAE BUDGET AND PORTFOLIO PERFORMANCE

Overall RAE budget

31. In cash terms, the RAE budget for 2015-16 is set at £608.0m (of which £521.4m is DEL Resource, and £79.1m is DEL Capital). This is an increase on the 2014-15 spend which was £559.2m. In real terms, the budget for 2015-16 is £598.4m (of which £513.2m is DEL Resource, £77.8m is DEL Capital, and £7.4m is listed as Annually Managed Expenditure).

32. The RAE budget is 2% of the total Scottish Government's DEL of £30,410 million. The RAE budget has increased by 7% in real terms on last year's budget.

33. The RAE budget is broken down into six areas of spend: EU Support and Related Services; Research, Analysis and Other Services; Marine and Fisheries; Environment and Rural Services; Climate Change; and the Forestry Commission.

34. Of these, two have increased: the EU Support and Related Services has increased 27.7% in real terms compared to last year; and the Environment and Rural Services budget has increased by 2.7% in real terms compared to last year.

35. The other four heading have all decreased in real terms compared to last year: Research, Analysis and Other Services (0.8%); Marine and Fisheries (2.5%); Climate Change (1.6%); and the Forestry Commission (1.6%).

36. The Committee welcomes the 7% real terms increase in the RAE portfolio and notes this is largely due to the significant increase in the EU Support and Related Services budget. However, whilst this budget is increasing, the Committee notes real terms decreases in four other areas of spend in the RAE portfolio: climate change; research; forestry; and marine and fisheries. In examining whether the RAE portfolio is being appropriately prioritised and delivering the best value for money, the Committee believes it is important that trends in funding for each part of the portfolio are examined by the Scottish Government to ensure that there are no serious negative consequences in future years as a result of continuous declining spend in areas such as research, forestry, climate change, or marine and fisheries, at the expense of increases to other portfolios.

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23 DEL stands for Departmental Expenditure Limits, which form the majority of the Scottish Government's budget and is the budget provision that the Scottish Government can plan and control over the Spending Review period.

24 Annually Managed Expenditure (AME) is described in the draft budget (on page 183) as: “spending that does not fall within Departmental Expenditure Limits (DEL). AME is generally less predictable than expenditure in DEL and is not subject to multi-year limits. It is set each year and contains those elements of expenditure that are not really predictable, for example NHS and Teachers’ pensions.”
RAE portfolio performance

37. The Scottish Government’s National Performance Framework states that the Government’s purpose is to “…focus Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.” It lists eight Purpose Targets, one of which is specifically relevant to the RACCE Committee—

- Sustainability – Reduce Greenhouse Gas Emissions – to reduce emissions over the period to 2011 (recorded on the Scotland Performs website as performance improving even though the date has passed) and to reduce emissions by 80% by 2050 (recorded on the Scotland Performs website as performance maintaining).

38. The Framework lists “Greener” as one of its five overarching strategic objectives. Below that sit 16 National Outcomes, the most relevant of which are—

- we value and enjoy our built and natural environment and protect it and enhance it for future generations;
- we reduce the local and global environmental impact of our consumption and production; and
- we live in well-designed, sustainable places where we are able to access the amenities and services we need.

39. Below that sit 50 indicators, the most relevant of which are to—

- increase research and development spending (performance maintaining);
- improve knowledge exchange from university research (performance improving);
- increase people's use of Scotland's outdoors (performance improving);
- improve the condition of protected nature sites (performance maintaining);
- increase the abundance of terrestrial breeding birds: biodiversity (performance improving);
- improve the state of Scotland's marine environment (performance worsening);
- reduce Scotland's carbon footprint (performance worsening); and
- reduce waste generated (performance improving).

40. The Committee considered these indicators and the recorded performance against each as part of its scrutiny of the draft budget. The Cabinet Secretary told the Committee that he pays close attention to the indicators and performance levels when preparing the draft budget and uses the indicators as a reason for addressing issues and targeting resources. He gave the examples of using the indicators to inform: the greening of the Common Agricultural Policy (CAP); introduce other measures to green agriculture such as carbon audits; discussions on mackerel negotiations; and the protection of budgets for paths and encouragement of more outdoor activity.

41. The Committee notes that there are a greater number of indicators showing a maintaining or improving performance compared to last year,
which is encouraging. Last year, the Committee was concerned about the downward trends in the percentage of adults visiting the outdoors, and the abundance of terrestrial breeding birds: biodiversity, and is pleased to see that performance against both of these is now improving. It is important that these indicators continue to improve in the coming years.

42. Of the two indicators against which performance is worsening, it is concerning that the marine environment indicator shows a downwards trend over the last few years. The Scottish Government states this is largely due to the mackerel dispute and notes that an agreement reached earlier this year should see performance against the indicator improve. The Committee looks forward to this indicator showing a marked improvement, as a result of the recent agreement, in next year’s performance update.

43. The other worsening indicator is Scotland’s carbon footprint which, after several positive years of decreasing, rose in 2010 as a result of an increase in emissions associated with the consumption of goods and services in Scotland coupled with an increase in emissions associated with heating due to the cold weather in 2010. This is the most recent data included in the Scotland performs update. This is obviously concerning, especially when considered together with three years of missed climate change targets and the Carbon Assessment that accompanies the 2015-16 Draft Budget, which records the emissions from products and services purchased by the Scottish Government rising by almost 5%. This stands as a reminder of the huge challenge facing the whole of Scotland in tackling climate change, significantly reducing emissions, and meeting its climate change targets. The Committee comments on this further in the remainder of this report.

AGREED AREAS OF FOCUS

Forestry

44. The Forestry Commission Scotland (FCS) budget is unchanged in cash terms from last year at £64.1 million, which is a decrease of 1.6% in real terms. Figure 1 shows changes in the FCS budget in real terms since 2008-09—

**Figure 1: Comparison of Forestry Commission Scotland budget (£ million)**

2008-09 to 2015-16 in real terms (2014-15 prices)
45. Figure 2 shows the four components of the FCS budget—

**Figure 2:Forestry Commission Scotland level 3 spending plans**

![Graph showing four components of the FCS budget]

Source: SPICe Draft Budget (spreadsheets) 2015-16: Levels 1 and 2.

46. In addition to the FCS budget, the Forestry line under the EU Support and Related Services budget funds farm woodland schemes which have now closed. That budget shows a reduction from £2.4m in 2014-15 to £1.9m in 2015-16. This line funds commitments made under these legacy schemes.

