Rural Affairs, Climate Change and Environment Committee

Report on the Draft Budget 2016-17
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Background and documentation</td>
<td>1</td>
</tr>
<tr>
<td>Rural Affairs, Climate Change and Environment Committee approach</td>
<td>3</td>
</tr>
<tr>
<td><strong>Associated documents and information</strong></td>
<td>4</td>
</tr>
<tr>
<td>National Performance Framework</td>
<td>4</td>
</tr>
<tr>
<td>Carbon assessment</td>
<td>7</td>
</tr>
<tr>
<td>Equality statement and issues</td>
<td>8</td>
</tr>
<tr>
<td><strong>Underspend in the 2014-15 budget</strong></td>
<td>11</td>
</tr>
<tr>
<td><strong>Draft Budget 2016-17</strong></td>
<td>11</td>
</tr>
<tr>
<td>Review of previous RACCE Committee budget reports</td>
<td>12</td>
</tr>
<tr>
<td>Overall Rural Affairs, Food and the Environment budget</td>
<td>14</td>
</tr>
<tr>
<td>Agency funding</td>
<td>16</td>
</tr>
<tr>
<td>EU Support and Related Services</td>
<td>17</td>
</tr>
<tr>
<td>Research, Analysis and Other Services</td>
<td>19</td>
</tr>
<tr>
<td>Marine and Fisheries</td>
<td>20</td>
</tr>
<tr>
<td>Environment and Rural Services</td>
<td>22</td>
</tr>
<tr>
<td>Climate Change and Land Managers Renewables Fund</td>
<td>27</td>
</tr>
<tr>
<td>Forestry Commission</td>
<td>30</td>
</tr>
</tbody>
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Rural Affairs, Climate Change and Environment Committee

This Committee’s work focuses on agriculture, fisheries, rural development, climate change, the environment and other matters falling within the responsibility of the Cabinet Secretary for Rural Affairs, Food and the Environment.

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# Committee Membership

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Background and documentation

1. In this report to the Finance Committee, the Rural Affairs, Climate Change and Environment Committee (RACCE) comments on aspects of the Scottish Government’s Draft Budget 2016-17 that relate to its remit.

2. Due to the UK Government publishing the conclusions of the Spending Review on 25 November 2015 (following the UK election earlier in 2015), the publication of the draft Scottish Budget was delayed. This greatly squeezed the time available to committees in the Scottish Parliament to scrutinise relevant aspects of the draft budget and report any views to the Finance Committee.

3. The Scottish Government published its Scotland’s Spending Plans and Draft Budget 2016-17 document on 16 December 2015. Chapter 10 contains the proposed spending for the Rural Affairs, Food and the Environment (RAFE) portfolio. On 17 December 2015, the Scottish Government published a further level of budget information (known as level 4) for each portfolio.

4. The Scottish Government published a Carbon Assessment of the 2016-17 Draft Budget and an Equality Statement alongside the draft budget. A Draft Budget 2016-17: Scotland Performs document, providing an update on performance, was also published.

5. On 5 January 2016, the Financial Scrutiny Unit (FSU) in the Scottish Parliament Information Centre (SPICe) published a briefing on the draft budget. All of the FSU and SPICe support and guidance on the budget can be viewed online.

6. The Finance Committee published guidance to subject committees to assist them in their scrutiny.

7. Previously, the Scottish Government has published a document detailing funding for climate change mitigation measures. This links the draft budget to the Scottish Government’s Second Report on Proposals and Policies (RPP2) which indicates how Scotland will meet its climate change targets, as set out in the Climate Change (Scotland) Act 2009.

8. In its budget report published in 2015 the RACCE Committee stated that it was—

   … very disappointed that the Scottish Government published details of funding for climate change mitigation measures on 11 November 2014, almost five weeks after the publication of the draft budget and its accompanying documents, and almost three weeks after publication of level 4 figures … This belated publication was a hindrance to the Committee in seeking to conduct robust scrutiny of the draft budget. The Committee … welcomes [the] commitment to review the production of the document with a view to improving its presentation, distribution, and time of publication. The Committee seeks a commitment from the Scottish
Government that it will ensure much earlier publication of the document next year, preferably alongside the draft budget itself, or, at the latest, alongside the level 4 figures.

9. The day the draft 2016-17 budget was published, 16 December 2015, the Committee received a letter from the Minister for Environment, Climate Change and Land Reform which confirmed that a summary of funding for climate change mitigation measures would be published “as soon as possible”. The document was subsequently published on 13 January 2016.

10. The Committee acknowledges the reasons why scrutiny of the draft budget 2016-17 is significantly constrained this year. The Committee will reflect on its experience of budget scrutiny throughout this session in its forthcoming legacy report.

11. The Committee is disappointed that the Scottish Government published details of funding for climate change mitigation measures on 13 January 2016, shortly before the Committee considered and agreed its report and that publication was significantly later than the publication of the draft budget and its associated documents, and also the level 4 funding information. The Committee considers that this document, produced as a result of a recommendation it made early in this session, is vital in assisting the Parliament and its committees to scrutinise the spending on climate change measures.

12. Whilst acknowledging the challenging timescales involved in the budget scrutiny process on this occasion, it remains the case that the document has once again been produced too late to allow meaningful scrutiny by the Committee, and by other relevant committees of the Parliament. The Committee therefore strongly recommends, as it has done on several other occasions, that the document continues to be produced, is comprehensive and easy to understand, and is published no later than alongside publication of the level 4 figures.
Rural Affairs, Climate Change and Environment Committee approach

13. As has been the case in previous years in this session, the Committee considered the draft budget within the context of what it will deliver for rural Scotland and the environment, and used relevant aspects of the Scottish Government’s National Performance Framework to assess this, including the strategic objectives, national outcomes, and national indicators. The Committee paid particular attention to the prioritisation and value for money of funds within its remit.

14. As this is the final budget report that the Committee will publish, it will also inform its legacy report to any successor committees in Session 5.

15. Given the limited time available for scrutiny, the Committee agreed not to seek any specific written submissions or take any oral evidence, and to prepare a report based on the major themes and trends emerging from its budget scrutiny in this session, along with any other notable budgetary issues arising from the Committee’s work programme in 2015. In this report the Committee refers back to its previous four budget reports published in this session as follows—

- Report on The Scottish Government's Draft Budget 2012-13 and Spending Review 2011 (published on 9 December 2011);
- Report on The Scottish Government's Draft Budget 2013-14 (published on 10 December 2012);
- Report on The Scottish Government's Draft Budget 2014-15 (published on 9 December 2013); and

16. The Committee agreed to continue its climate change mainstreaming (pursued throughout this session) and wrote to all relevant committees on 3 July 2015 asking them to include an assessment of how spending in their portfolio area had taken account of climate change issues including supporting delivery of the annual climate change targets set out in RPP2 in their reports to the Finance Committee.

