



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Environment, Climate Change and Land Reform Committee

**Tuesday 20 December 2016**

**Session 5**



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Pàrlamaid na h-Alba

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**Tuesday 20 December 2016**

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**ENVIRONMENT, CLIMATE CHANGE AND LAND REFORM COMMITTEE**  
**16<sup>th</sup> Meeting 2016, Session 5**

**CONVENER**

\*Graeme Dey (Angus South) (SNP)

**DEPUTY CONVENER**

\*Maurice Golden (West Scotland) (Con)

**COMMITTEE MEMBERS**

\*Claudia Beamish (South Scotland) (Lab)  
\*Alexander Burnett (Aberdeenshire West) (Con)  
\*Finlay Carson (Galloway and West Dumfries) (Con)  
\*Kate Forbes (Skye, Lochaber and Badenoch) (SNP)  
\*Jenny Gilruth (Mid Fife and Glenrothes) (SNP)  
\*Emma Harper (South Scotland) (SNP)  
\*Angus MacDonald (Falkirk East) (SNP)  
\*Mark Ruskell (Mid Scotland and Fife) (Green)  
\*David Stewart (Highlands and Islands) (Lab)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Keith Connal (Scottish Government)  
Roseanna Cunningham (Cabinet Secretary for Environment, Climate Change and Land Reform)  
John Ireland (Scottish Government)  
Neil Ritchie (Scottish Government)

**CLERK TO THE COMMITTEE**

Lynn Tullis

**LOCATION**

The Robert Burns Room (CR1)



## Scottish Parliament

### Environment, Climate Change and Land Reform Committee

*Tuesday 20 December 2016*

*[The Convener opened the meeting at 10:00]*

### Decision on Taking Business in Private

**The Convener (Graeme Dey):** Good morning and welcome to the 16th meeting in 2016 of the Environment, Climate Change and Land Reform Committee. I remind everyone present to switch off their mobile phones and other devices, as they may affect the broadcasting system.

Under agenda item 1, does the committee agree to take items 4 and 5 in private?

**Members** *indicated agreement.*

## Draft Budget Scrutiny 2017-18

10:00

**The Convener:** Item 2 is scrutiny of the draft budget for 2017-18. We are joined by the Cabinet Secretary for Environment, Climate Change and Land Reform, Roseanna Cunningham, and a variety of officials.

Before we move to questions, I place on record the committee's appreciation of the level of detail that has been provided ahead of the process. Previous committees have pushed to get that level of detail, and it is incredibly helpful for us to have that information in our scrutiny process. I thank the cabinet secretary and the officials who were behind gathering all that information.

**The Cabinet Secretary for Environment, Climate Change and Land Reform (Roseanna Cunningham):** The only downside is that there will be a great deal of shuffling of paper this morning.

**The Convener:** Absolutely. However, that is a price that we will just have to pay. We will move straight to questions.

**Maurice Golden (West Scotland) (Con):** If funding to Scottish Water is excluded, the resources that have gone to support areas of spend in the environment, climate change and land reform portfolio have not increased in line with the overall budget over recent years. What are your views on the relative priority that has been given to financial support to the environment over recent years?

**Roseanna Cunningham:** Scottish Water involves a slightly different scenario for us, as it was partly in a different portfolio. For that reason, I asked for budget lines that excluded Scottish Water.

We face financial challenges, and a lot of difficult choices have to be made. I am pleased with the overall priority that the Government has given to environmental outcomes over recent years. There are the three issues of policy, funding and co-operation and, to be frank, expenditure is only one measure of the importance of outcomes. I am pleased about and grateful for the outcome of this year's budget, which has helped us by ensuring that we can still focus on some of the most important areas that we can focus on as a Government.

**The Convener:** Let us drill down into that a bit. I will explore the prioritisation in the budget and some of the welcome stuff. As I read the budget—it would be useful to get this confirmed—there seems to be a substantial increase in the funding

for peatland restoration, from circa £2 million a year to £10 million next year. Is that right?

**Roseanna Cunningham:** There is a slight complication with the funding for peatland restoration, as most of that comes from the rural economy budget. I want to be a little careful about committing somebody else's budget line, but we expect to continue to do considerable work on peatland restoration next year.

**The Convener:** The budget documents appear to suggest that last year's budget for peatland restoration was £2 million a year over five years, and it appears that the £10 million is the £2 million plus £8 million.

**Roseanna Cunningham:** All that I can say is that I do not want to put a figure on somebody else's budget line. However, I am optimistic about the step change that there will be in peatland restoration.

**The Convener:** There is additional spend on woodland creation, as well.

**Roseanna Cunningham:** That is from the same source—it is from another budget, not mine. I would welcome any increase in spend on such things, but that is not in my budget line, so I want to be a bit careful about what I say.

**The Convener:** Let us look at the items that are in your budget. What was the rationale behind the prioritisation that happened?

**Roseanna Cunningham:** There are key priorities. Flooding is a big priority, and that budget line is preserved on the basis of the completely different way in which we now deal with that. That makes a huge difference, because it provides a level of stability and certainty over a considerable time for the Scotland-wide risk management that is now in place.

A significant amount of money is going into land reform, which clearly reflects the Government's on-going land reform priorities, as well as the need to fund the implementation of the most recent legislation. It may not have gone unnoticed that the first Scottish land commission jobs were advertised this morning. That clearly takes money, so I am grateful that we have been able to preserve that funding. There is also money for climate change measures and, although that is held in my portfolio because of its policy direction, money is spent across all portfolios on climate change measures.

**The Convener:** There is a welcome increase in the pot for the land fund. How confident are you that the money that is allocated to that will be sufficient to meet demand?

**Roseanna Cunningham:** With any demand-led budget, there is always uncertainty, and the land

fund is one of the demand-led budgets in my portfolio. I am certain that there will be no lack of demand, but how the demand will play out and play through, year by year, is a little difficult to anticipate.

There is a process that will have to be gone through. For the first time, we have the possibility of funding pre-application work, and some of that is a little difficult to anticipate, but I have no doubt that the money can be spent. In what fashion and over what period it will be spent is not quite as easy to anticipate, because the budget is demand led.

**The Convener:** We heard evidence from Scottish Natural Heritage that, as part of the budget process, SNH had offered suggestions and options for what could be prioritised or deprioritised. SNH's budget has gone down. As cabinet secretary, how do you process such advice in coming to conclusions?

**Roseanna Cunningham:** We have to listen carefully to what agencies tell us, and that applies not just to SNH but to any agency. At my level, decisions about priorities have to be closely informed by the work of officials and public bodies on budget scenario planning. In the civil service, there is what has hitherto been known as the rural affairs, food and environment delivery board, whose discussions took account of the programme for government, the national performance framework and specific outcomes, and we need to have in mind those higher-level things.

