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Contents

Background and approach	1
Background	1
Environment, Climate Change and Land Reform Committee approach	3
Scrutiny of SNH, Marine Scotland and SEPA	5
The National Performance Framework	5
Scottish Natural Heritage	5
Evidence	6
Recommendations	9
Marine Scotland	10
Evidence	10
Recommendations	12
Scottish Environment Protection Agency	12
Evidence	13
Recommendations	15
Other areas of Committee scrutiny	16
Climate Change	16
Land Reform	16
Research, Analysis and Other Services	16
Overall recommendations	17
ANNEXE A	20
ANNEXE B	22

Environment, Climate Change and Land Reform Committee

Remit: To consider and report on matters falling within the responsibility of the Cabinet Secretary for Environment, Climate Change and Land Reform.



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Background and approach

Background

1. In this report to the Finance and Constitution Committee, the Environment, Climate Change and Land Reform Committee (ECCLR) comments on aspects of the [Scottish Government's Draft Budget 2016-17](#) that relate to its remit.
2. It was originally anticipated that this year's draft budget would be accompanied by a new Spending Review (the Scottish Government's last three year Spending Review ended in 2015-16 with last year's draft budget being a one-off). However, at the [Finance Committee's meeting on 29 June](#), the Cabinet Secretary for Finance and the Constitution, Derek Mackay said:

” With the degree of uncertainty and volatility that exists right now [post EU referendum], it would be unwise to publish a three-year spending review. Therefore, we propose a one-year budget and will not deliver a three-year spending review at this time.
3. Also, while the draft budget has traditionally been introduced to Parliament in October of each year, the publication of the 2016-17 version was delayed until December 2015 due to the [later than expected announcement of the UK Government's Spending Review](#).
4. The Cabinet Secretary for Finance and the Constitution also said in evidence to the Finance and Constitution Committee in September 2016 that the 2017-18 draft budget would also be delayed:

” The accumulation of risk and uncertainty for the Scottish budget, which will not be resolved until this year's autumn statement is published, leads me to propose holding back the draft budget for clarity.¹
5. Given all committees were required to report to the Finance and Constitution Committee by [Friday 13 January 2017](#), there was little time between the draft budget being introduced on Thursday 15 December 2016 and the reporting date. In practice, this meant that committees would only have one evidence session with the relevant cabinet secretary or minister prior to agreeing its report.

Previous recommendations of the Rural Affairs, Climate Change and Environment Committee

6. Session 4's Rural Affairs, Climate Change and Environment Committee (RACCE), which was the ECCLR Committee's predecessor, was often critical of the budgetary process. In its [legacy paper](#), the RACCE Committee said:

- The annual scrutiny of the Scottish Government's budget remains a challenge for committees in terms of how effective and meaningful scrutiny can be delivered.
 - The Scottish Government's draft budget has never been altered as a result of a committee's inquiries or recommendations.
 - The Committee is not convinced that the budget process as traditionally operated delivers sufficient outcomes relevant to the amount of time and effort the Committee (and stakeholders) spends on the issue.
 - Successor committees should think carefully about how to approach scrutiny of the draft budget in a way that can make a genuine difference and be of real value and does not simply detract from time which could be spent on other issues which may deliver greater outcomes.²
7. The RACCE Committee nevertheless successfully recommended that the Scottish Government produce a document showing spending on climate change issues more clearly across all portfolios. This helped to inform committees of how budget allocations within cabinet portfolios supported greenhouse gas emissions reductions. However, this document was often published a number of weeks after the draft budget was introduced so the RACCE Committee recommended that this be improved in Session 5 to "ensure appropriate rigorous scrutiny of a very important issues."³
8. For the 2017-18 draft budget, the document [detailing the funding for climate change mitigation measures](#) was published on Monday 19 December 2016; four days after publication of the draft budget.

9. The Committee welcomes the publication of details of funding for climate change mitigation measures alongside the level four figures. This was a considerable improvement on the experience of previous years as the document was available prior to committees' evidence sessions with cabinet secretaries and ministers.

10. The other initiative which the RACCE Committee considered a positive change was to mainstream consideration of climate change issues across all relevant subject committees:



The Committee quickly realised at the start of this session that it would not be able to effectively scrutinise all of the Scottish Government's spending that impacts climate change, given that there is spending across the remits of many other committees. It was also clear that the Scottish Government and many public bodies were starting to understand that to tackle climate change challenges effectively requires joined-up thinking and strong inter-departmental discussion and response.⁴

11. In its [budget guidance for committees](#), the Finance Committee said:

” All committees are required to consider climate change issues when scrutinising their own relevant Scottish Government portfolios, and to report to the Finance Committee accordingly.⁵

12. The Finance Committee also said that the ECCLR Committee will consider the progress made by all committees at the conclusion of the 2017-18 budget process to help inform “future engagement and proposals for climate change scrutiny ahead of the 2018-19 budget.”⁶

13. The Scottish Government’s [carbon assessment of the draft budget](#) was published alongside the draft budget. In summary the assessment states:

” It is estimated that total emissions attributed to the Draft 2017-18 Budget amount to 8.8 million tonnes (Mt) CO₂-equivalent. This is unchanged from the emissions associated with last year’s draft budget, when estimated on a consistent basis. ... This assessment indicates that carbon emissions across the different Government portfolios remain broadly proportional to spend, except for Rural Economy and Connectivity, where emissions per unit of spend are slightly higher.⁷

14. Much of the budgetary spend which impacts on climate change is found in other portfolios, such as rural economy and connectivity, local government and communities, economy jobs and fair work. Consequently the requirement to mainstream climate change issues across all relevant committees is of particular importance.