However, given the changes to the timetable that occurred after those letters were sent, the Committee contacted the relevant subject committees to encourage them to still consider climate change issues as part of their budget scrutiny where possible, while accepting the time available to them is limited. The Infrastructure and Capital Investment Committee’s scrutiny is focussed on how the Scottish Government’s spending impacts on carbon emissions.
17. The limited time available made the consideration of climate change issues by other committees in the Parliament challenging on this occasion. However, looking back over the course of this session, and the attempts by the RACCE Committee to mainstream consideration of climate change issues in the budget across relevant committees, it is clear that there needs to be a step-change across the Parliament, by members and committees, to effectively respond to the challenges of mitigating and adapting to climate change, and to hold the Scottish Government properly to account. It is not possible for one committee to effectively scrutinise all spending relating to climate issues when much of that spending falls within other portfolio areas. It is therefore disappointing that the majority of the relevant committees of the Parliament have not engaged with climate issues effectively or proactively.

18. The Committee therefore recommends that the committee(s) in the next session with responsibility for scrutinising climate issues continues the mainstreaming of climate change issues in the budget across all relevant committees, and follow the example set by the Infrastructure and Capital Investment Committee engaging more proactively and constructively. The Committee will revisit this issue as part of its legacy process.

Associated documents and information

National Performance Framework

19. Throughout its budget scrutiny during this session of Parliament the Committee has scrutinised spending by making comparisons to the performance recorded in the Scottish Government's National Performance Framework and on the Scotland Performs website. The Scottish Government published an update on Scotland Performs and the National Performance Framework alongside the draft budget on 16 December 2015.

20. Six of the National Indicators are particularly relevant to the RAFe portfolio, which are to—

- increase people's use of Scotland's outdoors (currently improving);
- increase the abundance of terrestrial breeding birds: biodiversity (currently improving);
- improve the condition of protected nature sites (currently maintaining);
- improve the state of Scotland's marine environment (currently worsening);
• reduce Scotland’s carbon footprint (currently worsening); and
• reduce waste generated (currently worsening).

21. The Scottish Government’s website shows whether each indicator is improving, maintaining, or worsening, based on a year on year comparison.

22. In its budget report published in 2015, the Committee commented on the status of the indicators, noting—

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

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

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

23. In its budget report published in 2013, the Committee stated that it—

… is not currently easy to determine how the draft budget supports individual National Performance Framework indicators, and therefore to what extent changes to the budget may impact on the status of indicators.

The Committee therefore welcomes the Cabinet Secretary’s commitment to examine how the links between the budget and National Performance
Framework indicators could be strengthened and made more explicit and recommends that he discuss this with his Cabinet colleagues with a view to improving the presentation of both the budget and National Performance Framework in future.

24. Many of the indicators relevant to the RAFE portfolio have stayed at similar levels throughout this session of Parliament (indicator charts can be found later in this report). The biodiversity indicator showing the abundance of terrestrial breeding birds has fluctuated throughout the session and is currently improving. There is limited data available for the indicator relating to Scotland’s carbon footprint. The two data points that are available show an increase in carbon footprint from 2011-12 (i.e. the indicator is worsening).

25. The indicator relating to the state of Scotland marine environment is perhaps the most striking. The measure used for the indicator is the proportion of key Scottish commercial species landed by Scottish fishing vessels where the Total Allowable Catch (TAC) limit is consistent with the scientific guidance, calculated over a centred three year average. The target associated with this is to “ensure 70% key commercial fish stocks at full reproductive capacity and harvested sustainably by 2015” [20]. In 2011 the indicator was at 96%. It fell to a low of 36% in 2014 and last year was at 38%. The Scottish Government website explains this decline as follows—

The main reason for this decrease is due to the mackerel crisis 2010-2014. Due to the formula used to calculate the indicator, mackerel has a significant bearing upon its performance. The mackerel TAC has not been set in line with scientific advice since 2011. However, had it been during this period, the indicator would now be at 88%.

26. More information on individual indicators is provided under the relevant budget line below.

27. The Committee notes the performance of the relevant National Performance Framework indicators in the Rural Affairs, Food and the Environment portfolio and is pleased that the indicators relating to biodiversity and people’s use of the outdoors are continuing to show an improving status.

28. Whilst it is pleasing that the condition of Scotland’s protected nature sites is not worsening, and that there has been an overall improvement over the past decade, the Committee hopes that this indicator can show a more positive consistent improving, rather than maintaining, status, in future years.
29. The Committee remains concerned that the indicators relating to the reduction of Scotland’s carbon footprint, and improvement of its marine environment, continue to show a worsening status. As it has commented previously, the Committee recommends that the Scottish Government pays particular attention to this with a view to examining how the budget can better support the policies which underpin these indicators. Further comment on these policy areas is made elsewhere in this report.

30. The Committee continues to believe that the Scottish Government needs to provide a more explicit, transparent and accessible link between the National Performance Framework and its budget documents.

### Carbon assessment

31. The Committee considered the carbon assessment of the budget in some detail in its budget report published in 2015, and noted that—

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

32. The Scottish Government published a Carbon Assessment of the Draft Budget 2016-17. According to the assessment the total emissions attributed to the draft budget is 8.8 million tonnes of carbon dioxide equivalent (Mt CO\(_2\)e). The majority of these emissions result from energy and water use, waste production, manufacturing and transport. Nearly half of all the emissions associated with the draft budget expenditure are embedded in imported goods and services, and therefore occur outside Scotland. The RAFE portfolio accounts for 0.44 Mt CO\(_2\)e.

33. The Carbon Assessment provides a very high-level assessment of emissions associated with Scottish Government expenditure on goods and services. The Committee requests an explanation of how the assessment is used to inform spending decisions or budget allocations.

34. While the assessment also highlights differences in expenditure between portfolios, emissions are largely related to spend. The Committee asks for an explanation of steps taken to reduce the emissions associated with expenditure within the Rural Affairs, Food and the Environment portfolio.
Equality statement and issues

35. Throughout its budget scrutiny in this session, the Committee has examined the relevant chapter of the Equalities Statement, and considered equalities issues and potential impacts across the RAFE portfolio.

36. The Scottish Government published its Equality Statement on the draft budget 2016-17 alongside the budget and Chapter 9 of that document concerns the RAFE portfolio. The Statement outlines the key strategic priorities of the RAFE portfolio in terms of equalities and the equality implications of the draft budget 2016-17.