The budget involves a process of collective decision making across the whole Government, so I have taken a strategic approach. We have worked with partners that might reasonably be asked to contribute to addressing costs, such as the Scottish Environment Protection Agency and Scottish Water, and where we have to find savings, we are asking those with the broadest shoulders and the biggest capacity to absorb savings to take the greatest burden. That allows us to offer a degree of protection to smaller bodies' budgets.

As the committee knows, when budgets come along, it is sometimes the smaller spending parts that take the biggest hit, because they have the least flexibility. There has been a degree of protection for the national parks and for the Royal Botanic Garden Edinburgh, for which small cuts would be disproportionately disadvantageous.

For example, with SNH, we take the view that expenditure on outcomes such as biodiversity is not only from the baseline SNH figures, because although SNH co-ordinates activity, reports on progress and funds some activity, the Scottish Environment Protection Agency is also involved, as are the national parks and Forestry

Commission Scotland. There is common agricultural policy money and Scottish rural development programme funding. The picture is complex. There are also contributions by non-governmental organisations that we must not forget about. All of that has allowed us to continue that work and to say to SNH that it is not doing that alone.

In recent years, there has been additional in-year funding—for example, for peatland restoration, which the convener asked about, and that supports biodiversity and climate change outcomes. It is difficult to pick out one thing and isolate it in such a 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.

**The Convener:** We will come back to SNH in detail later.

**Mark Ruskell (Mid Scotland and Fife) (Green):** I will pick up on one point and then ask a question about financial budgets and uncertainty. You mentioned the flood mitigation funding. Would you characterise that as demand led?

**Roseanna Cunningham:** I suppose that it is, to an extent. However, I do not tend to put it in the same category as something such as the land fund or the land managers renewables fund, as was, which tend to be demand led in the more traditional sense. The argument could be made that the flood funding is demand led, but the likelihood is that it is committed for about 10 years, because of the number of projects that are in play. We have introduced a method of clear prioritisation that is based on all the work that has been done across Scotland. I tend not to put flood funding in the demand-led category, but in theory that could be done.

**Mark Ruskell:** So such funding does not fully meet the demand.

**Roseanna Cunningham:** I feel that it is in a different category, to be honest. I suspect that there will always be a long list of potential projects to fund in that area. We have developed a method of prioritisation that has a really good and solid working base through all the strategies that have been developed. On paper, such funding looks as though it falls into the same category as demand-led funding, but in practice, I am not so sure that it does.

**Mark Ruskell:** I also want to ask about budget forecasting. The Parliament now has tax powers, which could introduce uncertainty about the total tax to spend that we will have and could result in more or less spend under your portfolio. What

would be your priorities for increased spend? I know that that is a bit of crystal-ball gazing.

**Roseanna Cunningham:** It is a bit. I am not sure that that question is easy to answer, other than by falling back on some of the key priorities. At a strategic level, the key priorities have to be climate change, land reform and probably flooding, which you asked about, because most of the flooding projects are about adaptation, some are about mitigation and some are a mixture of both. I would always want to ensure that those moneys were very much protected, if not increased. I hesitate to use the word “increased”, because the likelihood of a great deal of extra money suddenly being around is pretty remote. I am looking at what are for me key areas, and it can be a bit invidious to have to do that.

Air quality is beginning to move up the agenda, so there would need to be thinking about that. That policy falls under a different budget line—transport—so it would not be entirely on my say-so.

It can be easy to forget that, sometimes, small amounts of spending can make a big difference, so it is not just all about the big budget lines.

10:15

**Mark Ruskell:** What cuts would you make if you had less money to spend?

**Roseanna Cunningham:** I return to what I indicated are the core areas that have to be protected. We would try to avoid making cuts to spending on natural assets and flooding. I would want to look at how we could avoid doing less on air quality, because there may be the beginnings of demand to do more on that. In addition, I would not want to rein back on land reform or climate change. In a sense, those aspects are all sides of the same coin. The question is kind of invidious.

A lot of extra money has gone into the marine side, as you will have noticed. In an ideal world, I would not have to think about cuts, but the protected spending in the budget has been clear. We tend to forget the marine budget, in which there has been a big jump. The protection means that some budget lines have had to be downplayed a bit. The choices are all difficult and how we make them informs everything else. These are hard and difficult decisions to make. From the answers to the previous few questions, you have probably got a clear steer on where my key priorities lie.

**Angus MacDonald (Falkirk East) (SNP):** This may be a bit of an unfair question, given that you have been in post for only about six months—

**Roseanna Cunningham:** But you are going to ask it anyway.

**Angus MacDonald:** I am going to ask it anyway. Given your previous post as the Minister for the Environment and given that you are coming in with a fresh outlook, if you look back over recent years, what programmes have achieved value for money and what programmes have been the most disappointing in that regard?

**Roseanna Cunningham:** You are asking about what I remember from five years ago compared with what happens now. If I look at what I can connect from those periods, I highlight the work on flood protection. A bill on flood protection was introduced when I was the convener of the Rural Affairs and Environment Committee. I was appointed the Minister for the Environment during its progress and had to switch sides between stages 1 and 2, which was interesting. I then took the legislation through Parliament.

Since then, we have implemented the legislation in full. That has made a big change in how we reduce flood risk. We went from an approach in which we just reacted to the previous flood that happened to an approach that looked forward on the basis of a strategically based flood risk assessment.

The Flood Risk Management (Scotland) Act 2009 made clear where the different levels of responsibility lay and led to what is now a multi-agency locally planned approach. That is a significantly different way of working. It has taken a full five years to get into place all the various strategies and local plans. That is the single biggest and most concrete positive outcome of that period, and it is an example of how legislation can make a difference. Of course, some people will say that that does not happen.

The recent deal with the Convention of Scottish Local Authorities on how funding is to be managed—on how the £42 million a year will be divided up on the basis of the strategic priorities, which have been properly assessed and worked out—is a huge step change in how we manage things.

You asked about disappointments—that is an invidious question and I am not sure that it is budget related. On issues such as deer management and one or two other areas, I have thought, “Gosh, are we still talking about this five years on?” However, it is possible that we will always be talking about certain issues. In some areas, there will never be perfect resolution, and to seek such resolution is possibly unwise.

**The Convener:** You referred to individuals and organisations taking ownership of delivery in certain areas. Is there a lesson to learn from that for future delivery on climate change measures? The United Kingdom Committee on Climate

Change has said that it needs to see a clear pattern of ownership of objectives and delivery.

**Roseanna Cunningham:** That will be easier to do in some areas than in others. With flooding, there were clear ways forward. SEPA and local authorities were involved, and there was a clear path to address the issues. The question then became at which layer the ownership lies and for what. I do not exclude from that the perennial issue of the need for domestic householders to take some responsibility for protecting their households. However, we began to see a clear indication of how to move forward.