**Prioritisation within the RAE budget**

47. A recurring theme in the Committee’s work in this session has been the apparent tensions between farming and forestry. The Committee has heard from many people, over several years, about the need for better integration between farming and forestry interests amongst those managing large areas of Scotland’s land. This tension was explored during the Committee’s budget scrutiny in order to assess whether the draft budget would achieve a satisfactory balance between spending on agriculture and forestry and, more importantly, whether it would deliver the many desired outcomes from those two sectors.

48. Written submissions to the Committee highlighted the tensions, with the NFUS challenging tree planting targets and the Scottish Government’s financial commitment to them, whilst others, such as Confor and the Forest Policy Group, suggested that forestry required additional expenditure and that there was a disproportionate spend on agriculture compared to forestry.

49. The former Minister told the Committee that he believed an acceptable balance had been struck in the budget between forestry and other land uses, adding that some sectors would have preferred the forestry budget to be less than it was at present. He added that there was no scope currently to increase the overall forestry budget but he would be looking at it carefully as part of the next spending review.

50. The tension between farming and forestry has been a frustratingly recurring theme in the Committee’s work this session. The Committee has seen the Woodland Expansion Advisory Group, and countless seemingly
encouraging words from groups and individuals on both sides, come and go and yet there seems to be little positive evidence that farming and forestry interests are truly integrating and working together on the scale required to deliver the multiple benefits that should result from responsible land use.

51. The Committee expressed concerns in its budget report last year about whether the budget for tree planting was sufficient to meet the targets set out by the Scottish Government and the subsequent associated emission reduction targets set out in the RPP2. This remains a concern and the Committee comments on this further below. The Committee notes the real terms cut to the Forestry Commission Scotland budget and, as it has noted elsewhere in this report, recommends that the Scottish Government carefully assess the distribution of funds across the RAE portfolio in future years to ensure that specific areas, such as forestry, do not experience a trend of declining budgets which may threaten progress.

Planting targets and woodland grants

52. The draft budget re-states the Scottish Government's planting target of 100,000 hectares of new woodlands between 2012 and 2022 (page 102). This equates to 10,000 hectares per year. Figure 3 shows that this planting target is not being met, and that the annual planting rate is actually falling.

Figure 3: New planting in Scotland (1972-2013)

Source: Committee on Climate Change, March 2014 (page 40).

53. Increased forestry planting is also a policy included in RPP2, with attributable emissions abatement set out for 2013 (15 ktCO\textsubscript{2}e), 2014 (16 ktCO\textsubscript{2}e), 2015 (45 ktCO\textsubscript{2}e), and 2016 (92 ktCO\textsubscript{2}e).

54. Woodland grant funding within the FCS budget enables it to support the private forestry sector’s contribution to the expansion and sustainable management of Scotland's woodlands and is part of the new SRDP. £19.8 million is received in income from the EU to support woodland grants. Therefore, Scottish Government spending on woodland grants is £16.2 million. The FCS told the Committee that around £30m of the £36m woodland grant budget was spent on new planting, with the remaining £6m spent on other projects.
55. The issue of most interest to the Committee, therefore, is whether the tree planting targets are not being met because of a lack of funds, or whether there are other barriers which are preventing the money delivering what it is supposed to be delivering. Again, witnesses differed in their views. The FCS told the Committee that it had not turned down any tree planting application on the basis of a lack of available funding. However, Confor continued to tell the Committee that the money available for tree planting was insufficient, going so far as to call the current budget “pathetic”\textsuperscript{25}.

56. In terms of this year’s budget in particular, the FCS confirmed that there are plans to plant 3,000 hectares in 2015 – perhaps rising to around 5,000 hectares, which would be half of the 10,000 hectare target originally set by the Scottish Government. The FCS argued that, as 2014 has been a transition year in terms of European funding, there has been an impact on planting levels due to a lack of certainty in the industry about future schemes and funding.

57. The Committee also explored whether thought could be given to tenant farmers being eligible for compensation (“waygo”) when leaving a tenancy to recognise the value of trees they had planted. The former Minister, and Jo O’Hara from the Forestry Commission Scotland, said that they would look into this issue further, and ensure it was considered as part of the work of the on-going agricultural holdings legislation review.

58. The former Minister conceded that the planting targets were not currently being met and suggested that the primary barrier was not so much the available budget but rather the availability of suitable land for planting. He told the Committee that planting rates required to be increased between now and 2022 in order to meet the target and said that he would be giving this consideration ahead of the next spending review, and that the recent under-performance in the sector would be taken into account in those considerations. He acknowledged that, given that it takes around 8 to 10 years for planted trees to realise their abatement potential, the lack of planting in recent years would cause problems in the early-mid 2020’s.

59. The Committee expressed concerns in its budget report last year regarding the failure to meet the tree planting targets set out by the Scottish Government and is disappointed to see that planting rates have fallen even further in the last year. The Committee requests an explanation from the Scottish Government as to why the planting targets are not being met and what steps it is taking to address the situation.

60. The Committee was pleased to hear the former Minister’s acknowledgement of some of the problems in this budget, and his commitment to review forestry expenditure in the next spending review period. The Committee urges the recently appointed Minister for Environment, Climate Change and Land Reform to push as hard as possible to ensure that the forestry budget is increased to a level appropriate to

increase planting levels and ensure that the target of planting 100,000 hectares of trees by 2022 is achieved.

61. **The Committee asks the Scottish Government to provide it with clarification of whether tree planting by tenant farmers could be eligible for waygo payments, and how tree planting by tenant farmers more generally can best be encouraged and facilitated.**

**Forest Enterprise – sale and purchase of land**

62. The Forest Enterprise (FE) line under the FCS budget funds the sustainable management of the national forest estate by FE. In written evidence to the Committee, some issues were raised regarding the transparency and efficiency of this budget. Questions were asked about the FE approach to the purchase and sale of land (and, for example, whether this could be used to encourage new entrants into forestry), and its use of the income it receives from activities such as renewables and deer management.

63. FCS told the Committee that FE analyses the national forest estate to assess the net public benefit of the estate and added that its accounts are published and show all details of disposals, acquisitions and income generated noting, however, that the acquisitions budget is currently £0 due to a lack of sales. FCS stressed that FE manages the estate in the best interests of the people of Scotland.

64. In supplementary written evidence to the Committee, FCS stated that—

“The core income from renewable energy on the National Forest Estate is used directly to support the on-going sustainable management of the estate, covering activities such as provision of recreation infrastructure, environmental improvements and community engagement activities.”