37. Under the strategic priorities, the Statement notes that the RAFE spend “helps to promote equality in some areas” but notes that the largest area of spend primarily supports the incomes of farmers and landowners. Within that, the Statement highlights the SRDP funded LEADER\(^2\) programme and the Scottish Land Fund as both being able to promote equality. However, there is a mixed picture on those two schemes in the budget, with LEADER having its budget halved from £9 million to £4.5 million, whilst the Land Fund sees a significant increase from £3 million to £10 million. The Statement explains the 50% reduction in LEADER funding is “to some extent, due to a new programme as part of the Scottish Rural Development Programme (SRDP) starting mid-year.”

38. Amongst the equality implications for the RAFE portfolio noted in the Statement are—

- an allocation of £2 million, within the Natural Resources budget line, to help repair the damage to former opencast coal sites impacting on special protected areas in East Ayrshire;

- confirmation that the Government intends to invest in research to learn more about the roles played by women in Scottish agriculture, to be funded from the £4.5 million Contract Research Fund;

- details of increased funding (from £3 million to £3.6 million) for the Rural Broadband Fund; and

- that the National Assets and Flooding budget has been protected at £9.1 million and that research commissioned in 2015 shows that whilst there were no simple equality patterns in those at risk of flooding, older people and disabled people were less able to cope during and after flooding events.

39. The Statement acknowledges that the research programme budget is dropping from £56 million to £50 million and notes that this—

> ... may affect Scotland’s capabilities for innovation and development in the longer term, is not expected to have short-term equality consequences.
However, it is unclear how the research institutes affected will choose to reduce their costs so the equality position cannot be certain.

40. The Statement also notes that the resource budgets for Scottish Natural Heritage (SNH) and the Scottish Environment Protection Agency (SEPA), are reducing by around 7% and states that “Those organisations will carry out relevant EQIAs should the funding change affect significant policy interventions.”

41. In its budget report published in 2015 the Committee stressed the need for all parts of Scottish society to be involved and appropriately supported in helping to mitigate and adapt to the effects of climate change and recommended that the Scottish Government carry out research work on the impacts of climate change on equality groups across all portfolios and provide an update on progress in its next Equality Statement.

42. The Committee stated that it—

… has undertaken work on both how we adapt and change behaviours in relation to climate change, and is conscious of the need to understand the impacts of climate change on different groups of society, including those protected under equalities legislation. The Committee was therefore encouraged to hear the former Minister tell the Committee that the consideration of climate justice issues was increasing domestically and to hear the examples he gave of research being undertaken. Whilst welcoming the work commissioned on flood risk, the Committee recommends that the Scottish Government ensure that this is the beginning, not the end, of research work on the impacts of climate change on equality groups across all portfolios, and looks forward to an update on progress in the next equality statement.

43. The Committee also looked at the issue of new entrants into forestry, stating that it—

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

The Committee welcomes the opportunities that have been given to some 500 young people as part of the Forestry Commission Scotland youth employment skills training programme. The Committee recommends that the Scottish Government work with the FCS to maintain and extend this programme, and then use it as the basis for examining the possibility of such apprenticeship schemes for young people in other parts of the RAE portfolio (such as farming, fishing, and other land management and environmental activities).
44. In its budget report published in 2013, and restated in its report published in 2015, the Committee recommended that the Scottish Government provides a more explicit link between the National Performance Framework and equalities issues in future.

45. The Committee welcomes the significant increase in the Scottish Land Fund which should have a positive equalities impact on some rural communities. The Committee asks the Scottish Government to monitor the equalities impacts of the Land Fund and provide an update on this in future budget Equality Statements.

46. The Committee is concerned about the halving of LEADER funding and notes that the reduction is due to some extent to a new SRDP programme starting mid-year. The Committee asks the Scottish Government to clarify the full extent of the reason for the reduction in funding and what impact this will have on equalities issues.

47. The Committee warmly welcomes the intention to invest in research to better understand the roles played by women in agriculture, and recommends that the scope of this work is wide enough to also include forestry, as highlighted by this Committee in its budget report published in 2015.

48. However, this is set against concerns regarding the continued reduction of research budgets as there could be long term negative equalities consequences related to Scotland’s innovation and development capabilities. The Committee therefore asks the Scottish Government to provide more information on this, and to ensure that research institutions take account of how cost reductions will impact on equalities issues.

49. The Committee was disappointed to note that the Equality Statement does not include an update on climate justice issues as recommended by the Committee in its budget report published in 2015. The Committee asks the Scottish Government to provide an update on this in its response to this report.

50. The Committee notes (as it has done twice previously) that there continues to be little tangible link between the Equality Statement and the National Performance Framework and again recommends that the Scottish Government improves the presentation of the Statement by linking it more directly, under each portfolio heading, to the relevant indicators in the National Performance Framework.
Underspend in the 2014-15 budget

51. In a question in the Chamber on 11 November 2015 Gavin Brown MSP asked why there had been a £13 million underspend by the RAFE portfolio in 2014-15. The Minister replied—

… £7 million of the £13 million resource underspend was planned underspend on uncommitted budgets such as research, £3 million was a result of demand-led budgets, such as private water funding, and of the minor variances totalling £3 million, £2 million was a non-cash underspend representing differences in accounting estimates in areas such as depreciation of assets. In total, the underspend represented less than 3 per cent of the resource departmental expenditure limit budgets that are available to the portfolio and was used to help meet capital pressures.

52. The Committee is aware of several policy areas within its remit where decisions to limit spending have been taken for financial reasons, or which it has been clear would benefit from additional investment. These include climate change initiatives (such as peatland restoration and measures to more effectively green agriculture); the dairy industry; tree planting; and the management of wild deer and geese populations.

53. In light of the £13 million underspend in the RAFE budget in 2014-15, £7 million of which was planned, the Committee calls on the Scottish Government to review these measures, and the balance of funding across the portfolio, to ensure that maximum value for money is being achieved from the RAFE budget in terms of outcomes. The Committee asks the Scottish Government to explain why there is planned underspend in the budget and why that money was not allocated to other parts of the portfolio which could have benefited from the expenditure.

Draft Budget 2016-17

54. The UK Spending Review and Autumn Statement was published on Wednesday 25 November 2015. It presents UK spending plans for the period 2016-17 to 2019-20 and includes Scottish spending allocations for the period.

55. Figure 1 below shows the cash and real terms Scottish Government budget from 2010-11 to 2016-17 which shows a real terms decrease of just over 2%.
Figure 1: Total Scottish Government Budget 2010-11 to 2016-17 (£ million)

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Review of previous RACCE Committee budget reports

56. Throughout this session of Parliament, the Committee has focussed its budget scrutiny on themes such as climate change (including forestry, peatlands, agriculture and land use); flooding; forestry; CAP and SRDP; digital connectivity; and equalities issues.

57. In its budget report published in 2011, the first of this session, the Committee looked across the whole of the RAFE budget. Some of its main conclusions and recommendations were as follows—

- the Committee found scrutinising the RAFE budget much clearer than attempting to scrutinise the spending on achieving the Scottish Government’s climate change targets. It called for better engagement with committees in the provision of more detailed spending plans to achieve these targets.