Climate change is tougher to address. Governments must take ownership of the issues, but neither our Government nor any other Government has yet succeeded in pushing throughout all levels of society, including the private sector, an understanding that addressing climate change needs to be taken incredibly seriously. Organisations are often chivvied or bribed into doing something, but that is not taking ownership.

The chivvying and the bribing might involve budget lines, but taking ownership is much less concrete and cannot really be brought about by a budget; a different set of issues applies. It is not just organisations but individuals who must take ownership, which presents a different set of issues.

**Claudia Beamish (South Scotland) (Lab):** I will focus on Scotland performs and the national performance framework. For the record, the Scottish Parliament information centre briefing states that the framework

“aims to provide an outcomes based approach to budgeting”,

which is

“inevitably ... challenging ... for any government.”

Can you provide any examples of changes to the national indicators leading directly to changes in policy and in the level of resources that are provided by an agency or a Government programme? I note that, this time around, the carbon footprint is categorised as “performance worsening”, which is a concern, but there is a lot of good news as well.

**Roseanna Cunningham:** We keep an eye on the carbon footprint, but the current internationally recognised measurement is the percentage reduction in emissions since 1990, which is what we use to compare our progress with that of other countries and regions.

The carbon footprint is slightly different. At present, it is not the measurement that is used internationally, although we are all very aware that

the carbon footprint will be considerably higher in any Western country than it will be in the developing world.

On the question of changes to national indicators leading to changes in policy, one example might be SNH's prioritisation of its own budget and SRDP resources being directed towards improving the condition of protected nature sites, which the national performance framework indicated should be addressed. That is one example of an indicator changing in the framework leading to an agency or part of government making a specific change in the way it did things. That is a very broad-brush answer. I will write to the committee with more detail, if the committee wishes.

**Claudia Beamish:** Thank you. It would be helpful if you could highlight, either now or in writing, the hardest indicators to budge in the national performance framework. I see it as a very valid structure in which the different budget lines, such as yours and the transport lines, can work together. Although I do not know for certain, it seems to me that the framework is an underused tool. Would you agree?

**Roseanna Cunningham:** Whole government activity is always a bit harder. You flagged up transport, and there are clearly things that could happen in a variety of portfolios that might impact on that for better or worse. The joined-upness of the thinking is what counts. We do a great deal of joined-up thinking. I argue that we have been better at it than a lot of governments. We are still not perfect and are still working very hard at it. Climate change provides us with a big challenge.

A small thing that has not been easy to budge, which is an indicator for whole-of-government activity, is people's use of the outdoors. That indicator goes up and down; there does not seem to be any sense of it steadily increasing.

That indicator is the responsibility of my portfolio, the health portfolio and others. As far as Scotland is concerned, it might also have to do with the weather and with what has been on the telly. There are all sorts of reasons why outdoor activity might fluctuate. I cannot be the sole repository for the actions that are needed to change the indicator, however much we try. SNH and the Forestry Commission are looking to do something about it, a number of the health boards are keyed in to the issue, community care issues are involved, and local government has a strong role to play. It is very difficult to get a grip on something such as that and get all relevant activity going in the right direction at the same time across all the different areas with all the variables that might be involved. That is life.

**Jenny Gilruth (Mid Fife and Glenrothes) (SNP):** I will drill down on the national indicators that Claudia Beamish also talked about. We know that the biodiversity indicator has changed status from "performance improving" to "performance maintaining". In evidence to the committee, SNH claimed that funding issues have not seemed to have an impact on progress with implementation of the biodiversity route map. How will the Scottish Government respond to the change in status of the biodiversity indicator specifically?

**Roseanna Cunningham:** I have to take advice from SNH, the agency whose job it is to advise me on the issue. Although there are other agencies that have a role to play, it is SNH's job to keep me informed across the issue. That will include its regular reporting on any adjustments that might be needed to maintain progress. The committee's questioning of SNH will have provided a lot of the answer. It is hard for me to step in to SNH and start micromanaging. An assessment on the Aichi targets is due from SNH in 2017, and I think that the committee has heard some evidence on that. Further engagement probably needs to be achieved on the biodiversity reports when the assessment has been received.

I have just been given a note that says that you wrote to me about that on 25 November. As that was a month ago I am afraid that I do not really remember that, but we are in the process of drafting a response to you.

10:30

**The Convener:** There is something quite substantial coming down the track. In follow-up written evidence to the committee, SNH has said:

"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."

**Roseanna Cunningham:** That may well be true, and for more than just SNH. There is a huge question mark over funding right across the board because of Brexit.

**The Convener:** That was in relation to biodiversity, which is what we are talking about.

**Roseanna Cunningham:** In that sense, it is not any different to the threat to funding for almost any other activity for which we draw down European Union funding. There is a degree of certainty up to a certain point. 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.

**The Convener:** David Stewart will tease things out in a broader sense on EU funding.

**David Stewart (Highlands and Islands) (Lab):** Cabinet secretary, the convener has covered some of the issues that I was going to raise on Brexit. It could be argued that Brexit is the ghost at every feast and in every debate that we have had. Clearly, there are huge elements of uncertainty. I will draw you back to the question of the potential loss of £100 million of funding that you identified—that is a phenomenal sum. At one level, SNH has done an extremely good job in the amounts of funding it got from pillar 2 and on LIFE+, which is another important scheme. Have you set up internal systems to look at contingencies to make up for that potentially phenomenal loss of funding in the future?

**Roseanna Cunningham:** We can look at what it impacts and then consider what we would have to prioritise if there was no future available funding, but the notion that somehow the Scottish Government will be able to step in and make that up is a difficult one for me to consider realistic. The point at which we are clear about what it will actually mean will be the point at which I suspect there will have to be a long hard look at some of the things that are happening. Some of that EU money is spent on requirements to report back to the EU, so some of it will possibly not be needed if we are into a Brexit scenario. If we no longer have to carry out the formal EU compliance part, small parts of the budget will not be required because of that.

That does not take into account the huge amounts of money that come from the EU for research in Scotland, and we as a Government have said that we will honour the guarantee from Westminster that funds agreed before the date that we leave the EU will be supported. However, since leaving the EU is not going to happen until 2019, we are probably talking about up to 2020. Beyond that, I am not in a position to answer that.

**David Stewart:** Sure. I don't think that even the Government's most severe critics would suggest that the £100 million should be replaced with its own funding. That is not the point that I am making. I am asking whether you have a strategy group in your department to look at alternatives for the loss of the funding.

**Roseanna Cunningham:** Okay. Keith Connal has just reminded me that there is an EU team but it is looking across the board and is not specifically focused on this one issue. It will look at this issue

as one of the implications of Brexit, but there are many more.

