



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Environment, Climate Change and Land Reform Committee

**Tuesday 18 February 2020**

**Session 5**



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**ENVIRONMENT, CLIMATE CHANGE AND LAND REFORM COMMITTEE**  
**5<sup>th</sup> Meeting 2020, Session 5**

**CONVENER**

\*Gillian Martin (Aberdeenshire East) (SNP)

**DEPUTY CONVENER**

\*Finlay Carson (Galloway and West Dumfries) (Con)

**COMMITTEE MEMBERS**

\*Claudia Beamish (South Scotland) (Lab)

\*Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con)

\*Angus MacDonald (Falkirk East) (SNP)

\*Mark Ruskell (Mid Scotland and Fife) (Green)

\*Stewart Stevenson (Banffshire and Buchan Coast) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Graham Black (Scottish Government)

Roseanna Cunningham (Cabinet Secretary for Environment, Climate Change and Land Reform)

Kate Forbes (Minister for Public Finance and Digital Economy)

David Stevenson (Scottish Government)

**CLERK TO THE COMMITTEE**

Lynn Tullis

**LOCATION**

The Robert Burns Room (CR1)



## Scottish Parliament

### Environment, Climate Change and Land Reform Committee

*Tuesday 18 February 2020*

*[The Convener opened the meeting at 09:32]*

#### Budget Scrutiny 2020-21

**The Convener (Gillian Martin):** Welcome to the Environment, Climate Change and Land Reform Committee's fifth meeting in 2020. I remind everyone to switch off their mobile phones or to put them in silent mode, because they might affect the broadcasting system.

Agenda item 1 is consideration of the Scottish Government's budget for 2020-21. My briefing paper says that we will hear first from the Minister for Public Finance and Digital Economy. That is factually correct—Kate Forbes will be the Minister for Public Finance and Digital Economy until this afternoon. I congratulate her on her promotion yesterday to cabinet secretary, which will, I hope, be confirmed this afternoon. After that evidence session, we will hear from the Cabinet Secretary for Environment, Climate Change and Land Reform.

I welcome Kate Forbes. She is accompanied, from the Scottish Government, by David Stevenson, who is the head of infrastructure delivery and capital investment, and Dougie McLaren, who is the deputy director of public spending. Good morning to you all.

I want to ask some questions about the timing of the budget and the implications of the delay to the United Kingdom budget for the environment, climate change and land reform portfolio and for public bodies and agencies. How have those implications been mitigated? Obviously, there has been a delay—budget consideration is usually in December.

**The Minister for Public Finance and Digital Economy (Kate Forbes):** Thank you very much for having me here. This is my first engagement in this capacity, so it is great to be back where it all started for me.

Mitigation has been done primarily through the Scottish Government's choosing to introduce its budget before the United Kingdom Government's budget. If we had waited until after 11 March—we should bear in mind that there is currently press noise about the UK Government's budget being delayed even further—the uncertainty that would have been created for public bodies, taxpayers and others who depend on knowing what the

budget settlement is for public bodies would have been impossible to deal with.

The challenge for us is twofold. Members will know that our funding settlement and our block grant adjustment are very provisional, and that we have not had guarantees about what they might finally be on 11 March. We have factored into our budget what we expect, for example, the consequentials to be, so about £142 million of revenue is baked into the budget based purely on the Conservative Party's manifesto. That is because our officials, in all their engagements with UK Government officials when they have asked for guarantees on what our funding settlement will be on 11 March, have been referred to the Conservative Party's manifesto.

The two uncertainties that remain are the overall funding, which is dependent on the UK Government delivering on its manifesto promises—as I have just mentioned—and policy decisions that might have knock-on impacts. Additional consequentials that come after 11 March will obviously not be part of this budget discussion, which is unfortunate.

I think that those are the two main challenges, and we have mitigated them by choosing to introduce our budget in order to give certainty.