- given that spending on climate change affects virtually every aspect of Scottish Government spending, the Committee recommended several improvements that could assist committees in future in scrutinising climate change spend—
  
  o all committees need to consider climate change issues when scrutinising their own relevant Scottish Government portfolios, and need to discuss how to work together more effectively to hold the Scottish Government to account across all relevant areas of climate change spend;

  o the Scottish Government needs to improve the presentation of both its proposals and policies documents (the RPP), and its budget documents, to make clearer who is responsible for delivering which proposals and policies, and to enable a clearer read-across between the documents. Tracking Scottish Government spending on climate change policies needs to be made clearer and more transparent.

  o the Scottish Government should ensure that all proposals and policies in the RPP, and any future revisions of the RPP, are fully funded, in order to meet the targets set out in the Climate Change (Scotland) Act 2009.
• the Committee was concerned that the cut in the Scottish Government’s spending on the SRDP, and its funding of its key agencies, such as SNH and SEPA, did not have an adverse effect on the Scottish Government’s ability to deliver on its climate change targets, land use strategy, or bio-diversity targets.

• the Committee welcomed the areas in which the Scottish Government was able to deliver new or increased funding. In particular, the establishment of a fund to aid the improvement of broadband in rural areas, a substantial increase in the food and drink budget, and the establishment of a land fund, were welcomed.

58. In its budget report published in 2012, the Committee focussed on examining the extent to which the proposed spending in the RAFE portfolio would contribute towards sustainable economic growth, and whether this created any tensions between economic outcomes and environmental outcomes. Within that the Committee also focussed on climate issues, SRDP, rural broadband and connectivity issues.

59. In its budget report published in 2013, the Committee focussed on three specific areas: provision and improvement of broadband in remote and rural areas; flood protection and alleviation; and delivery of the rural land use and waste aspects of the Scottish Government’s RPP2.

60. In its budget report published in 2015, the Committee focussed its scrutiny on forestry (especially tree planting and tree health); climate change measures within the Scotland Rural Development Programme; and the effects of the draft RAFE budget on equality groups, particularly different age groups. The Committee noted concerns about the trend of falling budgets in the climate change; research; forestry; and marine and fisheries lines.

61. Looking back at the four previous budget reports made by the Committee in this session, clear patterns and trends have emerged. One consistent area of concern has been the level of funding available for land use climate change measures and the effectiveness of some of those initiatives, including concern about relating RPP policy areas such as tree planting, peatland restoration and the greening of agriculture. Issues such as funding available for the prevention and mitigation of flooding and the delivery of rural broadband have all been examined.

62. Another area of interest has been the appropriate targeting of agricultural support through both the pillars of the Common Agricultural Policy (Pillar 1 direct payments and Pillar 2 rural development funding delivered via the SRDP).
63. The Committee believes that successful delivery of the Rural Affairs, Food and the Environment portfolio budget depends on ensuring appropriate funds are provided to support our farmers, crofters, and land managers, whilst ensuring that Scotland’s rural communities are protected and supported so they can thrive. It is also important however that adequate long term preventive spending is delivered, particularly through support for climate change mitigation and adaptation measures, which sometimes require being front loaded. The Committee will reflect further on these issues as part of its legacy considerations.

Overall Rural Affairs, Food and the Environment budget

64. The total draft budget for the RAFE portfolio in 2016-17 is £560.4 million. This is a decline of 1% in cash terms from 2015-16 and 2.6% in real terms. This compares with a fall in the overall Scottish budget (total managed expenditure) of 0.5% in cash terms and 2.2% in real terms.

65. Figures 2 and 3 below show the level 2 budget lines in the RAFE portfolio between 2010-11 and 2016-17 in cash terms (figure 3) and real terms (figure 4).

**Figure 2: Comparison 2010-11 to 2016-17 CASH Terms (£ million)**

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<tr>
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<td>11.9</td>
<td>7.5</td>
<td>13.5</td>
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</tr>
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<td>77.4</td>
<td>68.8</td>
<td>56.4</td>
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<tr>
<td><strong>Total</strong></td>
<td>557.3</td>
<td>507.8</td>
<td>531.4</td>
<td>524.5</td>
<td>548.3</td>
<td>566.0</td>
<td>560.4</td>
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</table>

Source: FSU 2015, [http://www.scottish.parliament.uk/FinancialScrutiny/2016-17_budget_Levels_1_and_2.xlsx](http://www.scottish.parliament.uk/FinancialScrutiny/2016-17_budget_Levels_1_and_2.xlsx)
Figure 3: Comparison 2010-11 to 2016-17 REAL Terms (2015-16 prices, (£ million)

<table>
<thead>
<tr>
<th></th>
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<tbody>
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<td>EU Support etc</td>
<td>161.2</td>
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<td>119.7</td>
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<td>Research, Analysis etc</td>
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<td>74.4</td>
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<tr>
<td>Forestry Commission</td>
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<td>81.3</td>
<td>70.8</td>
<td>57.2</td>
<td>64.1</td>
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<td><strong>558.1</strong></td>
<td><strong>539.5</strong></td>
<td><strong>556.0</strong></td>
<td><strong>566.0</strong></td>
<td><strong>551.0</strong></td>
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</tbody>
</table>


66. The EU Support and Related Services budget drops for three years, and then increases for three years to its current high, whilst other lines, such as research, marine and fisheries, environment and rural services and forestry, have seen, despite some fluctuations, an overall decline in their budgets (although the environment and rural services budget remains static in cash terms, it has decreased in real terms). The Climate Change line has, again with some fluctuation, grown steadily over recent years.

67. The Committee has noted concerns about the balance of the distribution of Rural Affairs, Food and the Environment portfolio spend previously, particularly given that in many of the areas where spending is falling, there are particular challenges (such as the failures to meet biodiversity and tree planting targets and the continuing decline in the marine environment National Performance Indicator).

68. The Committee therefore recommends, as it has done previously, that the Scottish Government carefully considers the balance of spend in the Rural Affairs, Food and the Environment portfolio to ensure that the funding for the EU Support and Related Services budget is fully justified in terms of outcomes, and that it is satisfied, and can demonstrate, that greater outcomes could not be derived from increased or sustained funding for the other budget lines in the portfolio. The Committee will reflect further on this in its legacy report.
Agency funding

69. Figure 4 below shows the funding for the main Scottish Government departments and agencies funded by the RAFE portfolio from 2012-13 to 2016-17 in both cash and real terms.

70. Figure 4 shows that all 6 departments/agencies shown have had their funding reduced during this session of Parliament. Marine Scotland’s funding has reduced by 15.7% in cash terms and 21% in real terms; SNH’s budget has reduced by 16.3% in cash terms and 21.6% in real terms; and the Zero Waste Scotland budget has reduced by 10.9% in cash terms and 16.5% in real terms.