65. The National Forest Land Scheme was highlighted by the FCS in its supplementary submission—

“… a growing number of communities are taking advantage of opportunities under the National Forest Land Scheme to lease land and/or through the unique terms we negotiated with developers to take a direct stake in renewable schemes. For example, the Callander Community Trust has just commissioned their hydro scheme at Stank Burn, Loch Lubnaig and the Mull & Iona Community Trust is about to do the same for their Allt Achadh na Moine.”

66. The FCS also addressed the Committee’s questions on its sale and purchase of land policies in its supplementary written submission. It stated that since April 2013, FE has consulted local Regional Payment Inspection Division (RPID) area offices about the potential purchase of farmland to “seek […] their advice on any likely adverse impacts on agriculture at the local, regional or national scale.” FCS also outlined how, after a land purchase, it engages and works with neighbours and local stakeholders and explained that, following a purchase, the land becomes

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26 Supplementary written submission. Forestry Commission Scotland.
27 Supplementary written submission. Forestry Commission Scotland.
28 Supplementary written submission. Forestry Commission Scotland.
eligible for lease or purchase under the National Forest Land Scheme. In terms of sales, the supplementary submission explains in detail how FE makes communities, local people and other potential buyers aware of sales.

67. However, it was confirmed in oral evidence that for the 45% of sales which take place “off market”, there is no consultation process with neighbours or other interested parties until after the sale has completed, due to issues of confidentiality.

68. As the former Minister told the Committee that a significant barrier to meeting the tree planting targets was the availability of suitable land, it is clear that the disposals and acquisitions operations of the Forestry Commission Scotland and Forest Enterprise are of vital importance in achieving the desired tree planting and subsequent emissions reduction targets.

69. The Committee notes the comments made by the Forestry Commission Scotland that the current budget for acquisitions is £0 due to a lack of land sales, which is concerning given the expressed need to acquire appropriate land for tree planting. The Committee asks the Forestry Commission Scotland to provide information, as a matter of urgency, about how it intends to improve the situation regarding its sale and purchase of land.

70. The Committee also has some concerns about the transparency, accessibility and consultation process surrounding the sales and purchases of Forestry Commission Scotland land by Forest Enterprise. It is vital that this be improved and local communities be as fully integrated and involved as possible. The Committee recommends that the Scottish Government consider the possibility of introducing a clearly defined public interest test to be undertaken in all cases where Forestry Commission Scotland/Forest Enterprise is involved in the sale or purchase of land.

*Tree health*

71. The Programme Costs budget, which is £21m in 2015-16 (unchanged on the previous year), funds, amongst several other schemes, tree health monitoring and surveillance projects.

72. The Committee was told about the importance of monitoring and research work in relation to tree health and several witnesses stated that the budget for tree health issues was not sufficient. Nigel Miller from the NFUS noted that the budget for tree health had not been increased and argued that it should be prioritised given that “we seem to be facing a minor crisis as far as tree diseases go.”

73. In response to the concerns raised, the FCS explained that the money available for tackling tree disease under this budget line was not the totality of funding and resource available, noting that there was hidden expenditure, i.e. money spent on research and other projects that contributed to the general issue of tree health but that is not obvious from looking at the figures as presented.

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74. The then Minister added to this by explaining that some funding for tree health projects in Scotland is provided by the UK Government (approximately £2.5m) and therefore does not appear in the draft budget document. However, he added that the Scottish Government was spending a total of £3m on tree health schemes. The newly appointed Minister, Dr Aileen McLeod, subsequently sent the Committee a comprehensive breakdown of the totality of funds supporting tree health issues in Scotland.

75. The Committee believes, again from both a prioritisation and value for money perspective, that there are justified doubts regarding the sufficiency of the tree health budget. There are well publicised and serious concerns in Scotland at the current time regarding a number of tree and plant diseases and it is therefore important that appropriate funds are dedicated to this issue, particularly in the field of research.

76. The former Minister told the Committee that the draft budget does not give a comprehensive picture of the totality of funds being spent on tree health issues in Scotland and the new Minister subsequently sent the Committee full details of tree health expenditure. As the draft budget does not give a clear, transparent and accessible account of the total spend on tree health issues, the Committee recommends that future budget documents, in the text which accompanies the figures, clearly explain how the draft budget is supplemented by other funds in order that effective scrutiny can be carried out.

SRDP climate measures

77. The Climate Change (Scotland) Act 2009 set a long-term target to reduce emissions of greenhouse gases (GHGs) by 80% in 2050 relative to 1990. It set an interim target to reduce emissions by 42% in 2020 relative to 1990. Secondary legislation set a series of annual emission reduction targets for 2010 to 2022 and 2023 – 2027 respectively. These targets have been missed for the last 3 years. The RPP2 sets out policies and proposals for different sectors which seek to reduce GHG emissions by a stated amount.

78. Within the RAE portfolio, the EU Support and Related Services budget (which is explored in full below) includes a number of lines that could have an impact on climate change, such as Forestry (£1.9m) and the Less Favoured Area Support Scheme (£65.5). However, the most notable of these is the Agri Environment Measures (AME) line (£46.8m in the draft budget, an increase of 7.1% in real terms), which, in 2015-16, includes funding for—

- Legacy payments under the previous SRDP (estimated at £21.8m);
- Peatland restoration (£10m); and the
- Scottish beef package (£15m).

Legacy payments under the previous SRDP

79. Legacy payments under the Land Managers Options and Rural Priorities schemes from the previous SRDP are funded under this AME budget. The
Scottish Government told SPICe that legacy payments are estimated at £21.8 million in 2015-16. Legacy payments will reduce in future years although it unclear by how much they will reduce and therefore how much will be available for the forthcoming Agri Environment Climate Scheme in the new SRDP.

80. In oral evidence to the Committee, stakeholders noted that legacy schemes would continue to positively contribute to climate change mitigation and adaptation measures. However, Vicky Swales from the Royal Society for the Protection of Birds (RSPB) Scotland told the Committee that it was not clear from the way the figures were presented in the draft budget that there would be no new spend until 2016-17 and called for more transparent and clearer presentation of figures in future.

81. The Cabinet Secretary explained that the legacy schemes were those which operate on a multi-year basis, rather than schemes which paid out capital grants as those, by their nature, were short-term and therefore did not carry a legacy element. He subsequently sent the Committee a letter which stated that the Scottish Government commissioned a three year study to monitor the benefits to the natural heritage delivered by agri-environment measures in the 2007-13 SRDP and that the report from that study will be published shortly. He added that the findings of the study were used to inform and improve schemes in the new programme.

