



OFFICIAL REPORT
AITHISG OIFIGEIL

Environment, Climate Change and Land Reform Committee

Tuesday 19 December 2017

Session 5



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ENVIRONMENT, CLIMATE CHANGE AND LAND REFORM COMMITTEE
33rd Meeting 2017, Session 5

CONVENER

*Graeme Dey (Angus South) (SNP)

DEPUTY CONVENER

*John Scott (Ayr) (Con)

COMMITTEE MEMBERS

- *Claudia Beamish (South Scotland) (Lab)
- *Donald Cameron (Highlands and Islands) (Con)
- *Finlay Carson (Galloway and West Dumfries) (Con)
- *Kate Forbes (Skye, Lochaber and Badenoch) (SNP)
- *Richard Lyle (Uddingston and Bellshill) (SNP)
- *Angus MacDonald (Falkirk East) (SNP)
- *Mark Ruskell (Mid Scotland and Fife) (Green)
- *Stewart Stevenson (Banffshire and Buchan Coast) (SNP)
- *David Stewart (Highlands and Islands) (Lab)

*attended

THE FOLLOWING ALSO PARTICIPATED:

- Graham Black (Marine Scotland)
- Keith Connal (Scottish Government)
- Roseanna Cunningham (Cabinet Secretary for Environment, Climate Change and Land Reform)
- Neil Ritchie (Scottish Government)

CLERK TO THE COMMITTEE

Lynn Tullis

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Environment, Climate Change and Land Reform Committee

Tuesday 19 December 2017

[The Convener opened the meeting at 09:45]

Decision on Taking Business in Private

The Convener (Graeme Dey): Welcome to the 33rd meeting of 2017 of the Environment, Climate Change and Land Reform Committee. Before we move to the first item on the agenda, I remind everyone present to switch off mobile phones and other electronic devices as they might affect the broadcasting system.

The first item on the agenda is for the committee to decide whether to take in private item 3 and consideration of our draft budget 2018-19 report at any future meetings. Do we agree to do so?

Members *indicated agreement.*

Draft Budget Scrutiny 2018-19

09:45

The Convener: The second item of business today is evidence on the Scottish Government's draft budget 2018-19. We will hear from Roseanna Cunningham, the Cabinet Secretary for Environment, Climate Change and Land Reform, and Scottish Government officials Keith Connal, who is the deputy director of natural resources, Linda Pooley, who is the deputy director of the rural and environment sciences and analytical services division, and Neil Ritchie, who is the branch head of the environmental quality division. We also have Graham Black from Marine Scotland.

As you will anticipate, cabinet secretary, we have a number of questions for you. Donald Cameron will kick off.

Donald Cameron (Highlands and Islands) (Con): I will begin by asking a very general question around priorities. Cabinet secretary, what is your view on the relative priority that has been given to financial support for your portfolio over recent years?

The Cabinet Secretary for Environment, Climate Change and Land Reform (Roseanna Cunningham): Do you mean in global terms?

Donald Cameron: I mean in terms of the Government's priorities in relation to your portfolio.

Roseanna Cunningham: I am sorry, but I am not really understanding what you are looking for. Obviously, our overall portfolio budget has gone up. There is more money in the climate change budget and we have to roll out land reform actions, which has required allocation of further funding for the register of controlling interests. I am looking at Neil Ritchie as I say this, but I think that there is also extra money going into some of the flood management work that the Scottish Environmental Protection Agency does. In terms of how I see portfolio priorities, I think that that is reasonable.

Climate change is obviously the biggest thing, or one of the biggest things, facing the Government at the moment. It is not entirely embedded in my portfolio; there are actions right across the portfolios on climate change. We are always conscious of flood risk, which of course is often related to climate change issues. The actions that result from the Land Reform (Scotland) Act 2016 are an absolute requirement and so must be prioritised as they have been. I am content with those things.

Do I think that it would be great to have more money? Absolutely, I do, but in terms of where we are, and given that we have had a modest

increase in the overall portfolio budget, I am fairly content.

Donald Cameron: I want to come on to land reform in a moment. Is there a method by which decisions for spend are made?

Roseanna Cunningham: Again, are you asking me whether there is a method within the portfolio?

Donald Cameron: Yes.

Roseanna Cunningham: I have, to a certain extent, already indicated where we have seen increases. That relates to how we view current priorities and challenges, but there is no mathematical formula for that. A considerable part of the budget is absolutely fixed for staff across the various bodies, including Scottish Natural Heritage, SEPA and Marine Scotland: that is a given. The amount that we have that is free budget, if you like, is much smaller.

There is no mathematical formula that comes into play that works out across the board. I have conversations with the Cabinet Secretary for Finance and the Constitution about how we would manage the situation if he was looking for savings. In fact, we have had a modest increase across the portfolio. I therefore think that, given everything, we have done well—and I do not want to poke the bear.

Donald Cameron: You spoke about “fixed” areas and “free” areas. Are there any areas that you see as being sacred, if you like? Are there core areas of budget that must be protected?

Roseanna Cunningham: That is a difficult question, because things can change at any time. Fifteen years ago, you would probably not have had somebody sitting here saying that climate change was an absolutely core area—but here we are, and it is. Decisions that are made in one year, or even in one decade, are subject to change. From my perspective, in terms of the way the overall portfolio works, protecting the money that goes to dealing with flooding is absolutely essential. We have got to a pretty good place, having passed the Flood Risk Management (Scotland) Act 2009, in how management of all of that works. That funding has to be protected at all costs: I would never want a diminution in the amount of money that goes to flood management, because it is really important.

Climate change is increasing in importance, and I expect it to be an increasing pressure. However, as I said, it is a pressure that is borne right across Government—not only in my portfolio. Once we have rolled out what is required by the Land Reform (Scotland) Act 2016, there might be an interesting discussion to be had about where what I would then see as freed-up money goes, but I would like it to stay in the land sector in some

shape or form. There will be things whose priority will increase that will make the conversation slightly different, which might be for a future evidence session.

Donald Cameron: We have seen in the past week what might be described as a Scotland-specific approach to taxation. The Scottish Fiscal Commission’s forecasts on productivity and growth over the next five years do not paint a particularly optimistic picture. Given those things, will you take a different approach to managing resources in respect of contingency planning if there is less certainty around the funding amounts that might be available?

Roseanna Cunningham: All the different groups within the portfolio—SNH, SEPA and all the rest—have their own mechanisms for considering contingency planning. I have already said that I think that climate change will be an increasing pressure, so we will always have to ensure that dealing with that is well funded, but you are asking me about a much bigger budget issue, on which I am not confident about responding. I do not know whether any of the officials feel that the question is one that they can more usefully answer. It may be about funding a bit above the level where we are; it may be one for the Cabinet Secretary for Finance and the Constitution to deal with.

Donald Cameron: Do any of the officials want to answer on contingency planning in their areas?

Graham Black (Marine Scotland): We are all always doing contingency planning, and we can always see that money could go up or down depending on priorities and particular demands. We also all look at the longer term—on, for example, charging—in order to try to balance out some of the longer-term pressures that we might face. Contingency planning is always part of what we do: I do not think that we are in a different position now from where we have been.

The Convener: I guess that the biggest contingency planning exercises are around Brexit, at the moment.

Roseanna Cunningham: That contingency is almost impossible to plan for right now—certainly, in terms of cost. We are all confronting that. I dare say that it will come up in relation to various parts of this morning’s evidence. Certainly, much of what we do in my portfolio involves funding from European sources. At the moment, there is simply no answer to the question what will happen when that funding ceases.

The Convener: We will discuss Brexit in detail in a moment. It is the biggest elephant in the room.

Roseanna Cunningham: At the moment, no contingency plan can be put in place because we have no certainty about what will actually happen.

John Scott (Ayr) (Con): I accept that there is no contingency plan in place now, but have you had any indication that there will be talks and discussions about such a plan between your department and the United Kingdom Government? I presume that there will be, in due course, if there are none at the moment.

Roseanna Cunningham: I am not sure that I would go so far as to put the situation in those terms. Some head nodding goes on when the funding gap appears in conversation, but there is no certainty. I think that there have been indications about one or two areas of funding that will continue until 2020, when the programme budgets run out, but there has been no discussion of what will happen subsequent to that. We are nowhere near being in the space in which conversations such as John Scott speaks of would take place; the conversations are not about money but about process.