Figure 4: Scottish Government RAFE agency funding from 2012-13 to 2016-17 (presented in cash and real terms) – produced by SPICe based on information published by the Scottish Government

<table>
<thead>
<tr>
<th></th>
<th>Budget 2012–13 (£m)</th>
<th>Budget 2013–14 (£m)</th>
<th>Budget 2014–15 (£m)</th>
<th>Budget 2015–16 (£m)</th>
<th>Draft budget 2016–17 (£m)</th>
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</thead>
<tbody>
<tr>
<td>Forestry Commission</td>
<td>65.5</td>
<td>66.9</td>
<td>64.1</td>
<td>64.1</td>
<td>61.3</td>
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<tr>
<td>Marine Scotland</td>
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<td>49</td>
<td>48.4</td>
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<td>National Park Authorities</td>
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</tr>
<tr>
<td>Scottish Environment Protection Agency</td>
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<td>37.5</td>
<td>39</td>
<td>36.6</td>
</tr>
<tr>
<td>Scottish Natural Heritage</td>
<td>57.8</td>
<td>55.3</td>
<td>53.1</td>
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<td>48.4</td>
</tr>
<tr>
<td>Zero Waste*</td>
<td>23</td>
<td>23</td>
<td>23</td>
<td>23</td>
<td>20.5</td>
</tr>
</tbody>
</table>

* takes into account a technical adjustment of £3.4 million in 2013-2014 moved from Zero Waste budget line into Natural Assets and Flooding budget line.

<table>
<thead>
<tr>
<th></th>
<th>CHANGE – CASH TERMS (%)</th>
<th>CHANGE – REAL TERMS (2015-2016 PRICES)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015-16 to 2016-17</td>
<td>2012-13 to 2016-17</td>
</tr>
<tr>
<td>Forestry Commission</td>
<td>-4.4</td>
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</tr>
<tr>
<td>Marine Scotland</td>
<td>-4.4</td>
<td>-15.7</td>
</tr>
<tr>
<td>National Park Authorities</td>
<td>-0.8</td>
<td>-4.6</td>
</tr>
<tr>
<td>Scottish Environment Protection Agency</td>
<td>-6.2</td>
<td>-3.7</td>
</tr>
<tr>
<td>Scottish Natural Heritage</td>
<td>-8.9</td>
<td>-16.3</td>
</tr>
<tr>
<td>Zero Waste*</td>
<td>-10.9</td>
<td>-10.9</td>
</tr>
</tbody>
</table>

The budget figures presented as real terms are numbers adjusted for inflation and the deflator used is the HM Treasury GDP deflator, as used in the Draft Budget.
71. The Committee notes that funding for the Forestry Commission; Marine Scotland; the National Park Authorities; the Scottish Environment Protection Agency; Scottish Natural Heritage; and Zero Waste Scotland have reduced during this session of Parliament. The scale of reductions in funding for Marine Scotland, SNH and Zero Waste Scotland, of between 10% and almost 22% in real terms, are particularly concerning.

72. Much of the Committee’s work in this session of Parliament has focussed on legislation, targets and policies which are required to be implemented and/or delivered by these departments and agencies. The Committee therefore asks the Scottish Government to set out how it believes these bodies can continue to deliver all of their requirements and responsibilities in the face of significant budget reductions, and what impact these reductions may have on the National Performance Framework indicators, particularly those which relate to improving the marine environment and reducing waste, both of which are worsening.

EU Support and Related Services

73. The EU Support and Related Services budget supports primary production of crops and livestock and helps to deliver the CAP. The total budget for this has grown from £172.5 million in 2015-16 to £178.8 million in 2016-17 which is an increase of 3.7% in cash terms and 1.9% in real terms. Income from the EU has increased by £11 million from £488.2 million in 2015-16 to £499.2 million in 2016-17.

74. The budget lines which have benefited from an increase in funding relate to administration of the Common Agricultural Policy. Payments and Inspections Administration has an increased budget of £10 million from £45.6 million to £55.6 million. The Scottish Government’s level 4 information states that this increase is due to the “Depreciation cost of capital assets including the Gogarbank building and IT systems and stud farm.” The Rural Payment and Inspection Division (RPID) and Science and Advice for Scottish Agriculture (SASA) depreciation line show an increase from £6.32 million in 2015-16 to £18.24 million which is a 188.6% increase.

75. CAP compliance and improvements (which funds the CAP IT system) increases from £14.2 million to £26.2 million. The only other line that shows an increase in funding is broadband which increases from £3 million to £3.6 million.

76. The forestry line which funds legacy payments due under forestry schemes from the previous SRDP declines from 2015-16 and LEADER funding (as previously mentioned) is cut by 50% from £9 million to £4.5 million. The Scottish Government explains this in the level 4 information as reflecting the spending profile for 2016-17 which will increase in subsequent years.
77. All other lines remain constant in cash terms, which mean they fall in real terms by 1.7%.

78. During this session of Parliament, the Committee has expressed concerns about the funding of SRDP climate schemes, such as peatland restoration and the Farming for a Better Climate programme, particularly due to the levels of emissions reduction attributed to such policies in RPP2, and the need for the agriculture sector to reduce its emissions. The Committee was concerned that these schemes are not underpinned by robust scientific research and evidence and therefore optimum value for money may not be achieved. The Committee asked for this year’s budget to include details of the effectiveness of Farming for a Better Climate spend to date, but, unfortunately, no such update has been provided.

79. The Committee noted in its budget report published in 2015 that—

… it believes that taking measures aimed at reducing emissions on farms mandatory should be considered prior to the mid-term review of the CAP in 2017 if robust evidence shows that voluntary measures are not being taken up and having the required effect.

80. The Committee also scrutinised the implementation of the new CAP and SRDP IT delivery system (the CAP Futures Programme) which was highlighted by Audit Scotland and had experienced various concerning difficulties. The Committee stated that it was—

… only too aware of the challenges caused by the complexities of the previous CAP and SRDP so it is essential that the new IT system, which will help implement the new programme, is up and running, having been robustly tested and ready to make payments, on time. The Committee recommends that every effort be made to ensure that payments are made on time, and also to then realise all other aspects of the CAP Futures Programme as soon as possible. The proof of the pudding will be in the eating, and the Committee will wait to see how successful the roll out of the new system is and may return to this issue before the end of the session.

81. On 18 November 2015 the NFUS issued a press release which noted that the Scottish Government has invested £180 million in a computer delivery system for the Common Agricultural Policy, which the NFUS stated equates to “nearly £10,000 per Basic Payment Scheme application”.