82. The Committee acknowledges the requirement for payments to continue for certain previous SRDP schemes which operate on a multi-year basis. The Committee expects the budget for legacy payments to reduce in future years, which will free up money for new schemes. However, in order for the draft budget to be as accessible and transparent as possible, the Committee recommends that the Scottish Government ensures that future budget documents clearly set out the extent of expected SRDP legacy payments within specific budget headings.

Peatland restoration

83. Although no specific figures are given in the draft budget, or the level 4 information, regarding funds available for spending on peatland restoration, the Draft Budget 2015-16 – Details of funding for climate change mitigation measures document confirms that £10m will be allocated from the AME budget line in 2015-16. Some witnesses felt that the draft budget could have been clearer in its presentation and explanation of the money available for peatland restoration.

84. The RPP2 sets out emissions abatement from the proposal of accelerated restoration of degraded peatland of 25 ktCO$_2$e for 2015 and 47 ktCO$_2$e for 2015 and 2016 respectively and states that—

"the cost of an enhanced peatland restoration programme of 6,500 hectares a year is estimated at approximately £5 million per year….if this was to be

tripled to some 20,000 hectares a year, the cost would be around £15 million per year.\textsuperscript{32}

85. In its written submission, the Scottish Wildlife Trust referred to the National Peatland Action plan\textsuperscript{33}, which states that there is an estimated 600,000 hectares of restorable peatland and that a step-change in action is required.

86. Alan Hampson from Scottish Natural Heritage (SNH) told the Committee that by March 2015 £5.7m will have been spent on restoring around 6000 hectares of peatland and he was confident that the £10m in the budget would be spent to best effect. However, the written evidence from SNH stated that “restoration costs vary a lot, so it is not possible to estimate with any accuracy the area that £10m will restore”. Mr Hampson added that money was only part of the resources required and that it was important to build capacity and learn more about the most effective techniques.

87. The Committee noted that, to date, the process is proving to be more expensive than forecast. In response to this, Alan Hampson from SNH said that the RPP2 forecast was based on an average cost of restoring different types of peatland and that work is ongoing to make future projections more precise.

88. In terms of possible barriers which may be preventing people engaging with peatland restoration projects, RSPB Scotland told the Committee that some land managers may not be incentivised to tackle the issue due to a fear of losing funding for other activities. The Committee also explored whether there is scope in the SRDP budget for communities to become involved in restoring raised peat bogs, and SNH explained that such involvement depended on the willingness of communities to get involved and the incentives for them to do so, adding that the SRDP cooperation fund may be a source of funding to help with this.

89. The Committee discussed whether additional money, outwith the SRDP budget, could be used to help with peatland restoration. In his written submission, Clifton Bain from the International Union for Conservation of Nature (IUCN) recommended that public/private initiatives be explored. Witnesses also raised the issue of the money saved by the cap on Pillar 1 payments which is part of the new CAP. Any money saved by the cap must be spent in pillar 2 schemes, so could, theoretically, be channelled into peatland schemes. However, the NFUS cautioned that it did not expect that the cap would generate a significant sum of money.

90. The former Minister confirmed that he hoped that the £10m in the draft budget would help to lever in additional funds from the private and third sectors and that good progress was being made. However, he added that, as with the issues facing the forestry sector, there was a significant challenge in developing the scale of sites required to deliver the targets set out in RPP2. He added that the biggest lesson he had learnt so far was that restoration was not just about the money invested but rather understanding the capacity building and tools required and developing an awareness of the benefits of restoration.

\textsuperscript{32}  
\textsuperscript{33}
91. The former Minister also confirmed that currently there was no available accurate picture of the impact current and future restoration work would have on carbon abatement and that work was being undertaken to assess that.

92. The Committee believes that prioritising spending on peatland restoration will deliver better value for money and carbon abatement in the years to come. The Committee notes that projects are at an early stage and lessons are still being learnt on how best to roll out the work over a larger scale. In terms of achieving value for money, the Committee is concerned that the Scottish Government does not currently have an accurate picture of the likely effectiveness of its spend on peatland restoration. The Committee therefore recommends that priority be given to research on this so that future spending decisions can be made based on proof of what will be most effective. This research must include long-term monitoring of carbon sequestration calculated from a base line and is required as soon as possible so that shorter and longer term measurements of the effectiveness of rewetting can be accurately assessed.

93. Work to date would appear to suggest that peatland restoration is proving more expensive than originally estimated and also that lessons are still being learnt about what is required in terms of capacity building, techniques and research to deliver the restoration and abatement levels set out in the RPP2. The Committee therefore recommends that the Scottish Government take stock and carefully examine the barriers to engaging land owners and managers, acquiring sites, and delivering the desired outcomes. The Committee also would like to see real measurable progress in levering in additional funds to support the money available in the budget and recommends that next year’s budget document provides an update on progress on this in the accompanying text so that a more comprehensive picture is presented of total spend on peatland projects.

Scottish Beef Package

94. The beef package under the SRDP has been allocated £45m over the 2014-20 period. The draft budget states that a beef package is included “in support of our agri-environment”. The Scottish Government has said it has a budget of £15 million in 2015-16. The Beef 2020 Review Report34, which was produced by an industry working group, chaired by Quality Meat Scotland chairman Jim McLaren, at the request of the Cabinet Secretary, states that “Agriculture and ruminants in particular make a significant contribution to such emissions and the beef industry will be looked upon to make its fair contribution to these targets”.

95. In its written submission, RSPB notes that an apparent contradiction in that the Beef 2020 report sets out the aim to reduce the carbon footprint of meat produced but also argues for an increase in production in the sector. RSPB states that an increase in production, even if more carbon efficient, would do little to reduce overall GHG emissions and asked for further information on how the scheme would work in practice.

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96. The Cabinet Secretary explained that there was a great deal of waste currently in livestock production, so the aim of the beef package was to improve efficiency from the same number of animals, which would help the environment and reduce emissions, as well as improving outputs. He described this as achieving a win-win.

97. The Committee has seen first-hand the positive benefits which can be derived from greening livestock management to reduce carbon emissions when it visited the Green Cow project near Edinburgh and is supportive of the aims of the new Scottish Beef Package. The Committee was encouraged to hear the Cabinet Secretary outline the aim of the scheme which is to improve efficiency of existing livestock numbers. It is important that this scheme is carefully monitored and evaluated in order to assess the value for money derived and the Committee therefore recommends that next year’s budget includes details of the effectiveness of the spend to date.

98. The issue of anaerobic digestion and anecdotal problems, in some parts of Scotland, of difficulties in connecting to the national grid was raised with the Cabinet Secretary. He told the Committee that this was a reserved issue and that representations had been made on this to the UK Government.