The Convener: We will come on to Brexit in a moment.

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): Do any of the officials have knowledge of any contingent liabilities that they might, in the course of the next financial year, have to bring to the attention of the minister and, perhaps thereafter, the Public Audit and Post-legislative Scrutiny Committee?

I see shaking heads. That is fine, convener.

Mark Ruskell (Mid Scotland and Fife) (Green): I will ask about the wider capital infrastructure budget, under which £4 billion is to be invested. I think that the low-carbon infrastructure task force did an analysis for the 2015 budget that showed that just over half of that infrastructure budget was being spent on low-carbon infrastructure. In the analysis for this year, the amount is down to about 26 per cent. Does that make meeting climate change targets harder or easier?

Roseanna Cunningham: If I remember correctly, some of that headline figure includes funding for technical changes in how things are put in place. Please give me a few moments to look for that.

The budget for the low-carbon economy is staying the same.

Mark Ruskell: My question is more about the wider capital investment in infrastructure and how that impacts on your portfolio. My question is, if we are spending a lot less on low-carbon infrastructure, how will that impact on our meeting the stretched climate change targets, and what

kind of input have you had in discussions around that capital infrastructure programme?

Roseanna Cunningham: I am not conscious that there is an infrastructure issue, from my portfolio perspective. Those are not conversations in which I would generally be involved. I presume that electric vehicle charging is the kind of thing that is meant by “low-carbon infrastructure”. Obviously there will be an expansion in that. Is there a particular thing—

Mark Ruskell: It is the whole thing: four thousand million pounds are being spent on capital infrastructure. Will that capital infrastructure lock us in to higher carbon emissions as we go forward to 2040 and 2050, or will it reduce them? The analysis shows that we are not investing in low-carbon infrastructure, so I am trying to understand—

Roseanna Cunningham: There will be investment in low-carbon infrastructure: we would not be able to roll out the electric vehicle set-up without it. It is not the case that there is no investment in such infrastructure.

10:00

Mark Ruskell: There is just less investment.

Roseanna Cunningham: I presume that you are talking about roads and so on.

Mark Ruskell: I am talking about what is in the infrastructure investment plan in its entirety.

Roseanna Cunningham: I have not looked at the infrastructure investment plan in its entirety to try to assess the impact on climate change. That would be a matter for Keith Brown, under the economy brief. There are aspects of infrastructure that, from my perspective, are absolutely essential for what we do, but most of them are around the transport and energy efficiency programmes, in which there are other big infrastructure projects.

Mark Ruskell: How does infrastructure spend feed into the setting of a new target under the forthcoming climate change bill and the climate change plan?

Roseanna Cunningham: I presume that those will be part of the discussion. I am sorry that I did not come to the meeting with a detailed understanding of the future infrastructure plans.

The Convener: I think that Mr Ruskell’s point is that the percentage of spend for low-carbon projects has gone down, so he is asking whether that will, potentially, create difficulty in meeting our climate change targets in the future, and difficulty for you, as the Cabinet Secretary for Environment, Climate Change and Land Reform.

Roseanna Cunningham: Clearly, there are infrastructure projects that will be of huge benefit to my portfolio, but my climate change officials have not raised any major concerns about potential future infrastructure projects and their impact on climate change. As I have said, there are such projects that are directly related to, and which will significantly impact, in a good way, our climate change targets. I would need to come back to the committee on the others. However, it is not being flagged up to me by my team of climate change officials that there are problems.

Mark Ruskell: I want to focus on the national infrastructure priority of measures to tackle fuel poverty. There is no increase in funding for that this year. Has there been consideration of the use of financial transactions, which is to say loans, to incentivise—

Roseanna Cunningham: I am sorry. I do not know that. It is not a policy over which I have control. A new cross-ministerial group has been set up to discuss fuel poverty issues across a number of portfolios: what you ask about may well be one of the issues that are raised there. I am not conscious that it has been, but I would not like to say that it has not. It is not a policy that is within the remit of my portfolio.

Mark Ruskell: Does not it impact on your portfolio in terms of the Scottish Government's ability to meet climate change targets?

Roseanna Cunningham: Indeed—that is precisely the point that I made about the energy efficiency programme. We want to press ahead with that programme in a way that meets the fuel poverty targets while not cutting across the climate change targets. That is an active discussion. However, at the level of discussing things such as—what did you say?

Mark Ruskell: I mentioned financial transactions or funds that are available to loan.

Roseanna Cunningham: We are not at that stage. I am not conscious that that is part of the conversation in my portfolio, although the Government has begun to talk about it in a cross-portfolio way because, if we are not careful, the drive to push down fuel poverty could create problems for climate change targets. The need for the two to be progressed together is very important.

Claudia Beamish (South Scotland) (Lab): Obviously the area is very complex, but we have been sent details of the funding for climate change mitigation measures across the budget as they relate to the committee's portfolio. It would be helpful for the committee to understand, if not today then in writing from either you or your officials, how these things interconnect, as this is a vital area that I have looked at quite closely. I note,

for example, that under "Services" on page 11, that document mentions the low-carbon economy and then refers to the delivery of the low-carbon infrastructure transition programme. There are cross-references in a whole range of areas—except for marine, unfortunately, and I am not sure why that is—and I think it important for the committee to be able to tease these things out, although someone might want to contradict me on that.

Roseanna Cunningham: I appreciate that, but these are not my portfolios, and it creates a bit of a problem for me if we go into too much detail. I have the paper that you are referring to, and I see that the draft budget for the low-carbon economy is the same as that for the previous year.

Claudia Beamish: I was just highlighting it as one of the areas that the committee might have an interest in.

Roseanna Cunningham: I am looking at the same numbers. The budget for energy efficiency and policy implementation looks to have increased, as has the total services budget. I presume that that is a positive rather than a negative.

Claudia Beamish: I am not saying that it is not a positive—I am just highlighting it as one of the areas where we might have an interest with regard to other portfolios.

Roseanna Cunningham: Of course there is an interest, but my point is that I cannot deal with these issues in great detail, as they are not in my portfolio. As for some of the decision making within them, I must point out that my colleagues do not come to me to clear a decision that they might make in that respect. If that is what people think happens, I have to tell them that that is not the case. Each of my colleagues is charged with the responsibility of ensuring that their decisions are consonant with our overall targets, which include climate change targets. That is how these things are identified.

The Convener: Presumably in arriving at such decisions they are also mindful of the requirements of the climate plan for each of the portfolios.

Roseanna Cunningham: They have to sign off the relevant sections themselves, so they are more than mindful of that. They are aware of what is expected, and they will have to ensure within their relevant areas that they keep that in mind.

The Convener: There is clearly an opportunity and a need for the committee to look at that in the context of the climate plan as it develops towards its final iteration, and I hope that we will return to the subject quite soon.

Roseanna Cunningham: It is being published in February.

The Convener: Indeed. Before we move on, I call Donald Cameron to wrap up this line of questioning.

Donald Cameron: I have a couple of final questions about land reform. First, I refer the committee to my entry in the register of members' interests as the owner of a landholding in the Highlands.

The land reform budget for the coming year is £17.1 million. First, am I right in thinking that the Scottish Government intends to match last year's commitment of giving £10 million to the Scottish land fund?

Roseanna Cunningham: Yes.

Donald Cameron: Secondly, is there any money left in the Scottish land fund from last year?

Roseanna Cunningham: Are you asking me whether any unspent money in the fund is rolled over?

Donald Cameron: Yes.

Roseanna Cunningham: I am afraid that the answer is no, because it is subject to one-year budgeting.

Donald Cameron: I will understand if you cannot, but can you put a figure on what the Scottish land fund will sit at this coming year?

Roseanna Cunningham: I could make a wild guess, but I think that 70 per cent of it will have been spent by the end of March. However, as I have indicated, the £10 million funding will be renewed. It is a demand-led budget, which means that we rely on applications.

Donald Cameron: I totally appreciate that, and there might be a lot of reasons why applications have not been made.

The Convener: For clarity, is that 70 per cent spent or committed?