**The Convener:** That is in order to give certainty to all public bodies, so that they can start to plan.

I will not ask you to get out a crystal ball and predict what will happen with the UK budget. You have mentioned engagement between the two Governments so far; you seem to have had no indication about the settlement other than what is in the Conservative Party's manifesto. If there are changes to that, what will be the implications for the Scottish Government and its budget?

**Kate Forbes:** We have been quite open in the budget about our assumptions on funding. As I have said, consequentials are baked in—to be precise, £142 million of resource and £326 million of capital.

In relation to changes after our budget has gone through the parliamentary process, there are two stages in the year at which our budget can be revised—the autumn and spring budget revisions. That would be the normal process for making changes to our budget.

As I have said, we have used the best available information and evidence on which to build our budget. We want to invest as much as possible in public services, and we want to provide certainty about that.

**Stewart Stevenson (Banffshire and Buchan Coast) (SNP):** I have a simple little question. The committee is particularly interested in how we get to net zero carbon and other greenhouse gas

emissions, which the UK Government also wants to do. What discussion has there been with the Treasury about that? There are obviously financial implications for the transition to net zero emissions.

**Kate Forbes:** That might be a question to ask Roseanna Cunningham, who will be here after me. I understand that she wrote, last month, to the former Chief Secretary to the Treasury reiterating our support for the review into funding the transition to net zero emissions, and saying how Scotland would like to contribute. We have a lot to contribute in that space, including in respect of our approach to the just transition and the findings of the just transition commission. A lot of work is going on in Scotland that we think could usefully inform the UK Government's review.

**Mark Ruskell (Mid Scotland and Fife) (Green):** Will additional consequential come as a result of the high speed 2 rail project? If the answer is yes, will they be ring fenced for rail infrastructure improvements?

**Kate Forbes:** It is difficult to foresee what consequential might come. Our experience of consequential from the UK Government is that we never fully know what the amount is until the money enters the bank account, as it were: we do not know whether the amount that has been mentioned is an additional amount or a net figure. For example, on the additional consequential for the health service last year, an announcement was made about £600 million, but at the end of the day, the amount that we got was short of that. It is very difficult to make predictions: we need confirmation of how much we will get in additional consequential.

My second point is about when the money emerges. An announcement was made a week or two ago about investment in buses, and there potentially being consequential for Scotland. However, on reading the press release, that investment related to the spending review and not to the budget announcement on 11 March. There is also a question about when those announcements might come.

The answer to the final question is that consequential are generally not ring fenced. Our policy, however, which is shared by all parties, is that health consequential are generally passed on to the health service. However, at the end of the day, it is the Scottish Government's decision how consequential are spent.

**Claudia Beamish (South Scotland) (Lab):** The budget process and its associated documents are complex. Some documents, such as the accompanying carbon assessment, have in the past been criticised by lay people like me for being opaque. Following the climate emergency

declaration, what methodology has been followed to align the budget with the climate change plan to ensure that a step change is made in spending decisions?

**Kate Forbes:** Your question about the methodology that is used for some of the budget documents and how they align with our climate change ambitions is a good one. That is why we have committed to reviewing the documents. The last time I was before the committee, members expressed frustration that that review had not been done in advance of this year's budget. I hope that the committee understands that the reasons why that did not happen relate to the time constraints on this year's budget and to constraints that are associated with the climate change plan. I hope that joint work on that can go ahead.

This year's budget intentionally and specifically builds on the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 and our 2019-20 programme for government, in order to deliver a green new deal for Scotland. Our actions in the budget are intended to support directly our efforts in the climate change plan. I firmly believe that our approach to climate change should be led by the evidence, and that the funding should follow evidence-led policy decisions, which is why it is right that the budget is aligned to the 2019 climate change act.

The budget proposes an ambitious package of measures that directly respond to the global climate emergency. They are intended to pivot the Scottish Government's focus—and we hope, by extension, the focus of key players in industry and others across Scotland—to a trajectory towards net zero emissions.