**David Stewart:** I will give a practical example to perhaps help with your explanations. At a conference that I recently went to in Edinburgh about the implications of Brexit, a think tank from Brussels made the very obvious point that, when the 27 negotiate with the UK, there will be a bid in the trading negotiations to have access to Scottish fishing grounds. Clearly, when you are thinking ahead as cabinet secretary, the obvious point is whether there will be extra funding for fisheries protection in Scottish waters.

**Roseanna Cunningham:** You have already seen increased funding for marine issues in the budget this year, so we are already committing to extra funding for that. Your question piles what ifs on what ifs. I see the debate that is going on, I have listened to people and I see the uncertainties around what might or might not be the outcome of a conversation about access to fishing grounds. I do not know the answer to that and, in any case, it is not an issue for me to argue as that will be an issue for my colleague Fergus Ewing to discuss. Following that discussion, we would have to deal with a number of other things that may depend on its outcome. The problem with scenario planning at the moment is that there are so many what ifs that we would have to plan out so many different scenarios that I do not know that at this point it would be particularly helpful. We may be in a slightly better position if article 50 is triggered, but I cannot say at this stage. It is very difficult to anticipate what will happen.

However, you can see that more money is going into marine anyway. You appear to be envisaging a beefed-up fisheries protection set-up if there is continued access of some kind or another to Scottish waters. I think that we would have to wait and see what it was. You are leading me down a line of conversation that we could probably follow for quite a considerable while without coming to a helpful conclusion.

**David Stewart:** I totally understand the situation and sympathise with you about the uncertainty, but we know that this will happen—we know that article 50 of the Treaty on European Union will be triggered. We can argue why this is happening in such a half-hearted way, but that is not for this discussion. My point is that £100 million is a lot of money. Brexit will happen and some of that money will be lost. Clearly, your European team is looking at alternatives. I put it on the record that the committee obviously has worries about the huge chunk of money that will not be in your budget.

**Roseanna Cunningham:** And I would expect the committee to go on looking at that. We ourselves will have to think very carefully about how that has to be managed. The approach has to

be consonant with this Government's continuing insistence that we will not relax standards and that the environmental standards and regulations that we both apply and comply with should be continued in reality in any post-Brexit scenario.

**Kate Forbes (Skye, Lochaber and Badenoch) (SNP):** I will ask about how the concept of preventative spend has influenced decisions within the environment budget. For example, I appreciate that this comes from another budget portfolio, but I am pleased to see that there is a significant increase in spending on fuel poverty and energy efficiency in the communities portfolio, which will obviously have a significant long-term impact on the environment budget. Can you identify any other examples of preventative spend that will be positive for the environment portfolio?

**Roseanna Cunningham:** There are two priorities that we have already had some conversation about. Flooding is an obvious one. While some of the works are what we might call adaptation, there are others that are about management, which is a form of preventive spend. It is reducing flood risk and potential for damage.

I mentioned air quality a couple of times in passing. Improvement in air quality does not necessarily just come from actions that will reduce our emissions, which will be one of the ways to improve air quality; it will also, in my view, lead to reduced costs to the health service. I have had some conversations about the impact of poor air quality, particularly on heart and lung disease. I am pretty convinced that that may very well become one of the next big things that we need to think about. There will be a big gain on the health side from work that we do on the climate change and environment side. Those are two areas where I think that there is quite a clear read-across.

A lot of the spending that we do in environmental work is a kind of preventive spend—just by its nature—but in those two areas it would be pretty easy to focus on how money spent now will make life better down the line.

**The Convener:** Cabinet secretary, I realise that this does not necessarily sit in your remit, but there is an intriguing part of the budget called “public good advice”, which I guess comes under preventative spend. There is a fund of £6.5 million that we are told relates to what will be in the climate change plan. Can you shed any light on that?

**Roseanna Cunningham:** No. Where did you see that?

**John Ireland (Scottish Government):** That is in the budget summary, and that will be revealed when the climate change plan is published.

**Roseanna Cunningham:** A surprise package.

**The Convener:** We tend to be very nose-y on this committee. Can you shed any further light on that?

**John Ireland:** Other than that that will be revealed when the climate change plan is published, no.

**The Convener:** Thank you. We will move on.

SEPA and SNH have had to manage declining budgets, which has had an impact on staff numbers and requires prioritisation of approach. To what extent are you concerned that the impact on those organisations has been detrimental?

**Roseanna Cunningham:** It does not necessarily always have to be detrimental, unless one assumes that ever-increasing numbers of staff will always result in ever-improved outcomes—I am not sure that that reads across easily either. One of the things that happen when there are budget challenges is that people begin to get quite creative and think about how to do things better.

A lot of work has been done in SEPA, in particular. That is another thing that I remember starting when I was Minister for the Environment and was last responsible for SEPA. It began quite early in the process—earlier than a lot of other agencies did—to think carefully about how it did things.

There has been a lot of joint working with SEPA. That has led to its expertise coming into the policy teams. That then helps us to shape the policy better, to have better communication and to talk to other parts of Government and agencies about how they might think about these things. For example, quite early on—five years back—SEPA drove quite hard on things such as co-location, and that had a big impact. SEPA began to look very carefully at how it did things. Currently, we are about to consult on better regulation. If SEPA gets better and better at recovery, that will potentially bring money into SEPA that does not come from the Government.

10:45

There are ways in which improvements can be brought about by the creative response to the challenges that SEPA has to meet. I suppose that a test of any agency is its ability to creatively respond in that way. I think that SEPA has been doing that for quite a few years, but the proof of the pudding is in the eating, and it is still in the process of delivering greater efficiency by, for example, making sure that moneys that should be coming to it are coming, and in a timely fashion.

The chief executive officer of SNH is involved in the health group, which is encouraging active lifestyles, so there is close engagement in

planning between SNH and officials across the office.

I do not think that challenging agencies in terms of money necessarily leads to bad outcomes; it can often lead to better outcomes.

**Claudia Beamish:** I would like to further explore the better regulation programme, which you just touched on. You said that there was going to be a consultation. I am not sure whether that will be specifically about the programme or about better regulation more broadly. In the “Scotland Performs Update” to the national performance framework, the narrative states that no budget figures are provided. It gives some explanation of how the scheme will work and is expected to lead to better outcomes. However, no targets or milestones are included and no specific evidence is cited linking the budget resources to expected outcomes. It would be interesting if you were able to tell us more.

**Roseanna Cunningham:** The better regulation that I am talking about relates to SEPA.

**Claudia Beamish:** Yes, that is what I am talking about.

**Roseanna Cunningham:** In fact, the consultation for that has already started—or is it about to start?

**Neil Ritchie (Scottish Government):** It is about to start.

**Roseanna Cunningham:** It is about to start. 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. Once we get the feedback from that, we will decide what actions need to be taken and what they require. I have a high level of confidence in SEPA with regard to the consultation. It is driving this forward quite hard, and it has been doing that over a considerable period of time.