Keith Connal (Scottish Government): We can provide the committee with detail on that. It is a combination of the two. There are at least a further two committee rounds to be held and there are projects in the pipeline. When those decisions are taken, we will be at the level of 70 to 80 per cent spent, in terms of the awards that have been made. There are one or two potential awards that we have not yet made a decision on so it could be fully spent, or it might be 70 to 80 per cent. It just depends.

The Convener: I just wanted to get that on the record.

Roseanna Cunningham: It is a bit difficult, for obvious reasons, because the budget is demand led. We can also give pre-acquisition support, so it is a little bit awkward. However, I am really pleased that the £10 million is going to be repeated for the next year.

Donald Cameron: I think that we all are, given its importance to communities across Scotland.

I want to ask about the extra £3.4 million in the budget, excluding the land fund. You referred to it in your opening comments. Where is that money destined to go?

Roseanna Cunningham: There is £3.5 million going to build the register of controlling interests.

Donald Cameron: That money is purely for that purpose.

Roseanna Cunningham: Yes.

Donald Cameron: I presume that the Scottish Land Commission money has been spent. Is there any budget to be spent there?

Roseanna Cunningham: No, not significantly. That is continuing.

Keith Connal: The budget for the Scottish Land Commission for 2018-19 is the same as it was this year, which was £1.4 million. The land fund stays at £10 million. There is some other money within that fund for programme and staffing costs, and the additional £3.5 million is capital.

The Convener: Let us move on to Brexit and David Stewart.

David Stewart (Highlands and Islands) (Lab): We have touched on Brexit—the ghost at every feast—when we have taken evidence. I am particularly interested in looking at the impact that European funding has had. I will give an example from the last time that we took evidence from SNH. European Union funding is approximately £57 million, which is made up of LIFE+, European regional development funding and the Scottish rural development programme. That is a considerable sum of money. The overall position will depend on the negotiation but there is a general view that funding should be repatriated to the UK and Scottish Governments. What plans are you evolving to make up for the loss of that funding in the future when we withdraw from the EU?

Roseanna Cunningham: At the moment, it is difficult to see how it can be replaced unless the Westminster Government is prepared to continue with the same level of funding that has been received previously. I imagine that that will be challenging, so we are uncertain about how much of it might come back. One has to presume that a certain percentage will come back but whether all of it will is another matter entirely. There is then a

question around how we make up whatever gap there is. There might be different opportunities in different areas, and some of the research providers might be able to look for funding sources beyond Europe and try to develop funding streams from elsewhere.

In each of the areas within the portfolio, there might be potential for making up some shortfall, but it is going to be a significant loss and at the moment there is no immediately obvious way of understanding what will take its place.

David Stewart: I have asked agencies whether they have a risk register and whether those risks will be highlighted if they lose that funding. As you will know, that is an area of risk and concern.

10:15

Roseanna Cunningham: Everybody, whether in my portfolio area or other areas, is very conscious of the extent to which much of the work that happens does so because of European funding. Although we can continue to do the match funding part, there is a big question mark over the European funding part. As I indicated, I expect that there will be some kind of financial settlement post Brexit that operates some form of allocation, but everybody needs to remember that Scotland has benefited disproportionately from European funding and, unless that disproportionate benefit is maintained, we will see a shortfall.

David Stewart: As the cabinet secretary knows, that is part of the design of the structural funds. For example, the old objective 1 funding aimed to bring regional gross domestic product to more than 75 per cent of the European average. The aim was to stimulate GDP growth in lagging regions such as my area of the Highlands and Islands.

Can I move on to another—

The Convener: Sorry, but I will just give an example of that. If I recall correctly, a few years ago, Zero Waste Scotland restructured so that it could draw down a large proportion of European funding. Am I right that, although the Scottish Government gives £20.5 million to Zero Waste Scotland, it actually gets more than that from EU sources?

Perhaps I am recalling that incorrectly.

Roseanna Cunningham: I think that Neil Ritchie wants to say something on that.

Neil Ritchie (Scottish Government): I apologise, because I am not an expert on the zero waste side of the house but, through the circular economy investment fund, Zero Waste Scotland draws down funding from the European regional development fund.

The Convener: So the impact on it will be even more pronounced than the impact on some other organisations.

Roseanna Cunningham: The impact will vary, depending on the sector. Aspects of what we do in my portfolio and the rural economy portfolio will be very significantly impacted.

David Stewart: I want to move on to another area that we know a little more about, which is the European Court of Justice. As you well know, it is the environmental court of last resort. The UK Government is clear that it wishes to withdraw from that, and the cabinet secretary will know that Michael Gove recently wrote to the House of Lords EU Energy and Environment Sub-committee, saying:

“I set out plans to consult on a new, independent and statutory body to hold government to account on environmental commitments”.

He also made it clear that the devolved Parliaments here, in Northern Ireland and in Wales will have to set up their own bodies. Do you have a plan to set up a Scottish environmental court of last resort or to use the existing court structure to ensure that we can enforce environmental legislation in Scotland once we withdraw from the ECJ?

Roseanna Cunningham: There is no current plan to set up a formal court, but discussions are beginning in respect of how we manage environmental accountability, which is the broader area within which the issue sits. You might be aware that there will be a UK Government consultation, but that will be for England and it is for the devolved authorities to try to work out how they wish to proceed. We have started that conversation in Scotland. I will look with interest at the consultation south of the border, but I have not seen a draft of it yet. We are looking at the requirements of environmental governance post Brexit.

David Stewart: I think that Michael Gove's idea of consulting on a body to provide accountability in relation to England's environmental legislation is a good one. Is one scenario that you utilise the Court of Session to take over the responsibilities of the ECJ once we withdraw? In a sense, that would put things on a stronger legal footing.

Roseanna Cunningham: We should separate out a couple of things, because environmental governance does not necessarily mean a court, and a court will not necessarily do all the things that an accountability body might choose to do. It would be wrong to see the two things as the same.

I think that Michael Gove—it might have been Thérèse Coffey—used the analogy of the Committee on Climate Change for the environmental accountability body that they were

talking about. I was slightly surprised by that, because we do not think of the Committee on Climate Change as being a body that holds people accountable, and there was a sense that we were talking about a body that would have a more directive—I hesitate to use the word “regulatory”—function than that committee.

Like Wales and, I presume, Northern Ireland, we are considering what will be required in terms of governance after Brexit. I would not want to rule anything out but neither would I want to say at this point specifically what we will choose to do. The court structures are distinctive and separate. Allocating to them that responsibility would need to be quite carefully thought through.

David Stewart: I have some questions about Marine Scotland that Graham Black is probably best placed to answer.

I want to raise the issues of science, data and compliance. You will know that the European maritime and fisheries fund provides more than £30 million to Marine Scotland for that very important work. What proportion of your spend on science, data and compliance is made up of that funding?

Graham Black: My estimate at the moment is that it is about £4.5 million per year, in rough terms, which is about 11 per cent of the overall expenditure. That is quite a significant amount. It has to be said that a lot of our science and a lot of our compliance activity is funded via European funding at the moment, so it is something that we have highlighted to the United Kingdom Government as being a key area for us. Of course, that is the money that is needed in order to maintain the current level of activity. Until we have a full picture of exactly what the future fisheries policy picture will be, we will not know what our compliance activities, for example, will be.

David Stewart: So, in simple terms, it is a huge chunk of your science budget. Do you have a risk register, too? Will alarm bells ring if you lose that funding?

Graham Black: Yes, we have a risk register and this matter is high on it. The Scottish Government has regularly made the case to the UK Government that, not only in the marine context but in other contexts, a failure to provide replacement funding would have a significant impact.

David Stewart: In your submission, you make the reasonable point that that funding from Europe places you at the cutting edge with regard to conservation measures for fishing. What concerns do you have about your ability to stay at the cutting edge if we lost that funding? Would we lose our place?

Graham Black: Obviously, we will make the best use of whatever funding we have. However, you are right to say that we consider ourselves to be at the forefront of maintaining a cutting-edge approach that will enable us to maintain the good fishing that we have and to ensure that it is environmentally sustainable in the long run, too. We will always try to prioritise that but, if there is a big hole in the funding, that will have an impact.

We would rather be on the cutting edge and developing things ourselves instead of following others, but the issue that you raise is part of the planning. I think that when I was previously at the committee I mentioned the fact that we will be discussing with ministers the possibility of charging. That is one of the options that are available, but what we are really looking for is for the funding to be replaced.