82. This issue remains an on-going concern which the Committee has continued to scrutinise through evidence sessions and correspondence with the Cabinet Secretary.
83. The Committee believes that there needs to be greater tangible and widespread outcomes from funds used to support SRDP agri-environment and related schemes, and therefore calls on the Scottish Government to outline the scientific research which underpins relevant initiatives along with providing an update on the rollout, uptake and effectiveness of the measures. It was disappointing that this was not included in the draft budget as requested.

84. The implementation of the new CAP payment system has clearly been problematic and lessons must be learned for the future. Amongst the many concerns is the significant cost of the new IT system designed to deliver the funds. The Committee’s priority is that the farmers, crofters and land managers, many of who are reliant on the funding, are paid as quickly as possible. However, once those payments have been made, the Scottish Government must conduct a detailed review of what went wrong and how such problems can be avoided in future.

85. The EU Support and Related Services budget states that EU income has increased by £11 million from £488.2 million in 2015-16 to £499.2 million in 2016-17. If all of these additional funds have been used to pay for administration of the CAP and for the CAP IT system rather than directly funding payments or schemes. The Committee believes it is important that administration of the CAP is made more efficient and effective so that a greater proportion of funds can go to directly benefit rural communities in future.

86. The Committee has spent a significant amount of time in the past year scrutinising the ongoing difficulties faced by the dairy industry in Scotland and asks the Scottish Government to clearly set out how much funding will go towards supporting the dairy sector in this budget, and which specific budget lines that funding will come from.

87. The Committee has also been closely following the agricultural holdings remedial order mediation process, which retains the possibility of the Scottish Government being liable to pay compensation to some agricultural tenants. The Committee asks the Scottish Government to clarify how much money is being made available for such mediation and possible compensation claims and to specify which budget lines that funding will come from.

Research, Analysis and Other Services

88. 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 Botanical Garden Edinburgh. The draft budget states that there is to be a new Centre of Excellence
on Plant Health. Overall this budget falls by £6.8 million in 2016-17 which is 9.2% in cash terms and 10.7% in real terms compared to the 2015-16 budget.

89. The Minister confirmed that part of the reason for the underspend in the RAFE budget (mentioned elsewhere in this report) in 2014-15 was due to “planned underspend on uncommitted budgets such as research.”

90. Comment has been made elsewhere in this report regarding the decline of this budget line.

91. The Committee notes the underspend in the research budget in 2014-15 and also notes previous comments made to the Committee by research institutions which expressed concern about the flat-line, and reduced in real terms, budgets in recent years. The Committee believes it is important to retain a sustained research budget to ensure future innovation and investment (for example in supporting the measures in the Report on Proposals and Policies for climate change) and is concerned that the cuts in funding to this budget line may be short sighted and may result in longer term negative impacts. The Committee therefore asks the Scottish Government to confirm the reasons for the planned underspend in the research budget in more detail and to explain why it believes the budget to be adequate.

92. The Committee therefore asks what effect on research capability and capacity will come from the fall in Scottish Government funding for programmes of research. It also requests evidence that these funds help to lever in additional funding from other sources, and seeks clarity on the amount of additional funding that is brought into the Main Research Providers. The Committee also asks the Scottish Government what effect the cuts in funding to its agencies will have on research programmes.

93. The Committee also asks for more detail on the funding for the new Centre of Excellence on Plant Health and how this will impact on current funding levels.

**Marine and Fisheries**

94. The Marine and Fisheries budget supports the sustainable use of Scotland’s marine environment. The majority of the budget goes to Marine Scotland, which is the Scottish Government department with responsibility for integrated management of Scotland’s seas.

95. This budget falls from £55.3 million in 2015-16 to £53.2 million in 2016-17. This is a 3.8% fall in cash terms and a 5.4% fall in real terms. The funding for Marine Scotland falls 6% in real terms to £45.8 million.
96. The budget also contains funding from the European Maritime and Fisheries Fund (which replaced the previous European Fisheries Fund) of £8.2 million. The fund is described in the level 4 information as being—

> designed to secure sustainable fishing, aquaculture and processing sectors, to implement CFP reform and promote and protect the marine environment and empower local fishery and rural communities to deliver their local strategies through Community Led Local Development.

97. In this session of Parliament, the Committee has scrutinised a number of marine policy issues including the National Marine Plan, the network of Marine Protected Areas (MPAs) and the Common Fisheries Policy.

98. The National Performance Framework indicator which most closely relates to the Marine and Fisheries budget is to “Improve the state of Scotland's marine environment”, which is declining and has shown a downward trend throughout this session. The Committee notes the data underpinning this indicator in paragraph 26 but, nonetheless, has previously expressed concern about this and stated in its report published in 2015 that it expected to see an improvement in this indicator given the resolution of the mackerel dispute which the Scottish Government had identified as a primary reason for the worsening status. Figure 5 shows the trend in this indicator since 2011.

Figure 5 – provided by SPICe, based on Scottish Government performance data
99. The Committee has paid particular attention to marine issues in this session of Parliament, and is pleased to note that the National Marine Plan is now in place, and that the network of Marine Protected Areas will hopefully soon be fully established. The Committee asks the Scottish Government to provide an update on the roll-out of regional marine plans around our shores and their funding arrangements.

100. The Committee remains concerned that this National Performance Framework indicator continues to worsen, although it accepts that the full extent of that is exaggerated by the data issues discussed in paragraph 26. The Committee believes more needs to be done to reverse this trend and asks the Scottish Government what actions, if any, are required to ensure progress. This is particularly relevant given the challenges facing Marine Scotland, which include implementing the National Marine Plan, delivering regional marine plans, and establishing Marine Protected Areas.

Environment and Rural Services

101. The Environment and Rural Services budget helps to deliver the national outcome “to value and enjoy our built and natural environment.” It supports sustainable rural development, rural communities and the food and drink industry. It also funds Scottish Government agencies such as SNH, SEPA, and the National Park Authorities, and policy areas such as crofting, flooding and waste. The Committee’s recent scrutiny of the future of veterinary surveillance comes under this budget line.

102. The draft budget shows a small decrease in this line from £180.9 million to £180.3 million which is a 2% fall in real terms (from £180.9 million to £177.3 million). This includes cuts in funding for SEPA, SNH, the zero waste budget and private water. Natural Resources increases from £1.3 million to £4.2 million due to the additional funding to help repair the environmental damage to former opencast coal sites impacting on special protected areas in East Ayrshire, as mentioned above in the section on the Equality Statement.