15. The Committee will therefore consider the climate change scrutiny of committees in relation to the 2017-18 draft budget and report on any recommendations stemming from this work, in particular whether the delay in publication of the draft budget allowed committees sufficient time to properly scrutinise climate change issues. This report will also be sent to the Budget Process Review Group, which is currently reviewing the Scottish Parliament’s budget process.

Environment, Climate Change and Land Reform Committee approach

Outcomes based budget scrutiny

16. As part of its [budget guidance to committees](#), the Finance Committee highlighted its desire to seek a greater focus on budget outcomes rather than simply considering the Scottish Government’s expenditure proposals for the following year. The Finance Committee noted that outcome based budgeting has been adopted by the Scottish Government since 2007, where Ministers are expected to work towards the shared objectives of government with an emphasis on partnership working with the whole of the public sector. This is expected to

contribute to the delivery of national objectives as set out in the National Performance Framework (NPF).

17. At its meeting on 20 September 2016, when the timetable for the 2017-18 draft budget had become apparent, the ECCLR Committee considered its approach to scrutiny of the draft budget. The Committee noted that much of the spend in the ECCLR portfolio for 2016-17 (which totalled £215.7m) went to two public bodies and an executive agency:

	£m
Scottish Natural Heritage	48.4
Marine Scotland	45.8
Scottish Environment Protection Agency	36.6

18. The Committee therefore agreed to focus its scrutiny for the 2017-18 draft budget on Scottish Natural Heritage (SNH), Marine Scotland and the Scottish Environment Protection Agency (SEPA). It did this by using an outcomes based approach. Specifically, how SNH, Marine Scotland and SEPA have each contributed to the Scottish Government's national objectives from 2011 until now and whether the success of meeting these objectives may have been affected by:
- a declining budget over a number of years;
 - challenges faced in maintaining existing functions; and
 - the need to respond to changing priorities.
19. This approach looked at outcomes achieved to date and looked forward to the 2017-18 spending period.

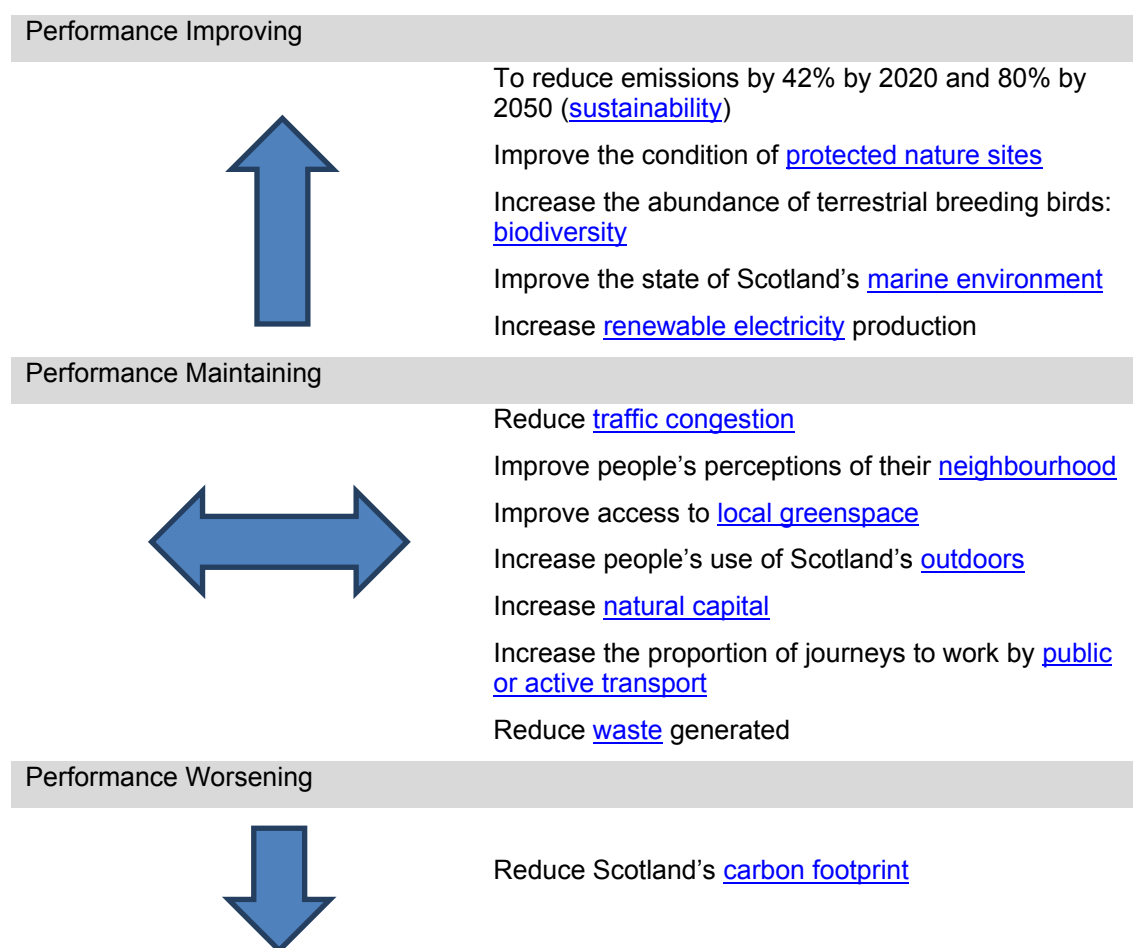
Oral and written evidence

20. Given the draft budget for 2017-18 would not be introduced until December, the Committee agreed to take evidence from SNH, Marine Scotland and SEPA across two meetings in November 2016:
- [Tuesday 8 November 2016 – SNH and Marine Scotland](#)
 - [Tuesday 15 November 2016 – SEPA](#)
21. The Committee also issued a call for written evidence on 7 October 2016 seeking comments on how SNH, Marine Scotland and SEPA have contributed to the Scottish Government's national objectives in the context of the Committee's budget scrutiny. A [full list of responses can be found on the Committee's website](#).