David Stewart: Is there any funding that you do not constantly access that you might be able to use as a substitute?

Graham Black: We are definitely going to be actively looking at whether we can work with other bodies to not only maximise the amount of funding but ensure that we get the best value for money out of the funding that we have. We do not want only Marine Scotland to be involved in investment in marine science in Scotland; we want to work with others to ensure that we get the best value from the whole pot of money.

Claudia Beamish: What is your view on the possibility of Marine Scotland introducing a charging regime?

Roseanna Cunningham: To be fair, it is not just Marine Scotland that is involved in the conversation about charging; SEPA, too, is looking at charging. The issue is being considered. Ultimately, I will have the final sign-off on any potential charging regime, but we are at a very early stage. Discussions are taking place within the organisations and with relevant stakeholders about how that might best be managed. I have not yet seen a draft charging scheme. I expect to see one, but I do not know what the timescale for that is.

Graham Black: We are accelerating that timescale and trying to make it as short as possible, but we are aware that stakeholders must be involved in the process. We also want to look across the whole piece. If we were to have charging for all the different activities that take place, there could be a cumulative impact on particular areas that we might not want. It is important to look at the issue holistically rather than in little chunks.

The Convener: I want to pick up on that point. Cabinet secretary, when you come to sign off the charging regime, will the factors that you consider

include the ability of a sector to carry any increase in its costs? I am thinking of agriculture, in particular. SEPA is looking at increasing the charges for abstraction licences—I suspect that that will come across your desk before too long—at a time when agriculture is having a pretty difficult time of it. Will you consider whether a sector could bear a substantial increase in costs?

Roseanna Cunningham: I would expect that to be part of what comes to me—I would expect Marine Scotland and SEPA to have a clear understanding that that must be considered as an issue.

As I understand it—I am happy to be corrected if I am wrong—the charging is intended to recover costs not to make money. Charging to that end is slightly different from charging in order to maximise the financial benefit.

Graham Black has already flagged this up, but I would have thought that, as an absolute minimum, Marine Scotland would need to have a conversation with SEPA about where the charges are likely to apply and whether some people might be overburdened. I expect that it would not be for me to take account of that issue—Marine Scotland and SEPA should look at it as part of the process. If they are not doing that already, I hope that they are listening to what I am saying. That issue must be considered.

The Convener: I just wanted to get that on the record.

Claudia Beamish: I want to ask another question about Marine Scotland, as we are looking at that budget; it is for the cabinet secretary and Graham Black. Do you agree that the national indicator that is associated with Marine Scotland is unduly narrow, given that there is a lot of focus on fisheries and not as much as I would have hoped on the environment?

Roseanna Cunningham: We think that that indicator is narrow, and we are considering changing it and including a broader range of activities. At the moment, it has a singular focus. That change has not yet fed through to the national performance framework, but it will do.

Graham Black: The new indicator will include biodiversity and the cleanliness of our waters, as well as the economic and fisheries aspects. It will give a much better overall picture of what we are doing in relation to the seas around Scotland. It will no longer have such a narrow focus.

Claudia Beamish: Given that that indicator is being reviewed, could the new indicator be developed as part of the current process rather than being something that we have to wait until the next review for?

Graham Black: As soon as we have measures that we think are appropriate, we will share those more widely and see what people think. We would like to get some input from people outside Marine Scotland on whether they think that the new indicator is appropriate. At the moment, we are trying to work out what underpinning measures it would make sense to use to measure the health of our seas. That is not always clear cut. We do not want the indicator to be overly complex or overly simple; we need to understand the underlying measures that should go into it. We will bring that forward as soon as we have done a bit more thinking.

Claudia Beamish: Can you give us any indication of a timescale?

10:30

Graham Black: It will be next year. It is a question of prioritising that work among discussions of other things, such as Brexit.

Claudia Beamish: If it is not ready for this iteration of the national performance framework, would you clarify that it is one of your aims—if indeed, you arrive at a decision to alter the indicators?

Graham Black: I am happy to do that. We have already done a lot of work and we just need to have a wider discussion about it. It is not a very long-term project but is something that we can move on quite quickly.

Claudia Beamish: It has budgetary implications—to return to the point of our meeting.

Stewart Stevenson: The UK Government minister made comments comparing a UK-wide environmental body with the UK Committee on Climate Change. Is that not a very useful comparison that our UK ministers are making, in that the UK Committee on Climate Change requires the agreement of all four jurisdictions to any material action and any of the nations can veto the decisions of the other three? If that is the model that is being proposed for bodies that affect all four jurisdictions in the UK, are there some advantageous aspects in that respect?

Roseanna Cunningham: That is a fair point but, as you would imagine, that is not how it is being currently expressed. The reference to the UK Committee on Climate Change was about its advisory nature and the fact that we are all signed up to it. However, the UK Committee on Climate Change does not have the additional things that the proposed UK environmental accountability body would have, given that it is suggested that the proposed body would act as a conduit for complaints and compliance. That is what the Government is consulting on. That brings a whole

set of questions into play and I suspect that we might not be the only devolved authority that is beginning to think, "Hang on a sec, how is that going to be set up?"

However, if the proposal is to have a four-way equal say built into the process, it is a fair point that we will have to examine that and consider whether it is appropriate. At the moment, I do not feel that that is where we are at. I may be wrong, but that is not how it was being described.

Stewart Stevenson: An alternative might be the previous model of the British Waterways board, in which the Scottish minister had to sign off actions that British Waterways took in England.

Roseanna Cunningham: Right, okay.

Stewart Stevenson: I speak from experience.

Roseanna Cunningham: I do not think that anyone would regard that as a particularly helpful way forward. It is indicative of where we are that that is the current conversation. Once the draft consultation for England has been published, you will see the nature of the body that is being talked about. The nature of the body is such that it is clearly intended to have a compliance role and to be a body that people would be able to make formal complaints to. I would be a little uncomfortable if that were to happen in a cross-border context.

Mark Ruskell: I want to go back to the issue of Marine Scotland's key indicator. I hear the comments about reforming that and broadening out the range of indicators. However, the current indicators are flatlining, despite the fact that budgets have been increased since 2014-15. What are the reasons for that and what are the challenges involved?

Roseanna Cunningham: I do not want to speak for Graham Black, but I presume that the indicator is not directly related to the budget because some of the decision making around commercial fisheries is outwith our control, which is a difficulty. There is budget and progress in other areas that do not have indicators. Having this area as the only one that has an indicator gives a distorted picture of what Marine Scotland is and is not doing. Graham Black might want to come in on that point.

Graham Black: Obviously, there are quite long time lags between what is done and any impact on the indicator, particularly when it is as crude as it is at present.

The budget position is not quite as simple as it looks. There were changes in the way in which the Scottish Government dealt with the central funding of services. What appears to be an increase in the budget was to cover centralised costs. The budget

has been more or less flat, rather than increasing. The numbers give a misleading picture.

Overall, the key point is to have good indicators that tell us not only what Marine Scotland is doing now but what the long-term trends are on fish stocks and the health and biodiversity of our seas. Those are not things that can be switched on and off. They take a long while, and that is why we need something that gives us a much longer timeframe so that we understand the impact of what we are doing and where we need to take immediate action. The impact may then be seen only in three, four, five or 10 years hence. We need to know that the levers we are pulling are sending us in the right direction.

The Convener: Last year, the Scottish Government was praised for directing £10 million to peatland restoration—£2 million from the cabinet secretary's budget and £8 million from Fergus Ewing's budget. The target for peatland restoration is now increasing from 10,000 hectares a year to 20,000 hectares, yet there is a 40 per cent cut in the budget. What is the rationale for that cut, and how will we achieve the new targets with substantially less funding to support them?

Roseanna Cunningham: Peatland is an area that will become an increasing challenge. I am anxious to ensure that we do not allow things to slip back. The portfolio continues to contribute £2 million, the same as in the previous year. The £8 million extra last year, which was the subject of some exchanges because it came from a different budget, was made available because SRDP money was identified. This year we have been able to identify only £4 million.

Last year's £8 million was an in-year allocation, as opposed to being part of the overall budget. This year, it does not look as if £8 million will be possible. That goes back to the issues that David Stewart raised about how the gap can be plugged as SRDP funding tails off.