We considered recommendations by the climate emergency response group, which, as members are aware, brings together leaders from the private, public and third sectors. The budget builds on those recommendations. The group has highlighted that the overall decrease in emissions, along with more general signals, was a promising start and has acknowledged that progress has been made on its five main proposals.

Our budget document specifically builds on work that has already been done in those areas.

**Claudia Beamish:** I have a follow-up question. The updated climate change plan will, as we all know, be laid before Parliament in April. What is the situation regarding necessary funding for its recommendations? Will we, given that we are in a climate emergency, have to wait for next year's budget?

**Kate Forbes:** As I said to the convener, there are means by which we can revise the budget; we do so every year. Sometimes revisions come

through movement between budget lines, sometimes they come through additional consequentialists that we receive, and sometimes they have to do with technical accounting.

We would have to make a judgment call on that, but I do not think that we would wait for next year's budget before taking action to respond to evidence or to recommendations that come forward.

09:45

**Claudia Beamish:** That is helpful. I will ask about the remit of the joint working group on the budget. There are many different groups, but it is an important group in relation to the climate emergency. As you will know, it was agreed more than three months ago that the working group would be set up. Can you give us any more information about its remit? When will it be agreed, so that the group's work can commence?

**Kate Forbes:** I believe that a response is to be given imminently.

**Claudia Beamish:** My notes say that the remit will be agreed by the end of February.

**Kate Forbes:** Yes. We have been considering the committee's comments carefully before the terms are finalised and the review is progressed. I hope that the committee will get a response imminently.

**Finlay Carson (Galloway and West Dumfries) (Con):** The cabinet secretary's previous answers emphasised taking an evidence-based approach to inform the budget. The committee's pre-budget report strongly recommended reintroducing the

"previously established practice of publishing a 'budget summary' document",

which should include commentary detailing exactly which CCP policies relate to each budget line. Why was such a document not provided, as recommended by the committee?

**Kate Forbes:** There is an appreciation that we are in unprecedented circumstances with the budget. The speed with which we have had to respond to the delay to the UK Government's budget, and the speed at which the climate change plan update has had to be produced, has made it challenging to fully align our 2020-21 budget proposals with the updated plan, but that does not mean that we are not committed to doing that. We hope that the joint review will identify proportionate steps that can, ultimately, improve budget information overall and deal with Claudia Beamish's point about some of the information being opaque. It is better to get that right than to do it fast. Across Parliament and on a cross-party basis on the Finance and Constitution Committee, there has been an appreciation of the

unprecedented circumstances surrounding this year's budget.

**Finlay Carson:** When we have a climate change plan on the table and when the budget is clearer, will you publish a document that lays out the specific outcomes for the budget lines? Will you do that when things become clearer?

**Kate Forbes:** That is one of the many areas that the joint review will want to look at. That is one idea, but there are a number of others that might help to align the budget with the climate change plan. I do not think that any of us would want to say, right now, that that idea is good or bad. Let us leave it to the review to identify the clearest and most effective way of providing additional information with the budget, so that it can be more easily aligned with the plan. Let us consider whether what Finlay Carson said is the best option, but we should also consider other options. Everything is on the table when it comes to providing further information on alignment.

**Finlay Carson:** I will move on to the long-term impacts of infrastructure investment. How does the 11 per cent increase in low-carbon infrastructure spend over the past three years compare with budgetary spend in general, and with other infrastructure spend in particular?

**Kate Forbes:** The 11 percentage point increase relates to the proportion of infrastructure investment that is directed towards low-carbon infrastructure. It is a higher increase than the 9.8 per cent overall increase in the Scottish Government's budget. We have demonstrated substantial year-on-year increases in investment since 2017-18, when we committed to year-on-year increases in low-carbon investment. In 2017-18, we invested £600 million in low-carbon infrastructure through capital grant budgets; in next year's budget, if you include financial transactions, we are investing approximately £1.8 billion in low-carbon infrastructure. That is almost triple the amount of low-carbon infrastructure investment that there was in 2017-18.

