

Deputy First Minister and Cabinet Secretary for Finance  
Leas Phrìomh Mhinistear agus Rùnaire a' Chaibineit  
airson Ionmhas

Shona Robison MSP  
Seòna Robastan BPA



F/T: 0300 244 4000  
E: [scottish.ministers@gov.scot](mailto:scottish.ministers@gov.scot)

Edward Mountain MSP  
Convenor  
Net Zero, Energy and Transport Committee

16 February 2024

Dear Edward,

Thank you for the opportunity to meet with the Net Zero, Energy and Transport Committee on 23 January to discuss the 2024-25 Scottish Budget.

I offered to follow up on the following points during those discussions.

### **Scottish Forestry Budget**

Woodland creation is a long term activity and the Scottish Government has significantly invested in the forestry sector in Scotland to help increase the capacity to deliver woodland creation. Scottish Forestry estimate that the new Budget will support over 9,000 hectares of new woodland in Scotland - which will be more woodland creation than the rest of the UK combined. This is an important area for the Scottish Government and we are engaging with stakeholders to maximise tree planting and the delivery the benefits for climate, the economy, people and nature.

Scottish Forestry funding is allocated on an annual basis as part of the annual Scottish Government Budget, split across Resource and Capital allocations. Any under or over spend that occurs at the year end is returned to the Scottish Government. As such Scottish Forestry does not operate with reserves and I should take this opportunity to clarify this.

However, Scottish Forestry has flexibility within the Forestry Grant Scheme to support claimants. Normally a cut off date of the end of April is applied for submitting grant claims. This year, Scottish Forestry is exploring assistance for the sector and is looking to extend the claims submission date. This will allow more claims to be submitted for 2023-24, thereby achieving a higher planting figure with fewer grant applications being varied into 2024-25 thereby reducing the potential pressure on the 2024-25 budget.

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There have been a range of improvements made recently to the Forestry Grant Scheme, including work to boost riparian planting, agroforestry, rainforest conservation and an overall 20% increase in grant to help with inflation, especially for smaller scale schemes. The new measures introduced by the Cabinet Secretary for Rural Affairs, Land Reform and Islands, make this the most fundamental set of improvements to the Forestry Grant Scheme since it began back in 2015. Added to this, Scottish Forestry has increased its staffing to help manage new woodland creation applications more effectively. The agency's staff are also benefitting from a £1 million investment in training to help build their skills and expertise, speeding up the whole applications process. This will ultimately help get more trees in the ground across Scotland.

Scottish Forestry will also work with stakeholders to encourage as much restocking (replanting after felling) as possible, which will help support the forest nursery sector to maintain production and use existing stock.

Forestry and Land Scotland (FLS), who manage Scotland's national forests and land, undertake woodland creation and peatland restoration, which makes an important contribution to the Scottish Government's NetZero and biodiversity objectives. FLS is classed as a Public Corporation, which enables it to hold financial reserves across financial years to deliver specific outcomes.

## **ScotWind**

The Committee asked how the £56 million funding from ScotWind leasing was allocated within the Scottish Budget settlement for 2022-23. The £56 million of Scotwind revenues in 2022-23 was utilised to deliver a balanced budget position for the year in response to the financial challenges that the Scottish Government faced, as set out in the Emergency Budget Statement.

The Committee also asked whether the allocated £750 million ScotWind option payment to Crown Estate Scotland has a capital spending element. I can confirm that all of the funding is resource.

I hope that this clarifies these points.

I am copying this letter to the Cabinet Secretary for Rural Affairs, Land Reform and Islands.

**SHONA ROBISON**

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