I am trying to see whether I have more information about it here. The expectation is that the consultation will provide opportunities to rationalise the delivery of SEPA’s work relating to regulation, and that that will maximise environmental outcomes. It is going to be launched in the new year, so you will probably hear of it immediately after the recess.

It is technically called “an integrated authorisation framework”. That does not sound terribly sexy, but it is probably worth the committee having a look at from its perspective. Basically, we are trying to make a step change in delivering the environmental regulation agenda. At one level, it is quite narrow, but it has the potential to deliver quite a lot, if we get it right.

**Claudia Beamish:** My understanding is that no evidence is cited that links any budget resources to expected outcomes. Would that happen as part of this budget?

**Roseanna Cunningham:** The consultation is being carried out in this year. After having consulted, we will need to have a look at what will be required to be done. I do not know what the response to the consultation will be—I do not know what it will look like or what it will require. Therefore, I cannot speak to what potential budget resources might be required. It is going to be about doing things better and more efficiently, so one has to assume that we are not really looking for it to cost £10 million or £15 million. We are looking for SEPA to respond to a consultation and see what it can roll out. We need to wait until we see the outcome.

**Claudia Beamish:** Thank you. That is helpful.

**The Convener:** Let us go back to SNH.

**Emma Harper (South Scotland) (SNP):** SNH recently published a report to the Government on deer management that recognises that there has not been a step change in the delivery of effective deer management as expected. Is the cabinet secretary content that SNH is adequately resourced to deliver that step change?

**Roseanna Cunningham:** The first thing that I need to remind everybody is that SNH is not solely responsible for delivering that step change. The assessment was of whether the sector is delivering the change, and that involves the deer management groups through deer management plans and any support and/or encouragement that is derived from the regulatory arrangements.

From what I could see in the evidence that the committee received, deer management work remains a priority for SNH and I expect that to continue. Conclusions from the deer management review will inform future resource allocation. Details of the proposed work are still being considered. In 2017-18, there will be some prioritised spending within that reduced overall budget, with a view to at least maintaining the current level and exploring the scope to allocate additional funds where necessary.

There is also the possibility of bringing in money from outside. As I said, SNH and the public sector are not solely responsible for this. The deer management groups and that part of the equation have to share some responsibility.

**The Convener:** I guess that it has to take place in a managed and anticipated way. We took evidence from the DMGs that, almost out of nowhere, they were left to find £60,000 to fund a particular workstream. There appears to be a degree of disconnect in approach there.

**Roseanna Cunningham:** I suppose one can characterise an expectation of money being found in many different ways. I do not want to prejudge the Scottish Government's response to the review and I am conscious that the committee has been taking evidence and will be getting slightly different—maybe more than slightly different—takes on it, depending on who you have been speaking to.

The timescale of the expectation or the expectation—what is the issue? I would have anticipated that, at some point, one might expect the deer managers to contribute to some of this. It cannot be entirely expected that Government, whether central Government or its agencies, will take the entire burden of the process.

**The Convener:** The evidence that we had showed that the DMGs took over a particular workstream, and that was expected, but there was another one and they were essentially told that SNH could not support it because of budget cuts, so the DMGs had to find £60,000. I am just making the point that springing things on the private sector is not always the best way to work, although I recognise that you do not micromanage SNH.

**Alexander Burnett (Aberdeenshire West) (Con):** My question is still on SNH, but it is more about its operations than its programmes. I certainly take on board the fact that, as cabinet secretary, you cannot micromanage SNH.

SNH has given us figures for things such as contracted-out services, payroll services, the internal audit budget being completely removed, and legal services quadrupling in the past five years. What kind of conversations do you have with SNH? What scrutiny can you do? I appreciate that you cannot drill down to every pound, but are you confident that SNH is making the right decisions about how to do things better with less?

**Roseanna Cunningham:** I am. I have regular meetings with the chair and the chief executive, but they are not going to drill down to the level of decision making that you are talking about. There is an expectation that SNH, along with all the other agencies, should look carefully at how it manages its business. For example, it co-locates with SEPA in Inverness. That was not the case once upon a time. Decision making goes on to try to ensure that SNH can continue to deliver what it needs to deliver.

The issue of what SNH is doing would be more likely to be raised with me in the context of a subject area, rather than anything else. If I speak to SNH about deer management and the deer review, for example, would I hear from it about some of the issues that might arise about decision making over money? I might. That would be the

point at which such issues would be part of the conversation, rather than in the context of a quarterly budget meeting. We do not have such meetings with any of our agencies. It would not be appropriate for us to do so.

**Keith Connal (Scottish Government):** As part of the sponsorship relationship that we have with bodies such as SNH, at official level we have regular liaison meetings on financial matters and on policy issues. We try to get the balance right between not micromanaging an organisation that has a board and a chief executive and so on, and providing a strategic framework and a set of priorities. Of course, we discuss particular funding challenges that those bodies might have. Sometimes, there are in-year budget adjustments to help in that regard. That is an on-going project throughout each year and is part of the normal arrangements between the Government and its sponsored bodies.

**Mark Ruskell:** Have those in-year discussions covered the idea of more powers coming to SNH for deer management, particularly in relation to the Land Reform (Scotland) Act 2016, and what the implications of taking those powers might be for the organisation?

**Roseanna Cunningham:** I think that you are trying to get me to respond to the deer review. I will do that formally in January, so I think that it is probably best to leave that there.

**Mark Ruskell:** Options might have been discussed. You could tell us about them without in effect announcing the outcome of the deer review today. Have the options that are in legislation been discussed with SNH with regard to the potential direction in which the Government might go?

**Roseanna Cunningham:** SNH knows all about the potential directions. I have not discussed the issue with it at that level. I need to take a view and I am watching with interest the work of the committee on this issue. That work will inform our work and I will take a view on what response is needed at that point.

**The Convener:** I do not want to put words in Mark Ruskell's mouth, but I think that he is driving at the fact that, if those powers were taken on, there might be resource implications for their implementation. What scope or wiggle room is there for that to be funded?

**Roseanna Cunningham:** Again, there might or might not be resource implications. I can say no more about that until we make the response. I do not want to get drawn into what-if scenario planning. Once we have considered all the evidence that the committee has taken and had the necessary conversations, 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. For example, if we choose to go down the road of legislation, it will be some years before the consequences of that legislation become concrete.

11:00

**Mark Ruskell:** I was just looking for clarity on whether the issue has been factored into this year's budget. It is clear that it has not been at this point.

**Roseanna Cunningham:** No—not for 2017-18 in its specifics, because there has not been a Government response. However, there may or may not require to be some kind of financial response in 2017-18, and to more than just that issue—any number of things might arise that we may want to give thought to. In any budget year, there are what are known as in-year transfers. That is not unusual, and the issue that you raise is the kind of thing that such transfers might be for. Even if there were a requirement for it, I do not anticipate it being a massive amount of money.