**Finlay Carson:** How does the methodology for deciding what the spend will be need to be developed? Is the pace of change right, or do we need to increase it?

**Kate Forbes:** I wrote to the committee about the breakdown and split between low, high and neutral-carbon infrastructure. The methodology has quite a restrictive and high-level definition that is set externally. It categorises the types of capital investment as neutral, low or high. If the committee thinks that there are ways in which we can break that down that are less high level, I am open to hearing alternatives. The committee will know that we have commissioned researchers at the University of Edinburgh to examine other

approaches that could be used to report on how well infrastructure spending decisions align with emissions reduction targets, but at the moment we use that externally set definition to get a sense of how much infrastructure is low-carbon infrastructure. I am certainly encouraged by the direction of travel.

**Finlay Carson:** In line with the infrastructure commission's recommendations, will all new infrastructure that has been planned be low carbon or carbon neutral? Will it have to be to fit into the net-zero emission economy?

**Kate Forbes:** The commission's advice will certainly inform and shape our future investment in Scotland. We have long-term commitments to increase the proportion of low-carbon infrastructure and decrease the proportion of high-carbon infrastructure. We will set out an approach to the infrastructure commission's recommendations in the next infrastructure investment plan, which is due later this year. That plan focuses on three core and long-term outcomes: economic growth; tackling the global climate emergency; and building sustainable places. Those are our three objectives.

**Finlay Carson:** As a fellow rural constituency member, I am concerned that infrastructure spend on rural roads—or whatever—that we have waited a long time for will be kicked into the long grass because of this. What weaknesses might there be in the methodology? Is there enough research into the life-cycle carbon assessment to make sure that we are not ruling out infrastructure spend over a longer period and looking at life cycles for carbon that they might turn out to be net zero or low carbon? I am concerned that there could be weaknesses in the methodology.

**Kate Forbes:** You go to the heart of the challenge, which is not to take simplistic decisions. We need to take long-term decisions. We see that challenge most acutely when it comes to infrastructure spend, particularly on roads. As somebody who represents vast swathes of the Highlands where there are no railway lines, I know that, if we want to see a shift towards electric buses and cars, for example, we need roads that are fit for the future. We also need to look at the economic and social benefits of our choices when it comes to investing in infrastructure.

Our approach is to shift from high-carbon infrastructure to low-carbon infrastructure and to take a long-term view that is not simplistic in nature. There has been a key shift towards that in this year's budget and we will continue to build on that.

**Finlay Carson:** Thank you. I welcome that response.

**Angus MacDonald (Falkirk East) (SNP):** Minister, you mentioned the new infrastructure investment plan that is expected to be published by June 2020. Can you confirm that there is no slippage on that timescale? We know that the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 created a new legislative requirement to publish an assessment of infrastructure. Do you have an update on the research tender to determine the assessment of infrastructure that the act requires? Is it still on schedule for publication in the coming weeks?

**Kate Forbes:** Those are two questions about specific dates. Regarding the infrastructure investment plan and the capital spending review, I understand that Michael Matheson intends to publish the draft plan before summer recess. As per last year's medium-term financial strategy, we intend to publish the capital spending review around the same time.

We have commissioned the research. The contract has been procured and the University of Edinburgh is taking that forward. We hope that the work will be completed by the end of the financial year and I am happy to share plans to publish the research findings with the committee once we receive the final report.

**Mark Ruskell:** You said in a recent statement that there is £1.8 billion of capital investment in specific projects to reduce emissions. Is that equivalent to the low-carbon projects that are identified in the letter that you sent to the committee last week?

**Kate Forbes:** Yes.

**Mark Ruskell:** More than half the projects on that list are existing Government commitments on, for example, the ScotRail franchise and keeping trains running, canals and ferries. Do any of those bring additional reductions in emissions? If we are just keeping the trains running as they are, how does that contribute towards the targets?