There are significant challenges. We have to work hard to ensure that all the money is spent. I do not think that all the 2017-18 budget was spent. This is the same issue as for the land fund: it is demand led, and there are issues to do with the capacity and the skills to do the work. Some of the projects take a while to get going. Making sure that the money that is allocated is all spent in the right way will become increasingly important.

The Convener: From your perspective, if money were to become available, would this be a priority area, given that the chief executive of SNH said last week that there is a considerable pipeline of projects that could use the money?

Roseanna Cunningham: This is one of the areas in which I would be anxious not just to preserve where we are but to increase the amount

that could be spent. If money was identified that I was able to allocate to it, I would do so, but it is not the only area in which I would do that, because pressures come from other parts of the portfolio, including flooding. Therefore, the matter would have to be thought about very carefully, but it is one of the areas that I have anxiety about in the longer term.

The Convener: Over a period of time, we have repeatedly heard that, as public money is invested in peatland restoration, funding from other sources—not just European money but perhaps private money, pension funds and that type of thing—is encouraged. Is any work going on to try to identify such sources to support peatland restoration?

Roseanna Cunningham: I do not think that we have been able to do that yet. Is Neil Ritchie aware of any progress on that front?

Neil Ritchie: Not with pension funds, but SNH has done work through the peatland action initiative to look at potential synergies with the peatland code, which is a mechanism for levering investment from the private sector. We will continue to look at that.

The Convener: Thanks.

There is a substantial reduction in funding to support emission reductions from the agriculture sector. Given that the agricultural sector is so problematic, what is the justification for that?

Roseanna Cunningham: Just give me a second—I have the relevant stuff. Are you taking that information from the—

The Convener: Essentially, there are two figures. There is a reduction in funding to support emission reductions, from £8.3 million in 2017-18 to £4.6 million in the draft budget, and the budget attached to the public good advisory service is set to reduce from £6.5 million to £3.2 million.

Roseanna Cunningham: I think that there was a reason for some of the reduction in the budget for the public good advisory service. Give me two seconds while I try to find my section that relates to agriculture. I am sorry—I thought that I had that better labelled.

The Convener: You are too well organised.

Roseanna Cunningham: I am afraid that I have too many bits of paper.

Part of the reason is to avoid double counting. I am talking about the overall agriculture budget. The support for peatland restoration through the land managers renewables fund has been classified under land use, so there has been a bit of changing around in technical terms. Some of the other work was deemed to be of a high cost, but it delivered low mitigation potential and it was

not thought to be of as great a value as was originally thought. For example, an expensive proposal was put forward that had a potential abatement of just 19,000 tonnes of carbon dioxide equivalent. Some work has been pulled back because it would not deliver what we thought.

I thought that I saw something separate about the public good advisory service. I know that two or three things were creating—

John Scott: Perhaps I can help, cabinet secretary. The public good advisory service budget has gone down from £6.5 million to £3.2 million. I think that we are seeking an explanation of that as well. Maybe you are coming to that.

Roseanna Cunningham: Yes. I am trying to do so. I am sorry; I have that explanation here somewhere, but I cannot find it, so I will need to come back on that.

10:45

The Convener: It would be good if you could do that, because it is a fairly substantial budget reduction.

Roseanna Cunningham: I know that I have the information here. There were some significant reasons for the reduction; it was not just because we were slashing the budget. There was concrete decision making behind the reduction.

I shall probably find the information at a completely inappropriate moment in the middle of another question.

The Convener: Okay. Mark Ruskell wants to come in on this issue.

Mark Ruskell: I will expand a little into the SRDP, which you have already mentioned, cabinet secretary. What is your level of influence on the SRDP budget? We have seen £42 million cut from the agri-environment climate scheme. At face value, that might impact on policies to reduce carbon emissions across the board. I wonder how that works in terms of budget setting and choices for the Cabinet, particularly for the SRDP budget, which has seen a number of cuts that are relevant to the achievement of objectives in your portfolio.

Roseanna Cunningham: Yes. There have been significant issues with particular schemes in the last year, and I think that the integrated administration and control system—IACS—is one of them. There was not really a cut, but there was a difficulty with the programme.

I am responsible for my portfolio budget. Some conversations are being had across portfolios about the interaction between the portfolios but, at the end of the day, it is not for me to step into somebody else's portfolio and direct them as to how they make their decisions. There is a process

by which we do some negotiating backwards and forwards. I am trying to think whether it was with IACS or one of the other schemes where the money that was then available was allocated to other programmes, a number of which did help us. Part of the conversation was that the money was not badged under, for example, IACS any longer but was still being directed towards what, from our perspective, was the appropriate end.

The Convener: Can you write to us with more detail?

Roseanna Cunningham: I think that I will need to ask Fergus Ewing to write to you with more detail about that. I think that that would be a fairer way to do it, because it is about decisions that, at the end of the day, he has to make. He has as many challenges and pressures on his budget as we all do.

The Convener: That information would be of interest to us if you could get him to write to us with it.

John Scott: I declare an interest on IACS, in particular. As the cabinet secretary said, there have been difficulties in accessing the IACS budget right across Scotland. There have been difficulties of complexity and—I think—funding. If the cabinet secretary could address those difficulties in a joint written response, I would be very grateful. I hope for improvement.

Roseanna Cunningham: Yes. I am conscious that there were particular issues regarding a couple of the badged funding mechanisms. Decisions were made after those difficulties to redirect what was available to different schemes. We were involved in the conversation about where that money would go and it was understood that some of the schemes were causing such difficulties that they could no longer be used.

The Convener: Okay. Thank you.

Finlay Carson (Galloway and West Dumfries) (Con): I will move on to SNH. The relevant national indicators that SNH works with are to improve access to local green space, increase people's use of Scotland's outdoors, improve the condition of protected nature sites and increase the abundance of terrestrial breeding birds. SNH has said in written evidence that it is reprioritising

"to meet the ambition of our new Corporate Plan ... through a greater emphasis on place making in our more disadvantaged communities."

Are you content with the shift in SNH's approach, and will that shift improve the indicators for access to local green space? At the same time, will you indicate whether you think that that shift will have implications for existing priorities, for example deer and beaver management?

Roseanna Cunningham: The answer to the last part of the question is no, it will not, because I will be absolutely clear with SNH that those are fundamental activities that have to be continued.

Committee members need to remember that SNH has a relatively new chair and a new chief executive. They are keen to reprofile SNH. I think that part of what you hear is their desire to have SNH better understood by the public. That desire is translating into the language that you are talking about. I would not want that to diminish in any way the work that they need to do on what might be called the more nuts-and-bolts part of their job. I have made it pretty clear to them that things such as deer management are fundamental.

I think that what you see is the desire of a new management to have SNH understood better by the public. There is a feeling that most people do not really know what SNH does or what it is about.

Finlay Carson: The national indicators on the condition of protected nature sites and the abundance of terrestrial breeding birds are currently flatlining. Will they start to show improvements under the SNH's new approach?

Roseanna Cunningham: I would hope so. If part of the issue is SNH not really having a strong profile and being well understood among members of the public, better engagement with the public will have really good spin-off for a number of those things, because people will have a better and clearer understanding of what is being done and why. I would see those two things as potentially causing a positive dynamic.

I do not think that there is any desire on the part of anybody in SNH to make things worse. They want to achieve better than they have been achieving, and I very much want to encourage them in that, including across those indicators that you say are "flatlining", but we might just say are remaining at a stable level and not going down. For some indicators we might be seen to be falling back, and in those cases I would want that turned around. Those are all things that we expect SNH to do. Better engagement might help.

Finlay Carson: We have seen a 13 per cent reduction in funding since 2014-15. Has that contributed to those national indicators flatlining—as I describe them? You describe them as staying the same, which I suppose is the same thing, really. Do we need further investment to start to show an improvement? I do not think that the status quo is what we are looking for—we want to see improvements in habitats.

Roseanna Cunningham: Absolutely. If I could identify an easy source of further money, I would very much want to do so. If, during the committee's deliberations, you can identify within my broad portfolio budget a place from which to

shift money into SNH, I would be interested to hear it. I am not, myself, able to see it very easily.

SNH—like SEPA, Marine Scotland and everybody else—has to learn to live within the budget that it has. I do not think that there is a direct relationship between the budget and the performance indicators, and there is still some work to be done by, for example, SEPA, to ensure that the money is being spent properly and wisely.