99. The Committee recommends that the Cabinet Secretary continue to press the UK Government on the issue of anaerobic digestion and connection to the national grid and update the Committee on progress.

Less Favoured Area Support Scheme

100. The Less Favoured Area Support Scheme (LFASS) has been allocated £65.5 million in the draft budget for 2015-16. The present scheme is going to move through a transition in this period of the CAP which will see LFASS replaced by an Areas of Natural Constraint Scheme.

101. The Committee is aware of a long-standing debate regarding the effectiveness of LFASS, with some believing that is necessary to ensure support is given to those farming on poorer quality land and in more challenging conditions, whilst others are of the view that the current scheme is not effective and does not deliver support to those most in need. Evidence to the Committee on this issue continued to highlight tensions about the size and effectiveness of the LFASS budget with some witnesses also questioning whether the support provided under the scheme should be more explicitly linked to delivering climate and environmental benefits.

102. In terms of the contribution LFASS makes to helping to reduce emissions in agriculture, the Committee heard evidence that High Nature Farming (HNV) systems (i.e. low intensity farming systems, often in more challenging parts of the country, which benefit the environment) often have lower inputs, lock up carbon, and are more resilient to the impacts of climate change.

103. The Cabinet Secretary said he was sympathetic to looking at a possible revision of the scheme ahead of the transition to the new programme. He also added that he felt recent changes had been made to better target the money to those most in need.
104. The Committee acknowledges the differences of opinion on whether the LFASS budget is appropriate, in terms of its size and effectiveness and in terms of how the money is targeted and the outcomes it delivers. The Committee firmly believes that High Nature Value farming systems, which are extensive and low-intensity, have a vital part to play in Scotland contributing to food production, sustaining rural economies, mitigating the effects of climate change and benefiting wildlife and the environment. The concept of LFASS is therefore a good one, but it is clear that some stakeholders questioned whether it could be improved to deliver all of its desired outcomes. The Committee believes that the transition from LFASS to its successor Areas of Natural Constraint scheme affords the Scottish Government the perfect opportunity to review the fund to ensure that lessons are learned and the new scheme delivers on all of its desired outcomes, including demonstrating a better link between the support provided and climate change and environmental objectives, whilst continuing to sustain fragile rural communities.

Farming for a Better Climate

105. The Farming for a Better Climate (FFBC) budget for 2015-16 of £0.4m is funded under the Environmental and Rural Services budget, from the Agricultural and Horticultural Advice and Support line. RPP2 states that the scheme is expected to deliver emissions reductions of 75 ktCO$_2$e in 2015 and 87 ktCO$_2$e in 2016.

106. The FFBC scheme was launched in 2010 to provide advice to farmers about the measures they could take to reduce emissions and adapt to the impacts of climate change. In May 2014, the Scottish Government announced that additional funding had been allocated to increase the number of Focus Farms participating in FFBC from four to eight.

107. Stakeholders seemed supportive of this scheme in evidence to the Committee but some, such as the RSPB, felt the budget was insufficient and questioned whether the current reliance on voluntary measures would be successful in delivering the degree of buy-in required from Scotland’s farmers to achieve the desired outcomes. Davy McCracken from the SRUC noted that the FFBC scheme was a step on the way to achieving significant emissions reductions in agriculture. Whilst accepting that it was a relatively small scheme financially, he noted that evidence was increasing on its effectiveness and that it would be easier to evaluate half way through the current new phase. Andrew Bauer from the NFUS added that whilst the FFBC budget was relatively small, there was money from other budgets that will support this by funding FFBC type activity and help to deliver the objectives of the scheme.

108. The Cabinet Secretary told the Committee that ahead of any measures becoming mandatory, it was important to make sure that they were right for Scotland and tailored to Scottish conditions.

109. The Committee supports the principles of the Farming for a Better Climate programme, and has seen the positive benefits which can be delivered in the visits it has made to some of the monitor farms. However, the Committee expressed concerns, in its budget report last year, about the
difficulty in assessing the value for money the scheme is delivering in terms of greening agriculture. In the past year the Committee has seen more evidence of the contribution the programme can make, and in some cases, is making and therefore welcomes the extension of the number of monitor farms from four to eight.

110. However, as the Committee recently stated in its letter to the Minister for Environment, Climate Change and Land Reform, on climate change issues, the Committee has concerns as to whether the current voluntary approach to introducing measures which will truly green agriculture, and which form part of the FFBC programme, will be effective enough to deliver the levels of buy-in and carbon abatement required. The Committee therefore believes that mandatory measures must be considered if robust, systematically gathered, evidence demonstrates that the voluntary approach is not working.

COMMENT ON OTHER RAE BUDGET LINES

EU Support and Related Services

111. The EU Support and Related Services budget supports primary production in the arable and horticulture sectors and the implementation of the CAP the total draft budget is £660.5m. However, £488.2m of this comes from the EU, with the remaining £172.3m (or £169.6m in real terms) funded by the Scottish Government. SPICe produced a helpful infographic35 to illustrate spend under this budget line.

112. This budget sees the most significant changes planned for 2015-16, compared to spend in 2014-15 and the predicted spend in last year’s draft budget document. EU income has fallen by £73.3 million (14.4% in real terms) on 2014-15, from £561.5 million to £488.2 million.

113. The Rural Enterprise and Communities budget lines both decrease dramatically as they contain only residual funds as both schemes were funded from the previous SRDP and have now closed.

114. The Committee asked the Cabinet Secretary how activities funded by those schemes would be supported in the new programme. The Cabinet Secretary and his officials explained that the SRDP has been rearranged and that activities such as rural leadership and other enterprise and community projects would be supported from other budget lines, such as Leader and the knowledge transfer budgets. It was explained that there required to be some reduction in capital expenditure due to the tight CAP budget settlement and that the money available would be focussed on areas such as new entrants, crofters, and slurry stores.

115. The Committee notes the adjustments to the SRDP budget, with some schemes coming to an end and support for various activities being rearranged under different budget headings. The Committee also notes the reduction in capital expenditure and the reasons given for targeting the capital budget that is available. It is too early in the roll out of the new CAP
and SRDP for the Committee to be able to effectively scrutinise the overall value for money of the new CAP and SRDP and the Committee will therefore pay close attention to this next year.

**CAP Futures Programme**

116. The EU Support and Related Services budget includes the funding which will support the CAP Futures Programme which is the IT and business change programme which will implement Common Agricultural Policy reforms in Scotland. The main funding comes from the CAP Compliance Improvements and the Technical Assistance budget lines.