Scrutiny of SNH, Marine Scotland and SEPA

The National Performance Framework

22. The Committee's outcomes based approach for its budget scrutiny is based on how SNH, Marine Scotland and SEPA have helped in delivering the Scottish Government's objectives found in the [National Performance Framework](#) (NPF). The NPF is an "an outcomes-based approach, measuring what matters."⁸ It includes [National Indicators](#) that track progress in particular areas. The relevant NPF indicators for the Environment, Climate Change and Land Reform portfolio and whether or not they are currently being met is outlined in the diagram below:



Scottish Natural Heritage

23. Scottish Natural Heritage's statutory purpose is to:

- Secure the conservation and enhancement of nature and landscapes
- Foster understanding and facilitate their enjoyment of them

- Advise on their sustainable use and management

24. The relevant national indicators for SNH are to:

- Improve access to local greenspace is measured by % of adults within 5 minutes walking distance of their nearest local greenspace. This indicator is **maintaining**.
- Increase people's use of Scotland's outdoors is measured by proportion of adults making one or more visits to the outdoors per week. This indicator is **maintaining**.
- Improve the condition of protected nature sites is measured by the proportion of protected nature sites which are in satisfactory condition; or are recovering, with the necessary management measures in place. This is **improving**.
- Increase the abundance of terrestrial breeding birds: biodiversity is measured by an index of abundance of terrestrial breeding birds. It is **improving**.

Evidence

A declining budget over a number of years

25. In the past 5 years, SNH's budget has declined from £55.3m in 2013-14 to **£46.4m** in 2017-18 – amounting to a 16.1% drop over five years. Since 2010-11 it has seen a 28.7% reduction in cash terms (when it received £67.9m from the Scottish Government). Its 2017-18 budget has fallen by £1.97m, or 4.1%, against the previous year's figure.
26. In evidence, SNH acknowledged that its declining budget was challenging. However, its Chairman, Ian Ross, said SNH had “dealt with it constructively and operated in a smart manner.” It had done this, he said, through: prioritisation; collaboration with a range of organisations; utilising additional funding sources, including EU and Heritage Lottery funding; and rationalising its administration, such as shared building and IT services. Nevertheless, Mr Ross said that “we have fewer staff and less money that we can use to support a range of grant approaches.”⁹
27. In supplementary written evidence, SNH said that its current staffing complement was 732 (equating to a FTE of 622), down from 907 in 2010-11. This fall in employees had seen a reduction of staffing costs of nearly 26% over the same period.¹⁰
28. RSPB Scotland, in its written evidence, said that while it recognised the budgetary constraints on the Scottish Government, it believed that continued cuts would compromise SNH's ability to meet biodiversity targets, deliver peatland restoration and improve the condition of designated areas. It had also seen a decline in “local delivery mechanisms” such as local biodiversity officers and a movement away from active management.¹¹

29. The Scottish Wildlife Trust considered that SNH had made good progress on outcomes in a number of areas through a redirection of resources and by making processes more efficient. In its written evidence, the Trust also welcomed SNH's preventative spend work, including the development of Scotland's Natural Health Service and its approach to tackling ecosystem degradation. However, the Trust highlighted that the pace of development of much of SNH's preventative spend work was "constrained by a lack of staff capacity and budget resource to contribute meaningfully to partnership projects."¹²
30. When giving evidence on the 2017-18 draft budget, the Cabinet Secretary for Environment, Climate Change and Land Reform, Roseanna Cunningham, said of SNH's reduction in budget:

” When we look at the impact on SNH, we have to remember that a huge number of partners and lots of funding sources are involved in the delivery of something that, from the headline, looks as if it is for SNH to deliver. In reality, there are a lot of contributions towards that.¹³

Challenges in maintaining existing functions

31. As well as a declining budget, SNH was also asked about the uncertainty over accessing future EU funding. Mr Ross said that while there were "certain guarantees for two-plus years ahead", there was currently a lack of "clarity" beyond that timescale.¹⁴ Mr Ross acknowledged that there would be a significant impact if moneys were not available, in particular through the funding provided by the Scottish Rural Development Programme (SDRP). In its supplementary written evidence, SNH outlined its main sources of EU funding:¹⁵
- LIFE+ (an average of c. £750K of EU funds per year) – habitats and species work;
 - European Regional Development Fund (£37m over 6 years) - green infrastructure intervention;
 - SRDP Agri-Environment Climate Scheme (£36m over 5 years) - works benefitting SSSI and Natura sites;
 - SRPD Agri-Environment Climate Scheme IPA Option (£6m over 5 years) – access improvements; and
 - SRDP Environmental Co-operation Action Fund Scheme (£10m over 6 years)
32. While SNH also confirmed that EU funds are used on capital project spend rather than yearly revenue costs, it added:
- ” Inability to access EU Funding in future will have a significant impact on the scale and scope of works in which we are able to be involved, unless alternative funding streams are identified.¹⁶

33. On the future uncertainty of EU funding, the Cabinet Secretary for Environment, Climate Change and Land Reform said:

” The EU is a major source of funding for us; over the piece for my portfolio—not just SNH and not just biodiversity—it appears to add up to nearly £100 million over a five to six year period. There is match funding required, so you could argue that the match funding will remain as a possibility, but the truth is that until we have some certainty about how that is all going to be managed I cannot give you hypothetical answers about what a budget might look like absent the EU component because I just do not know—I really just do not know.¹⁷

34. The Cabinet Secretary added that the Scottish Government has established a team to look at the implications across all of its departments of leaving the EU, although there is not a specifically dedicated team within her portfolio looking at alternatives for the loss of EU funding.