Finlay Carson: SNH's new approach might well tick the box with regard to getting more children into the countryside or whatever, but I am not convinced that it will return improvements under these indicators. In light of the funding cuts, are you confident that the changes will achieve that aim?

Roseanna Cunningham: The issue is not the changes on their own, but what they mean with regard to engagement and SNH's becoming much more outward facing. After all, it will be judged according to those indicators by the very people whom it is trying to engage further. My answer, therefore, is yes—I think that those two things will help each other.

Will they achieve that aim overnight? I would not have thought so, because these things take time, particularly when we are dealing with nature, as SNH does. You do not get overnight successes, but I think that the approach will help to turn things round.

Keith Connal looks like he wants to come in here, convener.

Keith Connal: I will be brief. When you challenged her on whether this was a fundamental shift in priorities, convener, Ms Osowska said that SNH would continue to do its other things, too. There is a bit of change of emphasis, but it does not mean that some work is being switched off and replaced with other work. The chief executive said that she would continue to do that other work.

The Convener: Let us move on to SEPA, which we have begun to touch on. It, too, has had its funding reduced, and I am sure that the cabinet secretary will say that that has not contributed to any lack of progress under its relevant national indicators. I will ask the question slightly differently: might there need to be greater investment to ensure that the indicators start to show improvement?

Roseanna Cunningham: I think that I indicated in my response to the question about SNH that if I lived in a world where I could simply increase investment across the board, I would, of course, do so. There are probably many areas where that would be an ideal scenario, but we are not in that scenario. Instead, we are in a scenario in which we have to think very carefully about how the

money is being spent and how best we can achieve what we want to achieve from it. Of course, SEPA is one of the bodies that is looking at potential charging issues, so it will be hoping to find other ways of offsetting what might be perceived as a cut. However, I cannot see from where in the budget I could take the investment to substantially increase the budgets of SNH and SEPA without substantially decreasing other parts of the portfolio budget.

The Convener: In fairness, indicators could also be impacted on by circumstances outwith the control of Government. I am thinking, for example, of waste, in which area we are heavily dependent on local authorities to deliver, and that performance has not been what we might have wanted. Moreover, with regard to renewable electricity generation, we have had an unhelpful intervention on offshore wind.

Roseanna Cunningham: What unhelpful intervention are you talking about?

The Convener: The legal challenge.

Roseanna Cunningham: I am sorry—you are right. However, the fact is that these are national performance indicators, each of which will be impacted on by a number of things. For example, Graham Black referred to the current indicator for Marine Scotland and the fact that it is impacted by decisions that we are not actually making on, say, total allowable catch. The same applies to all indicators.

Of course, climate change itself will impact on some indicators, and we need to understand that. Unless climate change is thrown into reverse, we will see some of its impacts and those will play through into the indicators.

The Convener: We have already covered Brexit extensively, but what discussions have you had in relation to the circular economy investment fund and funding from the ERDF?

11:00

Roseanna Cunningham: I have not had specific discussions about that. I know that some conversations are taking place. I noted the reference in the earlier part of the evidence to Zero Waste Scotland and where it gets much of its money. However, the decisions about that will also be impacted by decisions made at Westminster level. I have had a difficult time in getting environment pushed further up the agenda in those talks. We have now got it on the agenda, but several aspects still need to be thought through. The circular economy side of things will definitely be part of that conversation.

Given some of the things that Michael Gove has said about some aspects of all this, I am optimistic

that we can have a productive conversation when we get to that point.

Mark Ruskell: We have covered my first point, but I have another question about a previous piece of evidence that we had from Marine Scotland. There was a discussion about the future roll-out of four more marine protected areas to complete the network that was suggested by SNH three years ago. We had evidence that suggested that there might be a resource issue in working on the management measures for the current MPAs and rolling out new MPAs, with a resulting requirement for one to two extra members of staff. Marine Scotland will come back to us in more detail on that, but do you have any reflection on that and whether it is possible for us to do two things at once by supporting the management of the current MPAs at the same time as working on completing the network?

Graham Black: My colleague was probably being cautious when he said that it would take one to two extra members of staff. We are very keen to press ahead as quickly as we can but, as we have said, we are balancing that alongside the other priorities that we have to manage. We are not talking about knocking it into the long grass, but about how much resource we can release in such a busy period. For example, we know that over the next six months, Brexit will take up a lot of our time and attention.

We will put as much of our resource as we can into MPAs. We want to extend the network and ensure that it is working in the right way as well as ensuring that the current MPA network is working to best effect. We are not talking about anything fundamental. We just wanted to recognise that there are resource pressures that prevent everything from going as fast as we would ideally like. However, the MPAs are still high on our agenda.

Mark Ruskell: Do you have timescales for that?

Graham Black: We do not have timescales at this stage.

Mark Ruskell: Do you have to wait until Brexit is finished?

Graham Black: I am happy to write to the committee with a bit more detail about our plans if that would be helpful.

Mark Ruskell: Yes, please.

Angus MacDonald (Falkirk East) (SNP): Good morning. Mr Black has said that Marine Scotland can always use more resources to ensure compliance, particularly in respect of MPAs. In the meantime, we are relying on and promoting a culture of compliance. We are aware that a response to a freedom of information request was reported in *The Times*, which said that there have

been 78 reports of suspected incursions in MPA boundaries between 2015 and May 2017, yet only one conviction has been secured. Do you consider that the promotion of a culture of compliance is adequate to monitor and police MPAs?

Roseanna Cunningham: Yes, at the moment. I am aware of the FOI request. It is quite raw data to extrapolate from because those are just reports and the fact that there can be multiple reports about a single incident would not necessarily show up. Each report is logged, so the 78 reports are not necessarily 78 different incidents. That needs to be considered.

The Convener: Is there a specific example that would illustrate your point?

Roseanna Cunningham: No. As far as I understand it, one vessel has given rise to 25 per cent of the reports. I do not know the name of that vessel, and I am not sure that it would be appropriate to say it in any event. However, that is the kind of thing that lies behind the raw data, and I have not looked at all of it. I am aware of the total but the 78 reports do not relate to 78 separate incidents. Graham Black knows more about the issue than I do.

Graham Black: One case involved 19 reports about a single vessel, and several other incidents received a number of reports. Of course, the fact that there has been a report does not necessarily mean that something has been done wrong; it just means that somebody thinks that something might be going wrong.

The situation is slightly overstated. We explained to the people who made the FOI request what lay behind the data but they preferred the high-level figure to the underlying reality. That does not mean that we are complacent. We rely on people reporting what they see, and reporting is a good thing because it is the responsibility of everyone involved in coastal communities to support the MPA networks.

There are gaps that we will try to fill. We do not monitor smaller vessels in the way that we monitor larger vessels. We are experimenting to see whether we could extend that, and we have some smaller vessels that we are trying to monitor in that way.

Overall, the feedback is that most people are supportive of MPAs, most people are compliant, and most people are trying to make sure that they work. We have to make sure that we have the resources in place to deal with the rogues. There will always be a small number who decide that the rules are not for them but for everyone else.

We will continue to rely on getting reports, and we will react to them as quickly as we can.

Roseanna Cunningham: The most spectacular case in the past year was the Loch Carron issue, which arose because it was reported—people flagged it up. People are watching what happens.

Angus MacDonald: Graham Black mentioned reliance on reports, and we are increasingly relying on non-governmental organisations to monitor the coastal environment. Would you say that NGOs and the fishermen themselves are adequately trained and equipped to monitor MPAs? What procedures should they follow if they suspect that illegal activity is taking place?

Roseanna Cunningham: I am not sure that it is our job to train NGOs or anybody else. I presume that they undertake their own training. Perhaps Graham Black can talk about some of the interactions that he has with environmental NGOs.

In fairness, fishermen are also part of the process.

The Convener: There must be some sort of guidance available.

Graham Black: Guidance is available on our website, along with a telephone number for people to use to report what they see.

I suppose that the question that Angus MacDonald is raising is whether people would be able to recognise that something needed to be reported in the first place. We have guidance out there but that does not mean that that is all we can do. We cannot train everyone in the world, but we can try to support organisations or large groups that want to know what they should be looking for, and we are always happy to talk to groups about how we can support them. That is important because people have to know what it is that they are seeing in order to report it in the first place. If there are ways in which we can work with other bodies to improve that, we will do so. However, we are already doing quite a lot.