103. The related National Performance Framework indicators for this budget line are: increasing people's use of Scotland's outdoors (which, after an initial drop in the first part of the session, is now improving); improving the condition of protected nature sites (currently maintaining); increasing the abundance of terrestrial breeding birds: biodiversity (currently improving); and reducing waste generated (currently worsening). Figures 6 to 9 below show the trends for these indicators since 2011.
Figure 6 – provided by SPICE, based on Scottish Government performance data

Increase people's use of Scotland's outdoors

<table>
<thead>
<tr>
<th>Year</th>
<th>% adults making 1+ visits to outdoors per week</th>
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<tbody>
<tr>
<td>2011</td>
<td>40</td>
</tr>
<tr>
<td>2012</td>
<td>40</td>
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<td>2013</td>
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<td>2014</td>
<td>40</td>
</tr>
<tr>
<td>2015</td>
<td>40</td>
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</table>

Figure 7 – provided by SPICE, based on Scottish Government performance data

Increase the abundance of terrestrial breeding birds: biodiversity

<table>
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<th>Year</th>
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<tbody>
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<td>2013</td>
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</tr>
<tr>
<td>2014</td>
<td>140</td>
</tr>
<tr>
<td>2015</td>
<td>140</td>
</tr>
</tbody>
</table>
104. In last year’s budget the Next Generation Digital Fund was found under this budget line. £42 million was used to accelerate the roll out of next generation broadband across Scotland, with a particular focus on rural areas. It is unclear where this funding is now accounted for.

105. In its budget report published in 2013, the Committee focussed on the provision and improvement of broadband in remote and rural areas as one its main three themes of scrutiny.
106. The Committee stated that it—

… remains concerned … that the current “not-spots” in Scotland, the hardest to reach remote and rural areas, will continue to have either no, or very poor, connectivity. The Committee was concerned to hear the Cabinet Secretary noting evidence emerging that suggested poor connectivity is a reason for people moving from rural to urban parts of Scotland. The Committee therefore welcomes the initial £5m funding for Community Broadband Scotland and recommends that the Scottish Government closely monitor its work; the outcomes that the £5m of funding delivers in 2014-15; and the additional income that the £5m investment unlocks, so that it can make evidence-based decisions on the requirements for future funding levels.

The Committee also believes it is essential that communities be given as much information as possible about likely broadband provision and speeds at the earliest opportunity so that they can plan ahead in terms of exploring other options via Community Broadband Scotland.

107. In 2013 the Committee also focussed on flood protection and alleviation. The Committee stated that it—

… welcomes the cash terms increases in the funding available to SEPA, and to the Natural Assets and Flooding budget, both of which sit in the RAE portfolio.

The Committee believes that, due to climate change, severe weather events will become increasingly likely in Scotland in years to come, and it is therefore essential that flood forecasting and warning systems be as accurate and robust as possible. The Committee welcomes the increased funding for flood forecasting and warning in the RAE portfolio and recommends that the Scottish Government continue to ensure sufficient funding is available to improve flood forecasting and warning systems, to ensure greater consistency across the whole of Scotland.

108. Recent flooding incidents across Scotland have highlighted the devastating effect floods can have on communities. The draft budget states that in 2016-17 the Scottish Government will begin to implement Scotland’s first round of flood risk management plans. However, it is unclear how action on the ground to reduce flood risk will be funded. The draft budget states that the Natural Assets and Flooding line will remain frozen at £9.1 million and that SEPA’s budget will fall from £39 million to £36.6 million.

109. Since the publication of the draft budget, and following the recent flooding incidents, the Scottish Government has confirmed that there will be no reduction in the funding available for tackling flooding issues. However, the Committee requests detail of what the timescale and prioritisation will be for local government
projects and what the investment approach will be to wider sustainable flood and river basin management strategies which involve a variety of stakeholders such as farming, forestry and hydro interests.

110. The Committee has recently carried out scrutiny of veterinary surveillance centres and funding for these centres remains at £5.2 million. However, it became clear during evidence to the Committee that this planned funding has been topped up by the Scottish Government ever year for the past 5 years for which there seems to be no clear information. In 2014-15 an additional £180,000 was provided to the SRUC for the veterinary disease centres to make up the shortfall.29

111. The Committee is pleased to note that two of the four indicators supported by the Environment and Rural Services budget are improving, whilst one is maintaining (with a slight improvement) and one, the reduction of waste generated, is worsening (albeit again while showing a recent shorter term improvement). The Committee hopes that all four of these indicators can show an improving status next year and asks the Scottish Government to provide further information on the data which underpins these four indicators.

112. The Committee notes the continued reduction in funding for SNH, SEPA and the National Park Authorities and has commented on this elsewhere in this report. The Committee will also consider this as part of its legacy work. The Committee asks the Scottish Government to confirm where cuts in these organisations are being made and what decisions and actions are being taken by those organisations as a result of the impacts of reduced funding.

113. Following the Committee’s recent scrutiny of the deer management proposals in the Land Reform (Scotland) Bill, it asks the Scottish Government, in consultation with SNH, to clearly set out how much funding SNH has spent on deer management issues over this session of Parliament.

114. The Committee notes that the Scottish Government plans to begin implementation of the first round of flood risk management plans in this budget period, within the context of decreasing funding for SEPA and a real terms decrease in the Natural Assets and Flooding line, which remains, as last year, at £9.1million. The flooding incidents seen in Scotland over the past few weeks serve as a timely reminder that it is essential that there are adequate funds available to prevent, mitigate and respond to the effects of flooding across Scotland.
115. The Committee notes the recent Scottish Government confirmation that there will be no reduction in funding available for tackling flooding issues. However, the Committee asks the Scottish Government to provide information regarding the flood management implications identified in the 14 local strategies, and how these will be funded, and to provide an update on how the £42 million per annum made available as part of the local government finance settlement to support flood prevention schemes will be prioritised. The Committee also asks how the Scottish Government will prioritise wider catchment management issues.

116. The Committee notes that there are wider flooding issues, which include the role of SEPA and planning authorities, and the effects of the impacts of climate change, and asks the Scottish Government to clarify what resources will be available to support these bodies and required activities.

117. The Committee asks the Scottish Government to clarify where the £42 million Next Generation Digital Fund which sat in this budget line in 2015-16 is now accounted for. The Committee also asks the Scottish Government to clarify how much of the funding which is available in the draft budget 2016-17 for broadband and digital connectivity projects will be targeted at rural areas and the “not spots” previously highlighted by the Committee. The Committee regrets that communities across Scotland are still not being given adequate information regarding the provision and speed of broadband and believes that this may be hampering the work of Community Broadband Scotland.

118. The Committee asks the Scottish Government to clarify the total amount of funding that will be provided to Scotland’s Rural College in this budget period for veterinary surveillance. The Committee also asks the Scottish Government whether it will continue to provide additional top-up funding to Scotland’s Rural College for this purpose.

Climate Change and Land Managers Renewables Fund

119. The Climate Change and Land Managers Renewables Fund (as it is now titled) budget line supports the development and implementation of climate change policy initiatives such as the Sustainable Action Fund which pays for research, demonstration projects and other activities in support of sustainable development in Scotland.