**Claudia Beamish:** Without in any way looking to future possibilities for deer management—I respect what you said about that—I seek reassurance that there is no funding concern over SNH's ability to go towards a section 8 scheme, if that is necessary, as things stand with legislation.

**Roseanna Cunningham:** I do not think that that is a funding issue.

**Claudia Beamish:** Right—thank you. That is very helpful.

As you will know, we are looking particularly, although not exclusively, at SEPA, SNH and Marine Scotland in our budget deliberations.

**Roseanna Cunningham:** I am beginning to feel like I have a nest of papers here. Which one are we going to do first?

**Claudia Beamish:** I am moving on to Marine Scotland.

As has been touched on, there is a significant increase for Marine Scotland in the budget, which is welcome. The level 3 funding comment says that the

“Budget increase incorporates funding to support salmon conservation compensation measures, allocations for corporate recharge”—

I take it that does not mean anything to do with a holiday break for us all, but I am not sure what it means, so it would be helpful to know that—

“and Ellis building remedial actions.”

**Roseanna Cunningham:** Sorry, but where are you reading this from?

**Claudia Beamish:** I am looking at the level 3 information that we were given yesterday on Marine Scotland, which gives more of a breakdown of what—

**Roseanna Cunningham:** It is also more of a breakdown than I have in front of me.

**Claudia Beamish:** It would be helpful if you could write to the committee about that.

**Roseanna Cunningham:** Sorry, but you will appreciate that the late notice that you got is also late notice for me.

**Claudia Beamish:** Could we just leave it? It would be helpful to have something in writing about that.

**The Convener:** We do not have time for that, to get it on the record.

**Claudia Beamish:** Right—we do not have time.

**The Convener:** Sorry—I meant that we do not have time for the cabinet secretary to write back to the committee, as the process is very tight. Any light you could shed on that today would be welcome, cabinet secretary.

**Claudia Beamish:** The level 3 information does not highlight anything about the national marine plan and the regional plans, which obviously will not be completely funded through Marine Scotland, although it will contribute to that work. I want to highlight that as well.

**Roseanna Cunningham:** That text just sets out the changes in the budget; it does not really set out what the budget does. My level 4 information is not set out in that way; it sets out capital expenditure, income, EC current receipts, which are another form of income, monthly pay and depreciation. We should remember that SNH does quite a lot of marine environment work as well. This is about Marine Scotland as opposed to—

**The Convener:** What was the justification for the increase to Marine Scotland. What do you anticipate that increase will deliver?

**Roseanna Cunningham:** I know that some of it is technical. We hope that Marine Scotland will prioritise its broad remit—we need to get a clearer sense of what the priorities are. Efficiency savings will need to go in, and we want to ensure that they are in the right place in terms of income generation as well, so we want Marine Scotland to focus on some of the same issues that applied to SEPA, on which SEPA has been working for some considerable time. There have also been some one-off pressures, and there have been building repairs. It is not necessarily anything different from

the strategic direction that we expect from other bodies.

**The Convener:** Is an increasing workload a factor to any degree?

**Roseanna Cunningham:** No. There is a £6.5 million resource increase to manage one-off pressures. I do not want to get into what ifs, but it might not look like that next year. The Ellis building has needed a lot of repair.

**Claudia Beamish:** Thank you. That helps. I just wanted to clarify the figures that are in front of me.

It is encouraging to see that the budget also

“supports work on management measures for the network of Marine Protected Areas.”

That is something new, and it is very important for our remote and rural coastal communities. I highlight the point in order to seek reassurance about the national marine plan and the regional marine plans, because the committee has had some concerns about those being taken forward beyond the two current pilot schemes, and I want to be sure that there is room to support that work.

**Roseanna Cunningham:** Yes, there is.

**Mark Ruskell:** I turn to research. Some figures, particularly at level 4, are a bit concerning. There is a 6 per cent reduction in the research programmes and in resource funding. The budget for contracts research funding is to go down by almost a quarter in the next year. That seems to be part of a trend of gradually reducing budgets for research—we have seen a 13 per cent reduction over the past four years. I appreciate the points that you made about better regulation and the move towards doing things differently, but how do you intend to mitigate some of the effects of those declining resource budgets for research, or do you not see there being an impact?

**Roseanna Cunningham:** I need to take you back to the earlier conversations about priorities and some of the bits of the budget that I wanted to protect and have protected. There are consequences and decisions have to be made elsewhere, because there is no extra money. The majority of the research money goes to the Moredun Research Institute, the James Hutton Institute, Scotland’s Rural College and the Rowett institute. They use that money to lever in additional funding from the research councils, the UK Government and other public and private funders; they also operate successful commercial subsidiaries. However, more work could be done there, and I have been meeting the research providers regularly over the past wee while as a result of the big threat of the withdrawal of European Union funding down the line. There is a big conversation to be had with them about their focus and decision making and about how they

can begin to realise some efficiencies out of their work. That will continue—the potential commercial subsidiaries are very important to all of that.

I do not want to step too far into the universities’ side of things, because that does not sit with me; the research providers sit with me. Research is done by Marine Scotland as well as SEPA and SNH, so we are not talking only about the key research providers.

We are looking to ensure that, where possible, we can lever in money from other places. There are other potential funders out there, and work needs to be done on how we can begin to access those funds. I had an interesting conversation with the research providers recently, in which they said that although they are very focused on funding from the EU—that is understandable, because the EU is one of the main sources of funding—they need to start thinking beyond the EU and about other sources of research funding. I am encouraging them along those lines. We hope that there will be a step change in that regard, to help to mitigate some of the decisions that we have had to make and some of the other likely impacts of the Brexit scenario that we talked about earlier.

**Mark Ruskell:** I want to push you on the issue by giving a couple of examples of the need for independent research as it relates to enforcement.

You mentioned the enforcement of section 8 control schemes. SNH has suggested in evidence that data and independent research are extremely important in securing a robust section 8 control scheme. There has been concern about that; we need more research in that area. We have also heard about the fact that SEPA relies on commercial data from the aquaculture industry to inform its decisions on enforcement and licensing. On both those issues, is there not a concern about the independence of research data if Government is increasingly in a position in which it is unable to fund such research?

**Roseanna Cunningham:** It is also the case that SNH and SEPA must prioritise the research that they conduct. There are prioritisation hierarchies at every level. I would expect SNH and SEPA to look carefully at what they do and how they do it and to decide which research must be prioritised. If data collection and research of the kind that you mentioned are considered to be the highest priority, I anticipate that SNH and SEPA will apply the resources that they have on that basis, but they will have to make that decision.

**Mark Ruskell:** Are you confident that the capacity will be there? We know that SEPA has shut a number of laboratories in recent years. Is it your view that, with the better regulation agenda, the data that SEPA will have will be robust and independent?