Angus MacDonald: The introduction of new technology will help significantly with compliance. Do you regularly consider and test new technology, and is there enough flexibility in Marine Scotland's budget to allow for capital funding of new technology? I am thinking, for example, of remote electronic monitoring, which got quite a bit of coverage in the recent fisheries debate and which has been introduced to the whole fleet in New Zealand. Has much thought been given to that?

Graham Black: We are always looking at new technology and, at the moment, we are looking at a range of technologies. We already use drones and satellite technology, and we will use monitoring devices. At the moment, we are probably looking to use them on larger boats, but

we could look beyond that to camera technology. That is a picture of where we will go in the future.

As to what the costs might be and where they will lie, that is a question for after we have decided what the best technology is. I will say this while I have a captive audience, but I am sure that we will put a good case to ministers that the use of such technology means that we will be able to make efficiencies elsewhere by not having to undertake other bits of compliance activity, thus freeing up resource to fund something that is more effective. At the moment, we have not been looking at things that we would be unable to deliver, but the technology is moving on very quickly and we are trying to make sure that we are on top of it.

There are limitations with drones—they cannot replace everything that we do—but we have found them useful in some circumstances. Of course, we find that whenever we introduce a compliance measure, that is fine for everyone who is compliant, but those who do not want to comply will try to find a way to get around it. If we introduce drones, people will introduce something to try to combat them. It is an on-going process and there is no magic bullet.

Angus MacDonald: I acknowledge the cabinet secretary's earlier remarks regarding the charging regime and the fact that that is at an early stage. Are you in a position to say whether the cost of cameras could fall on fishermen, for example?

Graham Black: We could not say that yet. We have not got to that level; certainly, we have had no discussions with the cabinet secretary about it. However, it is a broad industry; there are some very large and wealthy fishing fleets, but there are also some small boats that are in a very different situation. The cabinet secretary will want to know about and consider all those factors before thinking about that aspect.

Angus MacDonald: For information, the figure that I got for the fisheries debate was that REM costs about £4,000 per vessel, which is not excessive.

Roseanna Cunningham: It might not be excessive for one of the big guys but, for one of the smaller fishing boats, that might be pretty significant. There is huge variability in fishermen's income. They do not all fish in the same way or make as much money as one another, although I am sure that they would like it if they did.

The Convener: Let us get a feel for the numbers. The cabinet secretary has, in effect, thrown a challenge down for those of us who are pointing to areas of the budget in which we think that more money could be spent. She rightly asks us to identify where that money would come from. On the new technologies that you are looking at, are we talking about millions of pounds or tens of

millions of pounds? What sort of figures would we be talking about if you were to get what you wanted to really make it work?

Graham Black: I would hesitate to give an estimate because of the range of technologies. We use aircraft at the moment so we could be talking about additional and quite expensive equipment for that, or it could be quite low-tech equipment for individual boats. I am happy to have a think about it and, when I speak to the committee again, to see whether we can narrow it down. However, at the moment, we do not have a plan. When I met the committee before, I mentioned that we are looking at our overall compliance activity, as well as our strategy for how we can best encourage people to comply and how we can catch those who decide not to comply. That will be part of the work. We will be in a better position at that stage.

The Convener: So, at the moment, you are amassing a shopping list, but the price has not been worked out.

Roseanna Cunningham: Can I just interject? When any organisation amasses its shopping list, which is a perfectly understandable thing for organisations to want to do, I hope that it speaks to its colleagues. It occurs to me that we have more than one body that might use drone technology—SNH, SEPA and Marine Scotland, for example—and each organisation does not necessarily need to set up its own drone fleet, or whatever you call a collection of drones. It might be possible to share some of the cost, and I very much hope that that conversation is being had—she said, looking round the table.

11:15

Graham Black: It is a conversation. We are talking about how best we can use our naval vessels and how we can work with bodies such as SEPA and SNH to get the best for the Scottish Government and the Scottish people.

Stewart Stevenson: The panel will know that the International Council for the Exploration of the Sea is the world's oldest intergovernmental organisation—it was founded in 1902 in Copenhagen. That was done very much on the initiative of fishermen and scientists working together, even then.

The most widely available technology is the mark 1 eyeball, of course. When fishermen or others become aware of potential transgressions of the rules in relation to marine protected areas and other environmental issues in fishing, do they know who to call, or is it time to crank up the knowledge of the telephone number and how to report possible infractions?

Graham Black: I am absolutely sure that most people will know where to get the telephone number. We have it in front of us somewhere so I can probably give it to you today. However, you are right that we need to make that information more explicit, although it is very obvious.

Roseanna Cunningham: It is 0131 271 9700—that is the number of the UK fisheries monitoring centre.

Graham Black: Although it is a UK monitoring centre, it is run here in Scotland, and it operates 24/7. However, I take the point that having a number is not enough and that we have to publicise it and ensure that people know it. It is available in the Marine Scotland offices around the country. However, if there is more that we can do, we will certainly do it.

The Convener: That caters for avid readers of the *Official Report*, but I think that you have a wider audience to reach.

John Scott: Giving out hotline numbers is another first for the committee.

Before I come to a question about research, I want to make a suggestion and ask whether you agree or disagree, cabinet secretary. I notice the marked increase in the capital budget at level 4 for sustainable and active travel, from £20 million to £65 million. If one chose to do so, one could argue—although I am just asking you to comment on this—that that is at the expense of the basics of environmental enhancement that SEPA and SNH do. Indeed, one could even argue that it is at the expense of research, the budgets for which are possibly being neglected or “flatlining”—that is the word that we have used, whereas you say that they are “staying the same”.

Roseanna Cunningham: No. I said right at the start that our overall budget has gone up; it has not gone down overall. Some decisions had to be made within my budget, but the spending that you mention comes out of the rural economy and transport budget. As I said, I did not want to poke the bear, given that I have a small increase in the overall budget. On the big increase that you mention, you would have to ask people from that portfolio how that has been achieved. However, I am not going to look a gift horse in the mouth, because it has a big positive knock-on effect for everybody.

The Convener: Do you know whether the green bus fund and the new fund for retrofitting sit within that? The wording is a bit ambiguous and might suggest that they do, although I realise that that is not your portfolio responsibility.

Roseanna Cunningham: I would not want to mislead by saying off the top of my head where the green bus fund sits. The work that is being

done to establish an engine retrofitting centre in Scotland is in the low-emission zone section rather than the active transport section. However, we will check on the green bus fund, because I cannot immediately answer that.

The Convener: That would be helpful—thank you.

John Scott: Returning to your area of budget responsibility, cabinet secretary, the committee has been told that budget reductions have impacted on long-term research and datasets. How can such long-term and valuable research and data be protected in the current climate, noting the reduction in the research budgets?

Roseanna Cunningham: I think that the majority of the research that research providers do—about 90 per cent—is long-term research. I am therefore not quite sure what issue someone might have been trying to talk about when you were told that.

We regard that research as absolutely fundamental. It has an enormous knock-on effect. That research is a sort of unsung hero in this portfolio. The people who do it do it very well, and I have worked hard to ensure that they are protected as much as possible in this year's budget round for that reason. There is some tightening, but we know that it can be managed. The Royal Botanic Garden Edinburgh is getting some capital spend to do some necessary work. It was delighted to get it, because it did not think that that was going to happen.

I am very much of the view that the research programme that is jointly delivered by all those research providers is incredibly important. It delivers an enormous benefit to the economy; it also delivers jobs. Although things get squeezed a little, and the researchers have to work hard to ensure that they get money for research not only from the Scottish Government but from other sources, they are still in a pretty good place.

John Scott: Regardless of what you say, I understand that there has been quite a drop in the research budget this year, which is a matter of great concern. The budget has gone down from £76 million in 2014 to a projected £64 million, which is a drop of more than £12 million in the past four years. The research institutes are hugely worried about that reduction in funding, and the fact that they receive year-to-year funding means that, as we have heard, in order to comply with the employment regulations' requirement for people to be given an adequate notice period—I think that it is 90 days, under redundancy law—staff have to be given notice to leave before the budget comes out and then re-engaged afterwards. That difficulty arises because of year-to-year funding.