Responding to changing priorities

35. In relation to SNH’s priorities, Ian Jardine, its Chief Executive, said that the primary focus was on the Scottish Government’s national performance indicators which it leads on or supports. Mr Jardine also said that its statutory responsibilities “must be prioritised”.¹⁸
36. Mr Ross added that while coping with any additional responsibilities in the future would be challenging, he highlighted that SNH has:

” ...an able, committed and innovative staff and we operate in a smart way.¹⁹

37. SNH were questioned on the impact on other organisations should it withdraw resources from some areas of service, such as the assessment of some planning applications. SNH challenged this interpretation in relation to planning, believing that it was still involved, but in a different way, and that by seeking to influence the planning process, “natural heritage, landscape and access issues are embedded within [it]”.²⁰

Deer management

38. Alongside its budget scrutiny, the Committee was also looking at SNH’s recent review into the effectiveness of deer management in Scotland. When asked whether this report may lead to a greater requirement of work for SNH, its Chairman was unable to say whether this would be the case, citing the need for a ministerial decision. When asked the same question during her evidence, the Cabinet Secretary for Environment, Climate Change and Land Reform said she could not respond in more detail to the deer review at that time but “SNH knows all about the potential directions.”²¹ Ms Cunningham added that the issue had not been factored into the 2017-18 budget.

39. In relation to how any further resources might be allocated to SNH depending on the outcome of the deer management review, the Cabinet Secretary outlined the Scottish Government's process:

” I will come to a decision about what is needed. When I have done that, we will consider whether there is a requirement for additional funding. That is how it would normally be done. If I direct SNH to do something, we will go away and work out how it can do it. If some sort of adjustment is required, we will discuss that at that point. That is entirely dependent on what we choose to do. ... Even if there were a requirement for it, I do not anticipate it being a massive amount of money.

40. In its supplementary written evidence, SNH said that SDRP funding is currently “directly linked” to a number of areas of its work, including “sustainable deer management”.²²

Recommendations

41. The Committee acknowledges the difficulties faced by Scottish Natural Heritage in continuing to meet its objectives while faced with a declining budget over a number of years. The additional 4.1% fall in its 2017-18 budget will be a further challenge, particularly when combined with the considerable uncertainty regarding the imminent loss of EU funding and what any future alternatives might be.
42. The Committee is in no doubt as to the potential impact of both a reduced budget and the removal of EU funding might mean to SNH and Scotland's landscapes, habitats and wildlife.
43. The Committee is nevertheless concerned with what it considers to be a lack of specific detail from SNH as to how these significant budgetary pressures will impact on its work. While it applauds SNH for the quality of its staff, the Committee lacks clarity on what areas of its work will be impacted by the further drop in funding and its capacity to take on any additional requirements in the coming financial year.

44. The Committee calls on SNH to provide further detail of what work will have to be altered, cut or re-prioritised to cope with the £1.97m reduction in its budget for 2017-18 and how it anticipates this will affect its future performance and outcomes.

45. The Committee has also written separately to the Cabinet Secretary for Environment, Climate Change and Land Reform seeking further information on how her department is considering the potential implications of the loss of EU funding on Scotland's landscapes, habitats and wildlife and what these might be.

Marine Scotland

46. Marine Scotland is responsible for the integrated management of Scotland's seas. Its purpose is to manage Scotland's seas for prosperity and environmental sustainability. Key actions include the introduction of [Scotland's Marine Plan](#), and the development of a network of [Marine Protected Areas](#).
47. Formed in 2009, Marine Scotland was an amalgamation of the Scottish Fisheries Protection Agency, Fisheries Research Services and the Scottish Government's Marine Group. It has area offices located around Scotland with a headquarters in Edinburgh.
48. The National Indicator associated with Marine Scotland is:
 - Improve the state of Scotland's Marine Environment. This is measured as the proportion of key Scottish commercial species landed by Scottish fishing vessels where the Total Allowable Catch limit is consistent with the scientific guidance, calculated over a centred three year average. This is currently rated as improving.

Evidence

An increasing budget following a period of decline

49. Unlike SNH and SEPA, Marine Scotland has seen a 14.1% rise in its 2017-18 budget to **£52.3m**. This was a £6.1m increase from its £46.2m budget in 2016-17. Marine Scotland had previously seen a falling budget over the previous four years having received £49m in 2013-14.
50. During evidence, the Cabinet Secretary said that the increase is primarily to “manage one-off pressures”, including the Ellis Building in Aberdeen “which has needed a lot of repair.”²³ The building, which houses Marine Scotland Science's Aquaculture and Fish Health Programme, was opened in 2010.
51. Prior to the announcement of the increased budget, Marine Scotland said that since it had been established in 2009 when resources were being cut, it had “been on a journey”.²⁴ This included combining resources, driving efficiencies such as the use of IT and, where possible, looking to secure income generation. It also has a strategy to work in partnership with others rather than doing everything on its own.
52. RSPB Scotland, in written evidence, was concerned that the budget cuts Marine Scotland had faced prior to 2017-18 did not allow for sufficient investment to:
 - ” ...realise the Scotland's vision of ‘clean, healthy, safe, productive, biologically diverse marine and coastal environments, managed to meet the long-term needs of people and nature’ as articulated by the national marine plan.”²⁵