117. This is of particular interest to the Committee as it has taken a great deal of evidence on the CAP and SRDP in this session and heard many people complaining of the complexities and bureaucracy of the previous systems. The Committee has previously stated its desire that the new CAP and SRDP be made as simple, and stripped of as much complexity and bureaucracy, as possible.


119. The report states that the CAP futures programme is important as—

“The Scottish Government has estimated that it could incur costs of up to £50 million per year if the IT system failed to deliver the requirements of CAP reform, with risks to future EU funding if payments are not made in accordance with the EC regulations.” 37

120. The report highlights—

- overall cost increases from the original estimate of £88 million (in December 2012) to the latest estimate of £137.3 million;
- one of the main technical areas (a mapping component) will not be included when the programme is initially implemented; and
- other parts of the plan will not happen, such as the introduction of mobile technology for field staff.

121. The report concludes that delivery of the CAP Futures Programme will carry significant risk right up until implementation and beyond. Audit Scotland states in the report that it intends to review progress in future reports.

122. The Scottish Government highlighted this project as a “significant internal control issue” 38 in its Consolidated Accounts 39, stating—

“The Programme has proved significantly more complex and challenging than anticipated ... Extensive action has been taken to assist with the programme delivery but this work will carry a level of risk up to implementation.”

123. The Scottish Parliament’s Public Audit Committee took oral evidence\textsuperscript{41} from the Auditor General for Scotland on this issue on 8 October 2014, and on 19 November\textsuperscript{42} it heard from Scottish Government officials. Audit Scotland also submitted supplementary written evidence\textsuperscript{43} to the Public Audit Committee on 17 November 2014.

124. The Cabinet Secretary told the Committee that the Scottish Government was learning lessons from the implementation of the previous CAP and SRDP, and that this time, local area offices would have an important role to play. He explained that the new IT system was a very important part of the implementation and that he had met with the company delivering the new system and was paying very close attention to the ongoing work. He also confirmed that the Government was on track to make payments on time. He and his officials confirmed that the priority was very much on making sure the system was up and running for payments to be made on time. He confirmed the focus would move to other parts of the project, such as the extension of the use of mobile technology for field staff, and the improvement of the mapping systems which would allow amendments to land boundaries and designations to be made online. The Committee was told that these aspects had been deferred in order to de-risk the programme and maximise the chances of making payments on time.

125. The Committee fully supported the Scottish Government’s desire to ensure that the new CAP and SRDP were simpler and more easily accessible than their predecessor schemes. However, the Committee is concerned that this has not been realised in the design of the new schemes. It is essential that the required IT and other administrative support systems are in place, and have been fully tested, to ensure these are robust, in good time for payments to be made to those who depend on them for their livelihoods, and in order for the many outputs which depend on the payments to be delivered.

126. The report from Audit Scotland is therefore extremely concerning, both in terms of the escalating costs and the parts of the programme which will now not be delivered to their original timescales. The Committee is pleased to note that the Public Audit Committee is taking a keen interest in this issue and is set to receive an update on progress, following its evidence-taking, in 2015. The Committee recommends that every effort be made to ensure that

\textsuperscript{43} Supplementary written submission to the Public Audit Committee, Audit Scotland.
payments are made on time, and also to then realise all other aspects of the CAP Futures Programme as soon as possible. The proof of the pudding will be in the eating, and the Committee will wait to see how successful the roll out of the new system is and may return to this issue before the end of the session.

OTHER ISSUES

Carbon Assessment of the 2015-16 Draft Budget

127. The Committee received written evidence\textsuperscript{44} from SEPA on the Carbon Assessment of the 2015-16 Draft Budget. The Carbon Assessment is required under the Climate Change (Scotland) Act 2009. The Carbon Assessment sets out the impact that the Government’s spending plans will have on greenhouse gas emissions.

128. The 2009 Act limits the scope of the carbon assessment to the emissions resulting from the purchase of goods and services. In its written submission SEPA outlines two areas which are, therefore, omitted from the Assessment—

- emissions caused by expenditure (i.e. those resulting from ongoing use of goods and services); and
- a lack of read-across between the Carbon Assessment and documents which underpin the delivery of climate change targets, such as the RPP and adaptation programme.

129. SEPA’s submission also makes the following comments on the Carbon Assessment—

- that carbon emissions reductions should be pursued in all Government expenditure;
- it welcomes the inclusion of imported emissions;
- that emissions have risen by 4.8% compared to the required annual reduction required to meet climate change targets of 2.2%; and
- that perverse outcomes must be avoided, i.e. Government expenditure in one area which may adversely affect otherwise positive impacts in another area (such as development on deep peat soils).

130. SEPA also notes that the RAE portfolio actually has the highest emission levels per pound of expenditure of all the Government portfolios. In addressing this SEPA states—

“There should be a clear demonstration of what steps Scottish Government is taking to reduce such relatively high emissions in areas where it directly controls the budgets and the projects these fund. This could include an expansion of carbon reduction activity in Scotland’s farms.”\textsuperscript{45}

\textsuperscript{44} Written submission, SEPA.
\textsuperscript{45} Written submission, page 2, SEPA.
131. Addressing this issue, the then Minister spoke to the Committee, as he had done previously, about the macroeconomic model that the Scottish Government is currently developing to assess various aspects of spending on climate change issues and said he hoped this would inform future budget decisions and the next RPP. He added that by 2050 the agriculture sector would be responsible for a significant part of remaining emissions and pointed to schemes discussed elsewhere in this report, such as the FFBC and carbon audit schemes, as policies that were being pursued to tackle this issue. It was noted that a voluntary approach is currently being pursued with regard to many of these measures but that mandatory measures may be required should robust evidence shows insufficient progress is being made in the industry.

132. The Committee notes the fact that the RAE portfolio has the highest emissions levels per pound spent of all Scottish Government portfolios. There is a clear requirement to reduce emissions across the RAE portfolio and the Committee therefore recommends that the Scottish Government set out, in its response to this report, how it intends to achieve that and to outline whether it has any targets for this reduction over the coming years.

133. As the Committee recently stated in its letter to the Minister for Environment, Climate Change and Land Reform regarding Scotland’s climate change targets, and as it has stated elsewhere in this report, it believes that taking measures aimed at reducing emissions on farms mandatory should be considered prior to the mid-term review of the CAP in 2017 if robust evidence shows that voluntary measures are not being taken up and having the required effect.

Equalities

Approach

134. The Committee examined the RAE draft budget to assess equalities impacts and any inequalities it may cause for any groups in Scotland’s population, particularly in relation to the nine protected characteristics set out in the Equality Act 2010. The Committee also scrutinised the RAE section of the Scottish Government’s Equality Statement on the budget.