**Roseanna Cunningham:** I am absolutely confident of that. The laboratory programme was about maximising what SEPA had. Did it have eight different labs across Scotland?

**Neil Ritchie:** Seven.

**Roseanna Cunningham:** It has consolidated those seven labs into two. I doubt that SEPA will have seen any depreciation in the ability of its work to deliver what it needs to deliver. The 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.

Within any budget, decisions have to be made about where money comes from and what it is applied to. That decision-making process will apply at every level. All the organisations will need to consider, on the basis of their working priorities, how they can make sure that the sum of money that they will get is applied to deliver the best results.

With the budget that we have at the moment, if I were to reinstate the money for research, you would have to tell me which other budget I should take that money from. Should I take it away from flooding, for example? Those are the decisions that have to be made in this process.

**The Convener:** There have been other changes in the budget. Is the reduction in the land managers renewables fund driven simply by that priorities argument—valid as it is—or does it reflect demand?

11:15

**Roseanna Cunningham:** In that particular case, demand fell off substantially when the Westminster Government decided to change the way that it dealt with renewables. We argued against those changes, but they came down the road anyway. We will continue to use the scheme to do what we can to increase the use of renewables on farms, but demand fell off substantially, and there is little point in maintaining a budget line if we know that the money will not be taken up in the same way. All that would happen at the end of the year would be that we would scabble about trying to hold on to the money when pressures were coming from every direction, with other people helpfully pointing out where it could be sent to. That is the reality of budgeting.

We have given our best estimate of what will be needed in that fund, given the demand fall-off. That explains the reduction. However, the decision was externally driven.

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

**Finlay Carson (Galloway and West Dumfries) (Con):** Surely the scientific evidence base should be critical to all the investment that is put into the budget. We are considering the marine budget, the sustainable growth of sea fisheries and salmon conservation with individual river assessments. The draft budget says that the Government will

“continue to support the sustainable growth of aquaculture”, and it deals with the marine plan. Surely we need research to inform how we will spend the budget.

**Roseanna Cunningham:** Of course we do.

**Finlay Carson:** Are we potentially spending money in areas that we should not spend money in because the baseline research does not exist to show that it is being spent efficiently?

**Roseanna Cunningham:** If you have examples of that, please let me know what they are. It is a fact that there is research spending on a whole range of issues just in my portfolio. Marine Scotland, SEPA, SNH and the research providers will be involved in the things that you are talking about—it is not the case that only one bit of the pot is involved.

Overall, we have had to decide where we could trim a bit and our view is that that can be done in research. However, as I have already said, the fund holders will have to prioritise and consider the most effective way to use those funds in research. Clear lines will have to be drawn between the research that is instructed and the practical outcomes that you are talking about. People will need to know that they are spending their money as wisely as possible to get the results that they need.

**Finlay Carson:** I am thinking about the conflicts that there have been in wild fisheries, for example. There have been disputes about whether scientific evidence has been used in relation to river catch-and-release practices. There has also been conflict in marine areas, and different factions have had different ideas. Those issues could be taken away if there was more independent research. I am concerned that we will still have conflict because there is a perception that independent research is not being done.

**Roseanna Cunningham:** Is the conflict because some people just disagree with the research that has been done? That may continue to be the case, regardless of who does the research. In my experience, people take from research what suits their own arguments and decide that they will argue against the bits that they do not like, regardless of how independent the research was. I am not sure that fisheries are any different from any other area in that regard. We could have spent 10 times as much on research and ended up with the same controversy.

**The Convener:** Does Finlay Carson want to continue on aquaculture?

**Finlay Carson:** I suppose that we are back to looking at SEPA. Is there a risk that additional cost recovery as a result of reduced funding for SEPA might put an extra burden on industry? For example, there are water extraction costs for the trout fishing industry. Could cuts in SEPA's budget potentially lead to more costs on industry?

**Roseanna Cunningham:** SEPA works closely with the sector to raise the level of compliance. Five years ago, when I was Minister for Environment and Climate Change, aquaculture was one of my responsibilities. In my experience, the industry is as keen as anybody to maintain environmental standards because the health of its product suffers if standards are not kept as high as possible. If businesses take on some of the costs, that represents a direct benefit for and investment in their industry.

Industries of all types the length and breadth of the UK will be doing something similar in their sectors, and I am not sure that the situation is—or should be—any different for aquaculture. At present, the industry is working very much in partnership with SEPA. The regulatory costs that SEPA incurs are paid for principally by regulated businesses, which include aquaculture companies. There is a strong incentive for aquaculture companies to comply with regulation because, as I indicated, it concerns the health of their product. I would anticipate that any private company would want to invest in its product, and what I have described is a way for aquaculture companies to do so.

**Finlay Carson:** Sorry, can I—

**The Convener:** Claudia Beamish has a supplementary.

**Claudia Beamish:** I want to push the point a bit further. It is disappointing that SEPA has shown in the most recent tranche of reports that pollution from aquaculture has actually worsened. In terms of budgets—

**Roseanna Cunningham:** That is why there is currently a big discussion, and why SEPA and the industry are working together. The situation that you describe does not help the industry any more than it helps the environment.

**Finlay Carson:** I will give an example to show where my question was coming from. Scottish trout farms have pollution levels that they must reach, and the farms are tested five or 10 times a year. If there is a plane of improvement, the charges are no less. I am concerned that, even though there is a desire in the industry to improve, the costs that SEPA applies to the companies do

not decrease and in fact continue to rise, to the detriment of an industry that still wants to improve.

**Roseanna Cunningham:** I am sure that SEPA will listen to that and consider the position, but we should remember that if we reduce SEPA's income from one direction, that will exacerbate the concerns that the committee has expressed about how SEPA will manage its financial resources in future. At present, that income is factored into SEPA's budget, and it will need to decide how it manages that. Perhaps SEPA will have that conversation as a result of the consultation, but I cannot speak for it in that regard.

**Angus MacDonald:** When we took evidence from SEPA a number of weeks—or months—ago, it told us that the proceeds from fines that are imposed through the new regulatory format are going straight into the overall pot and are not ring fenced for its own use, which does not tie in with what you said in answer to an earlier question. When the Regulatory Reform (Scotland) Bill was going through Parliament, I was under the impression that SEPA would receive the full proceeds of fines. Can we get clarification on that?

**Roseanna Cunningham:** Fines are a different matter entirely—a fine is an enforcement penalty and represents a different order of money. The proceeds go into a central consolidated fund, along with the proceeds from other such penalties. To return to Finlay Carson's point, that was very much welcomed by stakeholders because it meant that there was no incentive for SEPA to impose fines over and above what was absolutely necessary. We can see how there would be an issue if fines were regarded as income. How the fines will be managed is normal practice. There is no difference in how fines are managed, whether we are talking about the Scottish Courts and Tribunals Service, Revenue Scotland or any other body. Fines and penalties are dealt with quite differently to the cost of regulation—they are not seen as a cost of regulation. There would be an in-built hazard if that was the case.