Responding to changing priorities

53. Part 3 of the Marine (Scotland) Act 2010 requires a National Marine Plan for Scotland and allows for the preparation and adoption of regional marine plans for Scottish marine regions. Anna Donald, Head of Marine Planning and Strategy at Marine Scotland acknowledged in evidence that there were fewer resources available to roll out regional marine planning than the 2010 Act had envisaged. While progress had therefore been slow, Ms Donald highlighted the collaborative work Marine Scotland had been doing with local authorities and strategic planning authorities to create coastal partnerships to help with this work. She added that as a lot of what was being done was to bring local authorities together and connect them with other partners:

” The input from Marine Scotland is crucial but does not have a major impact on our resources.²⁶

54. While welcoming progress being made by Marine Scotland in a number of areas, the Scottish Wildlife Trust also highlighted an “urgent need to move from the National Marine Plan into operational regional planning models around Scotland”.²⁷

Challenges in maintaining existing functions

55. Marine Scotland has five research and protection vessels, each with two crews working on a three week on, three week off basis. It’s then Chief Executive, Linda Rosborough, said that these vessels were the “core”²⁸ to Marine Scotland’s ability to police the sea and collect the data to assess fish stocks. As there are statutory requirements in relation to the number and skills of crews, Ms Rosborough added that there was a “big challenge” in meeting the resource demand associated with the vessels with public sector pay frozen.
56. RSPB Scotland highlighted concerns in relation to Marine Scotland’s marine monitoring. Without adequate investment, it warned that a lack of data to inform decision making, “Scotland’s fledgling marine planning system will be ineffective”.²⁹
57. Marine Scotland highlighted work it is doing with new technology to make its monitoring work more cost effective. It is also working in partnership with other organisations to pool resources in collecting data. Linda Rosborough believed that that the current resources available to meet the demand for assessment, research and extending the science base across biodiversity, climate change and the economic interests was currently “manageable”, adding that some of its work was “genuinely groundbreaking”.³⁰
58. In relation to the potential implications of leaving the EU, Linda Rosborough highlighted the EU funding streams it accesses for its work as well as its partnerships with European agencies. While Marine Scotland’s budget had reduced, it had nonetheless managed to draw in additional resource from the EU.

Ms Rosborough therefore emphasised that there would be “substantial implications for us as an organisation in the UK leaving the EU.”³¹ However, she said that Marine Scotland would still seek to access European funds while the UK was still in the EU.

59. In relation to working outwith the Common Fisheries Policy, Marine Scotland said that a new regulatory framework for fisheries management in Scotland, as it is a devolved matter, would have to be developed. Marine Scotland would also be responsible for “our own science and compliance, but we do not have that responsibility when we are part of the EU club.”³²
60. In its written submission, RSPB Scotland said:

” Additionally Marine Scotland may also be faced with the considerable task of developing and implementing a new legislative framework for fisheries outside the Common Fisheries Policy. This may lead to a significant shift in priorities for the directorate in the run up to an exit from the EU and as a consequence other functions are squeezed even further.

Recommendations

61. Given the short timescale between hearing from the Cabinet Secretary for Environment, Climate Change and Land Reform on the draft budget and sending this report to the Finance and Constitution Committee, this Committee was unable to obtain specific detail on what the increase to Marine Scotland’s budget will cover. The Committee is therefore unsure whether the ‘one off pressures’ referred to by the Cabinet Secretary will result in Marine Scotland’s core budget rising, falling or remaining stable.

62. The Committee asks the Cabinet Secretary to provide a detailed breakdown of the ‘one off pressures’ and their associated costs and what the increase to Marine Scotland’s budget will cover.

63. The Committee also seeks clarification from the Cabinet Secretary on when all regional marine plans will be completed and whether the increase in Marine Scotland’s budget will ensure that there is no further delay to their roll-out.

Scottish Environment Protection Agency

64. SEPA has a statutory purpose to protect and improve the environment in ways that, as far as possible, also help create health and well-being benefits and sustainable economic growth.
65. SEPA’s written evidence highlights that they contribute directly to nine out of sixteen National Outcomes:

- We live in a Scotland that is the most attractive place for doing business in Europe
- We live longer, healthier lives
- We live our lives safe from crime, disorder and danger
- We live in well-designed, sustainable places where we are able to access the amenities and services we need
- We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others
- We value and enjoy our built and natural environment and protect it and enhance it for future generations
- We take pride in a strong, fair and inclusive national identity
- We reduce the local and global environmental impact of our consumption and production
- Our public services are high quality, continually improving, efficient and responsive to local people's needs.³³

Evidence

A declining budget over a number of years

66. Its budget for 2017-18 of **£35.9m** has fallen by 2.1% against the previous year. With a £39m budget in 2015-16, this is a combined 8.1% drop over the past two years.
67. In its written submission, SEPA highlighted its work in making Scotland's environmental regulation simpler and more effective with new enforcement powers "to help influence behaviour and secure compliance." It believes these new powers will allow it to increase its flexibility in deploying resources while operating at a lower cost and still "delivering excellent environmental regulation."³⁴
68. In the past year SEPA has also established a commercial services portfolio which it hopes will generate revenue through consultancy services and exploring grant funding. SEPA also outlined how it has "significantly reduced" the number and size of its buildings "whilst not diminishing our presence across Scotland." It currently shares buildings at 8 of its 22 sites which as well as reducing costs and CO₂ emissions, it also believes it "creates stronger working relationships."³⁵
69. In her evidence before the Committee, the Cabinet Secretary for Environment, Climate Change and Land Reform highlighted SEPA's innovation in exploring ways to do things better. Ms Cunningham referred to its work on co-location which has influenced how other parts of Government and agencies work.³⁶