135. The Committee was keen to ensure that the challenges faced by different age groups in rural areas, and the funding of their access to services such as health care, transport and education, were not overlooked. However, as funding for such areas is not within the RAE portfolio, and given that the Infrastructure and Capital Investment (ICI) Committee is focussing its own scrutiny of the draft budget on some related issues, the Convener wrote\(^{46}\) to the ICI Convener on 8 October 2014 to ask that consideration be given to including the issue of age in rural areas as part of the ICI Committee’s budget scrutiny.

Equality Statement – background and SRDP

136. The 2014 Equality Statement states that the 2014-15 statement’s assessment\(^{47}\) of the 2015-16 spending plans remains current apart from updates, which are listed. The main part of the update of the RAE section relates to the SRDP and states that the SRDP “has been assessed as positively impacting on equality groups”\(^{48}\) in the following ways—

- whilst farmers are generally male, older and white, SRDP funding such as the New Entrants Scheme is vital in assisting young people, and encouraging young women in particular, to make agriculture an attractive career choice and maintain populations in rural communities;

- together with other funding, the SRDP provides funding for business support, skills training, social inclusion/local development and advice which helps with employment opportunities and to tackle poverty, inequality and deprivation in rural areas; and

- LEADER programmes will include a new requirement that all Local Development Strategies should include information on how equality issues will be addressed and inequalities overcome as part of their funding to 2020.

137. The Equality Statement also updates progress on three commitments that the RAE portfolio made in the Equality Statement 2014-15—

- improving equality data;
- publication of an evidence based review in 2014 of equality groups in rural Scotland to establish baseline data; and
- to carefully consider equality issues in the design of the monitoring and evaluation framework of the new SRDP.

138. The review mentioned in the second of the commitments above highlighted specific issues for young people and women in finding employment in rural areas which the statement states influenced thinking on the development of the SRDP.

139. The statement finally goes on to outline three further equality improvements—

- to ensure that the new IT systems to support the new CAP will help rural stakeholders apply for SRDP funding;
- to ensure that LEADER Local Action Groups report on the success of LEADER in increasing opportunities for equality issues to be addressed in rural areas; and
- to work with other portfolios to better understand the impact of climate change on people with protected characteristics in rural areas (discussed in more detail below).


140. The Cabinet Secretary confirmed that changes had been made to the SRDP as a result of its equality assessment work, such as ensuring that new entrants will receive support and will be on an even-footing with more established farmers as soon as possible. He added that there was also a strong equalities focus on the roll out of the new CAP and SRDP and the implementation of the supporting Futures Programme (discussed above). He noted that the new IT systems would not preclude paper applications being able to be made, and that local offices would have a bigger role in supporting applicants. There was specific mention of working with dyslexic farmers and the Government working with the NFUS to assess the support needed and the best way to deliver that, and to take account of it in the available advisory service.

141. The Committee welcomes the more detailed information contained in the Equality Statement, which outlines updates, progress, and improvements required. The Committee asks the Scottish Government to provide an update in spring 2015 of progress on the three identified areas of improvement.

142. The CAP and SRDP provide a large amount of public subsidy which will impact equalities groups across Scotland in a variety of ways. The Committee is therefore encouraged by the amount of work which has gone into both equalities-proofing the new schemes and assessing areas where further improvements and support can be given. It is also important that those applying for the funding be given the support required to enable them to do so and in that regard the Committee was pleased to hear of the work the Government is undertaking to support applicants that are dyslexic.

Equality Statement – climate justice

143. The Equality Statement states that—

“In response to evidence that some disadvantaged groups are more vulnerable to the effects of climate change and benefit less from certain policy responses, we will work with other portfolios to develop the evidence base to better understand domestic climate justice, specifically the impact of climate change on people with protected characteristics in rural areas.”

144. The former Minister said he had commissioned research on the exposure of individuals to flood risk, which included specific consideration of the relationship between income and other inequalities and flood risk. He also told the Committee that more emphasis was now being put on funding research on this issue, working with universities and groups such as ClimateXChange, so that it could inform future policy making and decisions.

145. The Committee has undertaken work on both how we adapt and change behaviours in relation to climate change, and is conscious of the need to understand the impacts of climate change on different groups of society, including those protected under equalities legislation. The Committee was therefore encouraged to hear the former Minister tell the Committee that the consideration of climate justice issues was increasing domestically and to

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hear the examples he gave of research being undertaken. Whilst welcoming the work commissioned on flood risk, the Committee recommends that the Scottish Government ensure that this is the beginning, not the end, of research work on the impacts of climate change on equality groups across all portfolios, and looks forward to an update on progress in the next equality statement.

Equality Statement – use of the outdoors
146. The Committee considered what the improved equalities data show with regard to use of the outdoors, and how organisations like SNH take these data into account when making spending plans.

147. The former Minister told the Committee of the additional work which goes into outdoors projects managed by the Government and/or its agencies to ensure that they are accessible to all ages and abilities, adding that SNH is improving the data in that area. He noted that, whilst the overall statistics showed improvement on last year, participation was lower in certain social and economic groups and that a significant reason people did not access the outdoors was because of poor health and suffering from age-related conditions. The Minister said there was a need to continue to do more on this issue.

148. The Committee commented on this issue in its budget report last year, stating—

“The Committee recommends that the Scottish Government, as part of its work to provide more transparent links between the National Performance Framework and the budget in future, also provide a more explicit link between the National Performance Framework and equalities issues.”

149. The Committee does not believe that this has been done sufficiently and encourages the Scottish Government to “do more”, as the previous Minister stated.

New entrants to forestry
150. In written evidence to the Committee, the Forest Policy Group outlined the need for opportunities to be created to encourage people who, and sectors of society which had been effectively excluded from forestry to become involved. The FPG recommended that this be included in the draft budget in a similar way to new entrants into farming.

151. The former Minister told the Committee that there was not currently an equivalent new entrant scheme for forestry, as compared to farming, and that more work could be done on encouraging new entrants into forestry and possibly facilitating support. Supporting the then Minister, Jo O’Hara from the FCS told the Committee about its work with the Scottish Woodlot Association, which provides

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opportunities for people to lease woodlands, and also outlined the FCS work on breaking up larger pieces of land for sale into smaller lots, which may help make them more manageable for individuals and communities. The National Forest Land Scheme, which gives communities and NGOs the opportunity to buy or lease National Forest Estate land, was also given as an example of an existing project aimed at getting new entrants into the industry.