**Angus MacDonald:** I appreciate the clarification.

**David Stewart:** How many staff will the Scottish land commission have?

**Roseanna Cunningham:** We expect that there will be up to 20 staff. That is the ballpark figure, and they will not all come in at once, but will come in slowly over a period. For example, there were three adverts for staff published this morning.

**David Stewart:** What will the budget be for staff and what budget heading will it be under?

**Roseanna Cunningham:** The budget will come from the land reform budget and will be under environmental services. Table 10.04 in the

published budget shows the figures. There is a budget of £1.4 million out of the global total to establish and run the Scottish land commission from 1 April 2017. I am grateful for the committee's work on the land commissioners and the tenant farming commissioner, which will now be rolled out.

**David Stewart:** When the staff are appointed, will they all be located in Longman house in Inverness or will they be in another location?

**Roseanna Cunningham:** I do not know, and I am not sure that that question is budget related. We have said that the land commission will be based in Inverness. I would have anticipated that the staff would be based in Inverness as well, but I am a bit wary about making presumptions about that. There might be some peripatetic staff. Who knows? I do not. I do not want to step into that area because it is not my job now to manage the land commission; it is the land commissioners' job.

**The Convener:** The committee intends to engage directly with the land commission on an on-going basis, and we will certainly be exploring matters with it.

**Roseanna Cunningham:** I assume that David Stewart welcomes the fact that the land commission will be in Inverness.

**David Stewart:** I have the press release ready. [*Laughter.*] I hope that I am invited to the opening.

**Mark Ruskell:** Does the budget for the land commission anticipate the need for detailed legal advice?

**Roseanna Cunningham:** Yes. The budget for the land commission needs to cover everything. Obviously, that will be looked at each year as work progresses. The principal costs at this early stage are for staffing and getting the commission up and running. I anticipate that there might, further down the line, be questions about things like in-house work versus externally commissioned work and so on.

**The Convener:** I will wrap things up by asking about the impact of the budget. You did not want earlier to get into detail on the peatland restoration fund—I understand the reasons behind that. The committee's predecessor called for increased spend on that fund, and it appears that the call has been heeded, which is very welcome.

11:30

I want to tease out the implications of that spend in 2017-18. If one accepts an average cost of £815 per hectare for peatland restoration—I am told that that is the rough figure—the allocation would have the potential to deliver restoration of more than 12,000 hectares. That is about three

times the current rate, so it has positive implications for carbon sequestration and biodiversity. Do you accept that figure? Do you agree that that would be a welcome step forward?

**Roseanna Cunningham:** We want to be ambitious. We are re-energising the peatlands restoration initiative, which I hope is reflected in the funding. We see it as a key component that covers a number of the biodiversity and climate change issues that have been raised in the committee. I am being as optimistic as I can be—consonant with not stepping on anybody else's toes.

**The Convener:** Thank you for the time that you and the officials have given us this morning. I wish you all a merry Christmas, when it comes.

**Roseanna Cunningham:** Do I get a mince pie now? [*Laughter.*]

## Subordinate Legislation

### Tweed Regulation (Salmon Conservation) (No 2) Order 2016 (SSI 2016/391)

#### The Conservation of Salmon (Scotland) Amendment Regulations 2016 (SSI/392)

11:32

**The Convener:** Agenda item 3 is for the committee to consider two Scottish statutory instruments that are subject to negative procedure. Full details on the instruments can be found in paper 3, to which I refer members. I invite members' comments.

**Claudia Beamish:** I will comment briefly and highlight issues that the committee might consider putting in writing to the cabinet secretary in order to seek clarification.

My comments are not on the River Tweed SSI—I welcome the positive conservation that is happening there—but on the conservation of salmon instrument. I seek clarification on where we are with the European Union infractions proceedings, which is a matter of concern that came up in the Rural Affairs, Climate Change and Environment Committee in the previous session.

There is still a Scotland-wide decline in salmon numbers. Although I welcome the more localised focus of the science and the data, which has enabled movement on gradings, there are concerns. For example, although the Loch Lomond Association is pleased that it has been moved from grade 3 to grade 2, it highlights that improvements can be made to the method of grading.

There are concerns about fish predation by birds, is that being considered by Marine Scotland? The impact of salmon farms has also been highlighted to me.

I also raise the issue of the haaf-netters in the Solway Firth, which came up a lot in evidence that we took on the previous SSI—the Conservation of Salmon (Scotland) Regulations 2016 (SSI 2016/115). A scientific pilot is taking place there, which enables continuation of the haaf-netters' traditions. They would like to highlight that it would be helpful if we could write to the cabinet secretary to ask whether, in the coming season, evidence gathering could start on 1 May rather than later. Without in any way criticising Marine Scotland and others for what happened before, there were quite a lot of arrangements to be made previously so the netters wanted to highlight that issue. The general result is positive, but the need for a lot

more local data gathering should be highlighted to the cabinet secretary.

I am sorry that that was rather a long comment, but I have received quite a lot of information on the issue.

**The Convener:** There are two aspects to what Claudia Beamish is saying. First, there is the bigger picture and where we are with that—for example, if the committee is to write to the cabinet secretary, I might seek an update on the latest science on seal predation's effect on salmon numbers, which came up in the previous session of Parliament. The second aspect is the localised focus that Claudia Beamish highlighted.

Does anybody else wish to comment?

**Finlay Carson:** I do not know whether the question is appropriate at this point, but what compensation is there for businesses? Can that be reviewed in respect of banning of killing wild salmon in estuaries as well as rivers?

**The Convener:** It is noted in the briefing papers that compensation is being paid to netting interests, for example. Do you want some detail of what is being paid?

**Finlay Carson:** Yes, because it would appear that it is based on the weight of fish that have been caught and not the potential return on processing that fish. The real compensation does not match the loss to the businesses that are having their livelihood taken away.

**The Convener:** It has to be said that perhaps that is for perfectly valid conservation reasons.

**Emma Harper:** I agree with Finlay Carson. We have obviously been speaking to the same people about compensation and processing.

**The Convener:** Do members agree that we will make those points in a letter to the cabinet secretary?

**Members indicated agreement.**

**The Convener:** That being the case, do we also agree that the committee wishes to make no recommendations on the instruments?

**Members indicated agreement.**

**The Convener:** At the next meeting of the committee on 10 January, the committee will take evidence from stakeholders on the Scottish Government's "Wildlife crime in Scotland—2015 Annual Report", and consider a draft report on the draft budget 2017-18.

11:37

*Meeting continued in private until 12:31.*



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