Responding to changing priorities

70. SEPA's two core services are regulation and flooding.
71. On regulation, SEPA recently published its new strategy called [One Planet Prosperity](#). SEPA hopes this strategy will reduce the time and cost to businesses in meeting their environmental obligations as well as help them "find profitable ways to go beyond what the law requires in reducing their use of energy, water and materials and the amount of waste that they produce."³⁷ SEPA believes this approach will "save them and us money."
72. Commenting on SEPA's regulatory strategy, the Cabinet Secretary said:
- ” Given SEPA's success over the past five years, I think that we must have some confidence that, when it talks about better regulation, it is thinking about it very carefully and is going to work through what look like the best options.³⁸
73. In relation to flooding, SEPA acknowledges that climate change will have an impact on "both the scale and frequency of flooding" and that this is taken into account within its flood risk management strategies. It hopes to "continue to allocate our resources to where they make the biggest contribution."³⁹
74. SEPA has also seen an increase in planning applications which contain a flood risk assessment. It is part of SEPA's statutory duties to give advice on each application to the relevant planning authority. In 2015, it objected to 22 out of 2500 applications, 9 of which were subsequently approved on appeal.⁴⁰

Challenges in maintaining existing functions

75. As with SNH and Marine Scotland, SEPA also derives income from EU funding – totalling £3.9m in the current financial year. While it is still engaging with the European funding process, it is "proceeding cautiously." Jo Green, SEPA's Chief Officer for Performance and Innovation, said that the prospective loss of EU funding was "one of the main drivers" in it setting up the commercial services portfolio to look at alternative funding sources. Ms Green added that this was a "key focus" for SEPA.⁴¹
76. SEPA also commented on how it uses commercial data from the aquaculture industry to inform its decisions on enforcement and licensing. While it would "never rely entirely on data that others provide"⁴² when taking a view on compliance in a sector, David Faichney, SEPA's Flood Act Business Change Manager, added that "we need to ensure that we are always driving the best-quality data and putting it into our systems, regardless of where it comes from."⁴³
77. In commenting on this use of outside data, the Cabinet Secretary said that SEPA must prioritise the research it conducts. Ms Cunningham added that while SEPA had consolidated its seven laboratory services into two, its research work is:

” being done in a better way and is being managed more efficiently. That is part and parcel of SEPA’s way of responding sensibly and creatively to the challenges that it faces.⁴⁴

Recommendations

78. The Committee was impressed with SEPA’s approach to both managing and maximising its resources. It is clear that it is innovative in its interactions with stakeholders and that it continually pursues efficiency savings. The Committee will also monitor how SEPA’s work in generating additional income might offset against any losses in EU funding.
 79. SEPA’s air quality teaching package was also of particular interest to the Committee and how using air quality sensors outside schools could lead to significant behavioural change.⁴⁵
 80. The Committee does have some concerns with regard to the independence of research data used by SEPA to inform its decisions on enforcement and licensing. It is also concerned that SEPA’s advice to planning authorities as to whether building should be permitted in an area at risk of flooding is, in some cases, being disregarded by planning authorities. The Committee was also concerned to learn of an increase in non-compliance with environmental regulations within the aquaculture sector.
81. While the Cabinet Secretary commented on how the Scottish Government and other agencies have learnt from SEPA’s approach to improving performance while managing a smaller budget, the Committee seeks further details on how such innovative methods are shared with other agencies and whether take-up is monitored.

Other areas of Committee scrutiny

Climate Change

82. The Committee welcomes the overall increase, albeit small, to the climate change budget. It also acknowledges the Cabinet Secretary's point that while this specific fund is held in the Environment, Climate Change and Land Reform portfolio, "money is spent across all portfolios on climate change measures."⁴⁶
83. The Committee has just begun its scrutiny of the Scottish Government's draft Climate Change Plan, which sets out specific measures for reducing greenhouse gas emissions in Scotland to meet its statutory targets. The Committee, along with the Rural Economy and Connectivity; Local Government and Communities; and the Economy, Jobs and Fair Work Committees, who are also scrutinising the Plan, will report on these proposed measures in March 2017.

Land Reform

84. The Committee welcomes the £3.45m increase in funding for land reform in the draft budget and that £1.4m of this will establish and run the Scottish Land Commission from 1 April 2017. As it said in its recent report on the appointment of the Scottish Land Commissioners and the Tenant Farming Commissioner,⁴⁷ the Committee considers the establishment of the Scottish Land Commission to be a key part of the Land Reform Act 2016 and it looks forward to considering the Commission's initial work in the coming months.

Research, Analysis and Other Services

85. The Research Analysis and Other Services budget funds scientific research to support the Scottish Government and its advisory bodies. This includes funding for the Main Research Providers (MRPs) and the Royal Botanic Garden Edinburgh.
86. This budget has decreased from £74m to £64m since 2013-14, with a £1.2m reduction for 2017-18. The Cabinet Secretary said in evidence that while she has prioritised some areas of the budget, this has consequences for other areas, such as research. However, Ms Cunningham also said that:

” There are other potential funders out there, and work needs to be done on how we can begin to access those funds.⁴⁸

87. In September 2016 the Committee heard from Lord Deben, Chairman of the UK Committee on Climate Change⁴⁹ (CCC) and Lord Krebs, Chair of the CCC's Adaptation Sub-Committee.⁵⁰ Both emphasised the importance of accurate research in the adaptation and mitigation of climate change.