**Kate Forbes:** We have applied a high-level, externally set methodology to the budget. It is not a methodology that we have created. It breaks down spending into low, neutral and high-carbon projects. Its purpose is to demonstrate the year-on-year increase in low-carbon spend.

There is additional funding to invest in new initiatives. Although the projects that you have mentioned are existing ones, I made the point in my statement that about £500 million more was being spent on low-carbon infrastructure than in the previous year. That is a significant increase in low-carbon spend.

The breakdown that I provided captures everything within the £1.8 billion. There are some areas that you might identify as existing, but they



still contribute towards our climate change goals. For example, continuing to invest in railways is important if we are to meet our emissions targets. We need to step that up, which is what we have done in this year's budget.

**David Stevenson (Scottish Government):** Within the £1.8 billion there is a package of over £500 million of investment that directly responds to the global climate emergency. It includes £120 million on a heat transition deal as well as a future transport fund and funding for an agricultural transformation programme. Within the £1.8 billion there are specific measures to tackle the climate emergency.

**Mark Ruskell:** So it is not £1.8 billion—there is £500 million for specific projects to reduce emissions. Some of it is about standing still. Nobody is proposing that we suddenly shut the railways. That would be bad for climate change emissions. I am trying to understand where the evidence is for what you described as specific projects to reduce emissions. Where is the evidence of carbon reduction that is driving that policy?

**Kate Forbes:** It is important to keep two things separate. We are asked every year to demonstrate what we are spending on low-carbon infrastructure. That is what we have done, and that is what the committee is pressing me on again today—to give more information about how we demonstrate our investment in low-carbon infrastructure year on year. We have taken an externally set methodology and applied it to every funding and budget line to demonstrate that.

Separate from that, the question of how we are responding to the need to reduce emissions has been asked. We have significantly increased this year's spend on low-carbon infrastructure to meet that need. Bear it in mind that there are not unlimited sources of money, so the funding that is being specifically spent on increasing our investment in low-carbon infrastructure—£500 million—is taking funding away from elsewhere. It is shifting the dial from high-carbon to low-carbon infrastructure, and that in itself will see our emissions reduced.

10:00

**Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con):** You said earlier that policy decisions will be led by evidence. However, the budget could influence behavioural change, particularly through the green growth accelerator fund. That could pivot local authorities to decide to deliver outcomes that would help climate change targets to be met. How will that growth accelerator work in practice? It is revenue funding and it does not take into account capital costs, which might be

higher in some local authorities. What are the key hurdles? Have you based the model on other successful models?

**Kate Forbes:** The short answer is yes. We have based it on the growth accelerator model, which has been successfully deployed at, for example, Edinburgh's St James centre.

If you want a more technical answer on how it works, I will ask my officials to give one, but the green growth accelerator is, as I said, a revenue finance model. A local authority would commit to deliver a defined measurable outcome, which would then be enabled or underpinned by investment in infrastructure. Where those outcomes are achieved, the Scottish Government will make regular revenue payments for a set period—typically 25 years—that reflect the value of those outcomes.

The local authority will have discretion over how it funds the infrastructure investment, so that could be through capital grant borrowing or receipts. We are working with the Convention of Scottish Local Authorities and local authorities to develop and agree the specific outcomes that can and should be delivered through the green growth accelerator. That will include how we measure and value those outcomes. We will then get a sense of what the pipeline of potential projects might be. It is an innovative new financing model to support local authorities to invest in green infrastructure.

**The Convener:** We have probably run out of time. Mark, did you have a final question?

**Mark Ruskell:** I have one final question to follow up on that, on innovative financing models. Obviously, we want to be investing in the future and in the most energy-efficient, low-carbon infrastructure. That might come at a higher capital cost, but there would be a reduction in the operating cost—the revenue cost. How do those financing models take that into account and enable us to procure the best infrastructure?