152. In supplementary written evidence, the newly appointed Minister, Dr Aileen McLeod, outlined details of the FCS youth employment skills training programme which, she stated, had given 500 young people hands-on training in the woodland environment over the last three years. Of those, half had moved on to employment, further education or training, and a third had entered paid employment.

153. The Committee agrees with stakeholders that there is scope for more to be done to encourage new entrants into the forestry industry in terms of ownership as well as leasing. The Committee requests that the Scottish Government provide it with details of how it intends to achieve this over the coming months and how it can be supported from this budget.

154. The Committee welcomes the opportunities that have been given to some 500 young people as part of the Forestry Commission Scotland youth employment skills training programme. The Committee recommends that the Scottish Government work with the FCS to maintain and extend this programme, and then use it as the basis for examining the possibility of such apprenticeship schemes for young people in other parts of the RAE portfolio (such as farming, fishing, and other land management and environmental activities).
ANNEXE A: EXTRACT FROM THE MINUTES OF THE RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE

RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE

MINUTES

27th Meeting, 2014 (Session 4)

Wednesday 5 November 2014

The Scottish Government’s Draft Budget 2015-16: The Committee took evidence from—

Jamie Farquhar, Scotland National Manager, ConFor;
Willie McGhee, Founder member and Management Committee member, Forest Policy Group;
Jo O’Hara, Deputy Director, Forestry Commission Scotland, Scottish Government;
Nigel Miller, President, National Farmers Union Scotland;
Jim Colchester, Head of Forestry, Buccleuch Estates.

RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE

MINUTES

28th Meeting, 2014 (Session 4)

Wednesday 12 November 2014

The Scottish Government’s Draft Budget 2015-16: The Committee took evidence from—

Andrew Bauer, Deputy Director of Policy, National Farmers Union Scotland;
Alan Hampson, Programme Manager, Land and Freshwater, Scottish Natural Heritage;
Lyn White, Agricultural Development Manager, Soil Association Scotland;
Davy McCracken, Professor of Agricultural Ecology and Head of Hill and Mountain Research Centre, Scotland’s Rural College;
Vicki Swales, Head of Land Use Policy, RSPB Scotland;

RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE

MINUTES

29th Meeting, 2014 (Session 4)

Wednesday 19 November 2014

The Scottish Government’s Draft Budget 2015-16: The Committee took evidence from—
Paul Wheelhouse, Minister for Environment and Climate Change; Jo O’Hara, Deputy Director, Forestry Commission Scotland, Scottish Government; John Ireland, Deputy Director of Low Carbon Economy Division, Scottish Government; Neil Ritchie, Branch Head, Natural Assets and Flooding, Scottish Government.

RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE
MINUTES
30th Meeting, 2014 (Session 4)
Wednesday 26 November 2014
The Scottish Government’s Draft Budget 2015-16: The Committee took evidence from—
Richard Lochhead, Cabinet Secretary for Rural Affairs, Food and the Environment; David Barnes, Deputy Director, Agriculture and Rural Development, Scottish Government; Linda Rosborough, Director, Marine Scotland, Scottish Government; Jonathan Pryce, Director Rural and Environment, Scottish Government.

RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE
MINUTES
31st Meeting, 2014 (Session 4)
Wednesday 3 December 2014
Decision on taking business in private: The Committee agreed to consider its draft Budget 2015-16 report in private at future meetings.

RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE
MINUTES
32nd Meeting, 2014 (Session 4)
Wednesday 10 December 2014
The Scottish Government’s Draft Budget 2015-16 (in private): The Committee considered a draft report to the Finance Committee and agreed to consider a revised draft at its next meeting.

RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE
MINUTES
The Scottish Government’s Draft Budget 2015-16 (in private): The Committee agreed its report to the Finance Committee.
ANNEXE B ORAL EVIDENCE AND ASSOCIATED WRITTEN EVIDENCE

27th Meeting 2014 (Session 4), Wednesday 5 November

ORAL EVIDENCE

Jamie Farquhar, Scotland National Manager, ConFor
Willie McGhee, Founder member and Management Committee member, Forest Policy Group
Jo O’Hara, Deputy Director, Forestry Commission Scotland, Scottish Government
Nigel Miller, President, National Farmers Union Scotland
Jim Colchester, Head of Forestry, Buccleuch Estates

28th Meeting 2014 (Session 4), Wednesday 12 November

Andrew Bauer, Deputy Director of Policy, National Farmers Union Scotland
Alan Hampson, Programme Manager, Land and Freshwater, Scottish Natural Heritage
Lyn White, Agricultural Development Manager, Soil Association Scotland
Davy McCracken, Professor of Agricultural Ecology and Head of Hill and Mountain Research Centre, Scotland’s Rural College
Vicki Swales, Head of Land Use Policy, RSPB Scotland

29th Meeting 2014 (Session 4), Wednesday 19 November

Paul Wheelhouse, Minister for Environment and Climate Change
Jo O’Hara, Deputy Director, Forestry Commission Scotland, Scottish Government
John Ireland, Deputy Director of Low Carbon Economy Division, Scottish Government
Neil Ritchie, Branch Head, Natural Assets and Flooding, Scottish Government

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Richard Lochhead, Cabinet Secretary for Rural Affairs, Food and the Environment
David Barnes, Deputy Director, Agriculture and Rural Development, Scottish Government
Linda Rosborough, Director, Marine Scotland, Scottish Government
Jonathan Pryce, Director Rural and Environment, Scottish Government

SUPPLEMENTARY WRITTEN EVIDENCE

Aileen McLeod, Minister for Environment, Climate Change and Land Reform

ANNEXE C LIST OF OTHER WRITTEN EVIDENCE

SUBMISSIONS RECEIVED IN RESPONSE TO CALL FOR VIEWS

- Confor (229KB pdf)
- Dr David Connolly (159KB pdf)
- Forest Policy Group (214KB pdf)
- Forestry Commission Scotland (86KB pdf)
• IUCN UK Peatland Programme (121KB pdf)
• NFU Scotland - forestry (69KB pdf)
• NFU Scotland - SRDP climate measures (73KB pdf)
• NFU Scotland - supplementary written evidence (317KB pdf)
• RSPB Scotland - forestry (160KB pdf)
• RSPB Scotland - SRDP climate measures (234KB pdf)
• SCVO (106KB pdf)
• SRUC (144KB pdf)
• SEPA (120KB pdf)
• Scottish Natural Heritage (96KB pdf)
• Scottish Wildlife Trust (258KB pdf)
• Soil Association Scotland (242KB pdf)

SUPPLEMENTARY WRITTEN EVIDENCE..............................................................

• Paul Wheelhouse, Minister for Environment and Climate Change