88. The Committee is concerned with the reduction of overall funding for research in the 2017-18 draft budget given that it will underpin future policies and proposals in relation to climate change. It therefore asks that the Cabinet Secretary provides further detail on: the assessed impact of the reduction in research funding; the Scottish Government's research priorities; areas that have been de-prioritised; and what action the Scottish Government will take to address any negative impact of this reduction in funding.

Overall recommendations

89. The Committee acknowledges the financial pressures faced by the Scottish Government and recognises that SNH, Marine Scotland and SEPA are actively seeking to manage their budgets and meet the relevant national indicators.
90. The Committee also recognises that work has had to be prioritised and that some work has been reduced in scale, delayed or even stopped. This causes particular issues when this impacts on other groups whose resources may also be limited. The Committee is concerned that these resource issues might begin to be reflected in the national indicators and other Scottish Government targets.
91. These budgetary constraints are further amplified by the uncertainty over funding once Britain leaves the European Union. Additional responsibilities may then be placed on public bodies like SNH and SEPA and executive agencies such as Marine Scotland to fill any regulatory or management gaps which will bring added resource pressures.

92. While making no specific recommendation on the financial allocation of the draft budget for 2017-18, the Committee does reiterate its earlier call that the Cabinet Secretary for Environment, Climate Change and Land Reform provides further details on the potential implications of the loss of EU funding on Scotland's landscapes, habitats and wildlife.
93. The Committee also calls on the Cabinet Secretary to provide, in due course, updates on what the future regulatory and management responsibilities of SNH, Marine Scotland and SEPA will be once Britain has left the EU.

¹ Finance Committee. *Official Report*, 7 September 2016, Col 5.

² Rural Affairs, Climate Change and Environment Committee. 6th Report, 2015 (Session 4). [Legacy Paper](#) (SP Paper 945).

³ Rural Affairs, Climate Change and Environment Committee. 6th Report, 2015 (Session 4). [Legacy Paper](#) (SP Paper 945).

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- ⁴ Rural Affairs, Climate Change and Environment Committee. 6th Report, 2015 (Session 4). *Legacy Paper* (SP Paper 945).
- ⁵ Finance Committee. [Budget guidance for committees](#), 30 June 2016.
- ⁶ Finance Committee. [Budget guidance for committees](#), 30 June 2016.
- ⁷ Scottish Government. [Carbon Assessment of the 2017-18 Draft Budget](#), 15 December 2016.
- ⁸ Scottish Government. [National Performance Framework - an outcomes-based approach, measuring what matters](#). 18 March 2016.
- ⁹ Environment, Climate Change and Land Reform Committee. *Official Report*, 8 November 2016, Col 2.
- ¹⁰ Scottish Natural Heritage. Supplementary written submission.
- ¹¹ RSPB Scotland. Written submission.
- ¹² Scottish Wildlife Trust. Written submission.
- ¹³ Environment, Climate Change and Land Reform Committee. *Official Report*, 20 December 2016, Col 5.
- ¹⁴ Environment, Climate Change and Land Reform Committee. *Official Report*, 8 November 2016, Col 4.
- ¹⁵ Scottish Natural Heritage. Supplementary written submission.
- ¹⁶ Scottish Natural Heritage. Supplementary written submission.
- ¹⁷ Environment, Climate Change and Land Reform Committee. *Official Report*, 20 December 2016, Cols 10-11.
- ¹⁸ Environment, Climate Change and Land Reform Committee. *Official Report*, 8 November 2016, Col 17.
- ¹⁹ Environment, Climate Change and Land Reform Committee. *Official Report*, 8 November 2016, Col 7.
- ²⁰ Environment, Climate Change and Land Reform Committee. *Official Report*, 8 November 2016, Col 20.
- ²¹ Environment, Climate Change and Land Reform Committee. *Official Report*, 20 December 2016, Col 18.
- ²² Scottish Natural Heritage. Supplementary written submission.
- ²³ Environment, Climate Change and Land Reform Committee. *Official Report*, 20 December 2016, Col 21.
- ²⁴ Environment, Climate Change and Land Reform Committee. *Official Report*, 8 November 2016, Col 28.
- ²⁵ RSPB Scotland. Written submission.
- ²⁶ Environment, Climate Change and Land Reform Committee. *Official Report*, 8 November 2016, Col 32.
- ²⁷ Scottish Wildlife Trust. Written submission.
- ²⁸ Environment, Climate Change and Land Reform Committee. *Official Report*, 8 November 2016, Col 29.
- ²⁹ RSPB Scotland. Written submission.
- ³⁰ Environment, Climate Change and Land Reform Committee. *Official Report*, 8 November 2016, Col 36.
- ³¹ Environment, Climate Change and Land Reform Committee. *Official Report*, 8 November 2016, Col 37.
- ³² Environment, Climate Change and Land Reform Committee. *Official Report*, 8 November 2016, Col 38.
- ³³ Scottish Environment Protection Agency. Written submission.
- ³⁴ Scottish Environment Protection Agency. Written submission.
- ³⁵ Scottish Environment Protection Agency. Written submission.
- ³⁶ Environment, Climate Change and Land Reform Committee. *Official Report*, 20 December 2016, Col 14.
- ³⁷ Scottish Environment Protection Agency. Written submission.
- ³⁸ Environment, Climate Change and Land Reform Committee. *Official Report*, 20 December 2016, Col 15.
- ³⁹ Scottish Environment Protection Agency. Written submission.
- ⁴⁰ Environment, Climate Change and Land Reform Committee. *Official Report*, 15 November 2016, Col 21.
- ⁴¹ Environment, Climate Change and Land Reform Committee. *Official Report*, 15 November 2016, Col 6.
- ⁴² Environment, Climate Change and Land Reform Committee. *Official Report*, 15 November 2016, Col 12.
- ⁴³ Environment, Climate Change and Land Reform Committee. *Official Report*, 15 November 2016, Col 12.
- ⁴⁴ Environment, Climate Change and Land Reform Committee. *Official Report*, 20 December 2016, Col 23.
- ⁴⁵ Environment, Climate Change and Land Reform Committee. *Official Report*, 15 November 2016, Cols 17-18.
- ⁴⁶ Environment, Climate Change and Land Reform Committee. *Official Report*, 20 December 2016, Col 3.
- ⁴⁷ Environment, Climate Change and Land Reform Committee. 4th Report, 2016 (Session 5). Appointment of the Scottish Land Commissioners and the Tenant Farming Commissioner (SP Paper 50).