120. The budget line increases from £19.4 million in 2015-16 to £19.8 million in 2016-17, which is a real terms increase of 0.4%.

121. The relevant National Performance Framework indicator is to “Reduce Scotland’s carbon footprint”. There is limited data available for this indicator, but the data available shows that Scotland’s carbon footprint is increasing (i.e. that the
indicator is worsening). The Committee has expressed concern throughout this session about the failure to meet successive annual climate change targets. Figure 10 below shows the available data for this indicator.

Figure 10 – provided by SPICe, based on Scottish Government performance data

![](chart.png)

122. As part of Gavin Brown MSP’s questioning of the Minister regarding the underspend in the 2014-15 budget, he asked why there had been a £2 million (12.5%) underspend in the climate change budget line, and why there had been an underspend in the budget line for four consecutive years. The Minister responded—

> The accounts demonstrate the firm grip that the Government has on Scotland’s public finances. Our approach means that we are managing our budgets across more than one year. We carry forward some spending into the next year when needed, so such underspend does not reflect a missed opportunity to spend more on our public services. As I have said, the £13 million underspend includes £2 million non-cash that simply cannot be spent on services, and it represents differences in accounting estimates in areas such as the depreciation of assets.

The Government’s approach represents sensible budgeting reflecting fluctuations in costs and demand across the spending review period and ensures that there is no loss of spending power in Scotland.

123. In its budget report published in 2013 the Committee focussed on the delivery of the rural land use and waste aspects of the Scottish Government’s (RPP2) as one of its three main themes. In that report the Committee stated—

> In terms of funding of relevant policies and proposals set out in RPP2, the Committee is aware that Scotland has missed its first two climate change
targets, and faces a significant challenge in meeting its third annual target in 2012. The Committee therefore welcomes the acknowledgment by the Minister that a renewed effort is required by the Scottish Government, in terms of both policy and finance, if Scotland is to meet its long-term ambitions of reducing its carbon footprint, moving to a low carbon economy, and achieving its emissions reduction targets. The Committee recommends that the Scottish Government continue to prioritise funding for RPP2 measures in future budgets.

The Committee welcomes the additional £15m of funds over the next two years in the agri environment measures budget to support peatland restoration schemes, and the maintaining of spend on waste issues, both of which will help contribute to climate change objectives.

However, the Committee reiterates concerns it raised in its scrutiny of the draft of the RPP2 document in terms of the funding of rural land use measures. Funding for the Farming for a Better Climate programme remains at a relatively low level and the Committee is yet to see conclusive evidence of the emissions abatement that the programme is delivering. The Committee is also concerned that tree planting continues to be significantly below the Scottish Government’s stated annual targets and raises questions regarding the adequacy of the budget for tree planting.

The Committee welcomes the budget for the Climate Challenge Fund, which is a very important source of possible funding for communities, particularly those facing specific challenges and for equalities groups. The Committee also welcomes the Scottish Government’s refocusing of the fund, given the underspend last year, which should help to ensure that the fund is as accessible as possible to those most in need of it.

124. A strong theme in the budget scrutiny carried out by the Committee in this session has been concern regarding the funding available for climate change mitigation and adaptation measures, both within the RAFE portfolio and across all Scottish Government departments.

125. It is clear, given the successive missed annual climate change targets (albeit that factors such as changing baseline data) that more needs to be done (by the Scottish Government, but also by all parts of society, including the public and private sectors) to ensure that Scotland reduces its emissions to meet the targets set out in the Climate Change Act 2009.
126. The specific climate change budget line within the RA
eF portfolio registered a significant underspend in 2014-15. Given the scale of the challenges before us, and the need to act now to reap the benefits of change in the years to come, it is essential that this budget is used to its maximum potential. The Committee therefore asks the Scottish Government to provide it with a clear explanation as to why there has been an underspend on the climate change budget for four years and what actions are planned to front load spending.

127. The Committee also recommends that the Scottish Government examines the climate change budget line to assess if the current spend is delivering the best possible value for money in terms of outcomes.

Forestry Commission

128. Forestry Commission Scotland advises and implements forestry policy to protect and expand Scotland's forests and increase their value to society and the environment. The budget for Forestry Commission Scotland is falling from £64.1 million in 2015-16 to £61.3 million in 2016-17.

129. The Scottish Government has a planting target of 100,000 hectares of new woodlands between 2012 and 2022 which equates to 10,000 hectares per year. This target has not been met during this session of Parliament. In its most recent report for Scotland\(^30\), the Committee on Climate Change stated that—

> Tree planting rates are markedly below the rates seen in the 1970s. The 10,000 hectare target has yet to be achieved:

> Around 7,000 hectares of new forest were planted in 2013, this rose to just over 8,000 hectares in 2014.

> Rates will have to rise substantially if 100,000 hectares are to be planted by 202[2].

130. Figure 11 shows the tree planting data from 2010-11.
131. The Committee focussed on forestry as one of its three themes in its budget report published in 2015. In its report the Committee expressed concern regarding the adequacy of the forestry budget, given that the Scottish Government was not meeting tree planting targets and was facing significant challenges in managing tree health issues. This was of particular concern given that the planting targets form part of RPP2 which sets out how the Government plans to deliver the climate change targets.

132. The Committee remains concerned that tree planting rates have remained consistently under the 10,000 hectare target throughout this session, whilst recognising the contribution that the private sector is required to make towards achieving the target. If trees are going to deliver the climate change emissions reduction levels expected in RPP2 and if tree health issues are going to be successfully and proactively managed from a preventative, rather than a reactive, perspective, as well as the full contribution of forestry to environmental well-being, flood alleviation, commercial timber supply and other issues secured, then the Scottish Government needs to ensure that its target is met and that the right species of trees are being planted in their right place meet such objectives.

133. Given recent flooding events, and the concerns noted above, the Committee asks the Scottish Government whether it will review the support given to the forestry sector which could enable the sector to play a larger role in providing public benefit.

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FSU information on the Scottish Government Budget.


Climate Change (Scotland) Act 2009 (asp 12).


Rural Affairs, Climate Change and Environment Committee (3 July 2015). Letter to other relevant subject committee regarding climate mainstreaming in the budget.

Scottish Government’s Scotland Performs Technical Notes to improve the state of Scotland’s marine environment.

The aim of LEADER is to increase support to local rural community and business networks to build knowledge and skills, and encourage innovation and cooperation in order to tackle local development objectives.


Main research providers: Biomathematics and Statistics Scotland (BioSS), Moredun Research Institute (MRI), Scotland’s Rural College (SRUC), Royal Botanic Garden Edinburgh (RBGE), the Rowett Institute of Nutrition and Health (RINH) within the University of Aberdeen and the James Hutton Institute (JHI).