Roseanna Cunningham: I am slightly confused about that, because all the research providers operate on a no-compulsory-redundancies basis. I think that you must be talking about staff who are employed for a time-limited period. The research providers comply with the no-compulsory-redundancy policy. However, people who are employed for a time-limited period—say, for the duration of a specific project—would be in a slightly different category. I am not sure that that position is different from that of other organisations. It is one of the downsides of single-year budgeting.

John Scott: That is exactly the point that I am making.

Roseanna Cunningham: The budget that we get from Westminster is a single-year budget, so the day that it decides to multiply the number of years that our budget covers will be the day that we can look again at that issue. We are all kind of trapped in single-year budgeting.

John Scott: Can you justify the £12.5 million reduction in the research analysis budget over the past four years?

Roseanna Cunningham: As I indicated, there have been some squeezes in some aspects of the portfolio, but as far as possible, I have tried to ensure that no area, including the research providers, will be put into a position where it is unable to continue to do its job. We are not the sole provider of research funding; we provide a significant amount of such funding, but research providers must—and do—lever in funding from other sources. We are encouraging the providers to continue to do that, as the issue will become more acute once we have to deal with the fallout from Brexit.

I have had a number of joint meetings with the research providers, and we need them to find ways of maximising efficiencies across the board. There are, I think, a total of six; every one of them is working well, but I think that some savings can be made if they can work with each other more than has been the case in the past, and I am trying to encourage them to do so. That is one of the reasons for the advent of the Scottish Environment, Food and Agriculture Research Institutes—or SEFARI—group as the joint organisation of research providers.

The Convener: On that point, we were told last week that no real duplication of research had been identified. I guess, then, that the sort of thing you are getting at would be, say, six human resources departments working together.

Roseanna Cunningham: That is exactly what I am getting at. I am trying to encourage the research providers to do some longer-term thinking about that aspect of their work. The

research work that they do is quite specific to each, but there are aspects of their organisations that they need to think about. They should maintain their individual identities but think about whether they can maximise benefit from certain areas that are not directly related to their research. However, that is a longer-term conversation, and I regard the advent of SEFARI as a really good signal that the research providers are beginning to think along those lines.

John Scott: We all welcome the advent of SEFARI—I certainly do—but are you confident that the right balance has been struck between Scottish Government funding of research to address immediate challenges and the funding of longer-term strategic research?

Roseanna Cunningham: If I could give the providers more money, I would do so. This is the best balance that we can manage in the current circumstances.

The Convener: I hear what you have just said and your comments about world-renowned research institutions being able to secure funding from other sources for their research, but there is also the issue of maintaining buildings, campuses and so on. You referred to the additional and very welcome money that is going to the Royal Botanic Garden Edinburgh; however, that is only £2.6 million, and it estimates its backlog at £15 million. We also heard evidence from the James Hutton Institute that in one year its support for capital fell from £3 million to a fraction of that figure. However, I think that I am right in saying that the Scottish Government owns its Invergowrie campus. How mindful are you of the pressures on our research institutes with regard to capital matters?

11:30

Roseanna Cunningham: Very much so. I meet the institutes regularly, so I am conscious of the challenges that they face. For some considerable time, we have been encouraging the bidding of research grants to be done on a full economic cost basis, which would wrap the issues around maintenance and repair into it. As I understand it, Scottish Government funding is made on a 100 per cent full economic cost basis. We are doing what we can and we understand the challenges.

That deals with maintenance and repair, but it does not deal with significant capital spend, such as the RBGE is looking for. If I could identify such significant sums of money within the budget to allocate to it I would be only too happy to do so, but something else within the portfolio budget would have to suffer. If I am to increase funding to SNH, SEPA and all the research providers, including capital spend, it is not immediately

obvious where that increase in funding would come from.

The Convener: I accept those points, but the botanics, for example, makes a colossal contribution to tackling species loss.

Roseanna Cunningham: Absolutely, yes.

The Convener: We are coming to the end of our session, but I see that Mark Ruskell has a question.

Mark Ruskell: In the discussion that we had as part of the air quality inquiry, I asked you about the consequential moneys that are due to come to Scotland as a result of increased spend on air quality in England and Wales. You could not answer, because it was before the budget. Can you say now how much additional money Scotland has got as a result of that additional spend in England and Wales?

Roseanna Cunningham: It is £20 million, I am told.

Mark Ruskell: Has that money been ring fenced for air quality work in Scotland? How does that translate into the budget that is before us?

Neil Ritchie: The £20 million was factored into the decisions that cabinet took on the allocations. It is worth highlighting that the actions that will support air quality are not limited to the environment, climate change and land reform portfolio. There is the low-emission zone funding—

Roseanna Cunningham: There is £10 million allocated to low-emission zone capital.

Neil Ritchie: There is the active travel budget, which we have already referred to—

Roseanna Cunningham: So the money has gone to relevant areas.

Mark Ruskell: It would be useful for us to see how that additional money has been spent in the budget that you are already predicting for the next year. Perhaps you could break that down. I would find it useful, convener, if we could get that information and track where the money has gone and where it is going.

Roseanna Cunningham: Yes. We can do that.

Finlay Carson: We touched on single-year budgets. Are you ruling out moving away from those? We heard evidence from ClimateXChange and the James Hutton Institute, which both stated that they could be far more ambitious and would be in a better position to increase excellence if they moved away from a single-year budget. I imagine that you would get more bang for your buck. Are you ruling that out?

Roseanna Cunningham: First, you need to put that question to the Cabinet Secretary for Finance

and the Constitution. There are a very small number of things that we commit ourselves to into the future, although that is not multiyear budgeting. For example, we have committed to finding the £42 million a year that goes to flooding, regardless of any other budget issues. I think that the £10 million land fund is in that category, too. That is not multiyear budgeting as such; it is basically being able to say up front what the allocation will be, notwithstanding the rest of the budget.

I am not the finance secretary, but the difficulty that I have with the matter is that, as I understand it, the Westminster budget this year was effectively a one-year budget—our block grant from Westminster was a single year's grant. I am not technically able to say whether the advent of the various tax powers will allow some element of multiyear thinking to enter into what we do. Most of us would prefer to think that way; it is not that long ago that there were three-year budgets. We are in the place that we are at the moment because we are not getting multiyear budgets from Westminster, which makes it extremely hard for us to be able to deliver a multiyear budget in the way that we would understand it.

There is the small number of things that one is prepared to commit to in absolute terms, but that is not multiyear budgeting as such; it just gives a certain consistency and predictability about things in some small areas. We could not do that across the board, because how could we manage a multiyear budget without certainty about what the total budget was going to be? That is a much more fundamental point. None of us thinks that one-year budgeting is ideal, for all the reasons that people have spoken about.

Finlay Carson: I appreciate that it is important that the budget for flooding and whatever is not single year, but it is particularly pertinent to research that it is not just looking at one year in advance. Will you look in more detail into how you could provide more than a one-year budget for the research side?

Roseanna Cunningham: We can look at it, but we provide only about half of the research funding for all the research providers—sometimes less than half of it. We are not the sole provider of funding, so the research providers will still be required to look around at other funders. We can look at doing the equivalent of what we do for flooding—the promise on the flood funding—but then, arguably, everybody across the board would want us to be doing the equivalent for them and we would not really be any further forward.

The Convener: Until we see what the post-Brexit landscape looks like, I guess that it is impossible to contemplate such things.

Roseanna Cunningham: I do not want to think about what next year's budget will hold, because we will be right in the middle of that period of total uncertainty. It will be extremely difficult.

The Convener: To wrap things up, did you find the information on the emissions reductions in the agriculture sector or do you want to write to us on that?

Roseanna Cunningham: Yes, but I think that I had said some of it already without actually finding it. I will add that to what the Cabinet Secretary for Rural Economy and Connectivity can perhaps clarify, if he thinks that there is a better way of expressing it.

The Convener: You will take those things back with you.

Roseanna Cunningham: Yes.

The Convener: Okay. Thank you for that and for your time and that of your officials today. I wish you all a very good Christmas when it comes.

At its next meeting, on 9 January 2018, the committee will consider its report on the draft budget. In the meantime, I ask that the public gallery be cleared, as the public part of the meeting is closed.

11:38

Meeting continued in private until 12:50.

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