⁴⁸ Environment, Climate Change and Land Reform Committee. *Official Report*, 20 December 2016, Col 22.

⁴⁹ Environment, Climate Change and Land Reform Committee. *Official Report*, 13 September 2016, Col 7.

⁵⁰ Environment, Climate Change and Land Reform Committee. *Official Report*, 27 September 2016, Col 13.

ANNEXE A

Extracts from the minutes of the Environment, Climate Change and Land Reform Committee and associated written evidence and supplementary evidence

5th Meeting, 2016 (Session 5), Tuesday 20 September 2016

8. Draft Budget Scrutiny 2017-18 (in private): The Committee agreed its approach to the scrutiny of the Scottish Government's Draft Budget 2017-18.

10th Meeting, 2016 (Session 5), Tuesday 8 November 2016

1. Decision on taking business in private: The Committee agreed to take item 3 in private.

2. Draft Budget Scrutiny 2017-18: The Committee took evidence on the Scottish Government's Draft Budget 2017-18 from—
Ian Ross, Chairman, Jane Macdonald, Head of Portfolio Planning and Budgeting, and Ian Jardine, Chief Executive, Scottish Natural Heritage; Linda Rosborough, Director, Mike Palmer, Deputy Director, Performance, Aquaculture and Recreational Fisheries, and Anna Donald, Head of Marine Planning and Strategy, Marine Scotland.

3. Draft Budget Scrutiny 2017-18 (in private): The Committee considered evidence heard earlier in the meeting.

Associated written evidence



Scottish Natural Heritage (236KB pdf)



Supplementary written evidence from Scottish Natural Heritage (360KB pdf)



Additional supplementary written evidence from Scottish Natural Heritage (260KB pdf)



Scottish Environment Protection Agency (375KB pdf)



Supplementary written evidence from Scottish Environment Protection Agency (511KB pdf)

11th Meeting, 2016 (Session 5) Tuesday 15 November 2016

1. Decision on taking business in private: The Committee agreed to take items 3, 4, 5, 6 and 7 in private.

2. Draft Budget Scrutiny 2017-18: The Committee took evidence from—
Jo Green, Chief Officer, Performance and Innovation Portfolio, Lin Buntin, Head of Regulatory Services, and David Faichney, Flood Act Business Change Manager, Scottish Environment Protection Agency.

3. Draft Budget Scrutiny 2017-18 (in private): The Committee considered evidence heard earlier in the meeting on the Scottish Government's Draft Budget 2017-18.

16th Meeting, 2016 (Session 5) Tuesday 20 December 2016

1. Decision on taking business in private: The Committee agreed to take items 4 and 5 in private.

2. Draft Budget Scrutiny 2017-18: The Committee took evidence on the Scottish Government's Draft Budget 2017-18 from—
Roseanna Cunningham, Cabinet Secretary for Environment, Climate Change and Land Reform, Keith Connal, Deputy Director, Natural Resources, Neil Ritchie, Acting Head of Division, Marine Planning and Policy, John Ireland, Deputy Director of Low Carbon Economy Division, and David Palmer, Branch Head, Natural Assets and Flooding, Scottish Government.

4. Draft Budget Scrutiny 2017-18 (in private): The Committee considered evidence heard earlier in the meeting.

1st Meeting, 2017 (Session 5) Tuesday 10 January 2017

1. Decision on taking business in private: The Committee agreed to take items 3 and 4 in private.

4. Draft Budget Scrutiny 2017-18 (in private): The Committee considered a draft report to the Finance Committee on the Scottish Government's Draft Budget 2017-18. Various changes were agreed to. The Committee delegated to the Convener responsibility for finalising the draft report. The Committee also agreed to write to the Cabinet Secretary for Environment, Climate Change and Land Reform on issues highlighted during its budget scrutiny in relation to the UK's forthcoming exit from the EU.

Associated written evidence

-  **Letter from the Convener to the Cabinet Secretary seeking information regarding issues highlighted during the Committee's budget scrutiny in relation to the UK's forthcoming exit from the EU (201KB pdf)**
-  **Response from the Cabinet Secretary to the letter from the Convener on issues highlighted during the Committee's budget scrutiny in relation to the UK's forthcoming exit from the EU (178KB pdf)**

ANNEXE B

Draft Budget 2017-18 List of other written evidence received

-  [The Royal Society for the Protection of Birds Scotland \(368KB pdf\)](#)
-  [Scottish Wildlife Trust \(508KB pdf\)](#)
-  [Paths for All \(268KB pdf\)](#)