**David Stevenson:** That should not be an issue for the green growth accelerator. The green growth accelerator is specifically focused on bringing forward those types of project, so it would factor that in.

One model is the energy performance contract, which is something that the Scottish Futures Trust is developing and will be piloting. It enables private investment in the transformation of public sector buildings, which is funded through savings to debtor organisations' energy bills. The model is well suited to tackling the sorts of issues that we are talking about here. Eurostat and the Office for National Statistics have recently indicated that they think that the model would be scored to the private sector, and therefore would not impact on Scottish Government capital budgets, so the

Scottish Futures Trust will be testing that with a couple of pilots and will potentially roll it out more widely. That is an example of a revenue finance model that would be well suited to those types of projects.

**The Convener:** I thank the minister and her officials for coming in this morning. I suspend the meeting briefly, to allow them to leave.

10:04

*Meeting suspended.*

10:09

*On resuming—*

**The Convener:** We continue our consideration of the Scottish Government's budget. I welcome the Cabinet Secretary for Environment, Climate Change and Land Reform, Roseanna Cunningham, who is accompanied by her officials from the Scottish Government: Simon Fuller, deputy director of rural and environmental science and analytical services; Graham Black, director of Marine Scotland; and Helena Gray, deputy director for climate change domestic policy.

I will start with what I guess is the big question. This budget is the first one following the declaration of the climate emergency. How was it put together to align with your portfolio considerations on climate change policy and ensure a step change in spending decisions—which we have all been asking for—so that climate change is at its heart?

**The Cabinet Secretary for Environment, Climate Change and Land Reform (Roseanna Cunningham):** The difficulty with alignment this year has been that we are in the process of developing the updated climate change plan, so there has been an unusual scenario. In my portfolio, the budget is intended to directly support our efforts in the climate change plan update. Colleagues will be aware that quite a few announcements have been made that relate to my portfolio, either directly or indirectly. However, we have not completed the update of the climate change plan so, for this year, aligning the two does not really work. In the budget, we have made significant funding decisions that I believe will make that alignment more obvious. At the moment, I cannot point easily from one to the other, because our climate change plan update is not completed.

People will have seen the increased investment in areas that will prove more challenging to decarbonise, such as heat, agriculture and transport. There are also commitments that, from the perspective of emissions reduction, will have a

huge impact, and the announcement of the money for peatland restoration is part and parcel of that.

There is quite a lot of ambition across portfolios to respond to the global climate emergency. I hope that, when the draft updated climate change plan is published, people will see that the budget is working in tandem with it. However, I cannot immediately point to what is in the updated climate change plan and what is in the budget and show how they mesh.

**The Convener:** But there are key points in the budget that show the direction of travel.

**Roseanna Cunningham:** Absolutely. We will probably talk about this more later but, from my perspective, my huge win was the peatland restoration money. That is enormously important for a number of challenges in my portfolio and for the Government in terms of emissions reductions as a whole.

**The Convener:** That is a multiyear commitment.

**Roseanna Cunningham:** Believe me, I could spend our time talking just about that. I am unfeasibly excited about it. It is a huge win and will bring enormous benefits. However, as I said, we will probably have a chance to talk more about it later.

**The Convener:** When the budget was being put together, the UK Committee on Climate Change published a report. How was that taken into account as the budget was developed?

**Roseanna Cunningham:** I used the CCC reports "Reducing emissions in Scotland—2019 Progress Report to Parliament" and "Land use: Policies for a Net Zero UK" to make the arguments for nature-based solutions. The CCC's original report recommending net zero by 2045 for Scotland was clear that that was in recognition of the possibilities that those nature-based solutions give Scotland to deliver on our targets and to contribute to the UK-wide targets.

I was very keen to express to my colleagues, with reference to that line in the original report and the more recent report on land use, the enormous benefit that there would be from doing exactly what the Committee on Climate Change had suggested could be the way forward for Scotland.

10:15

**The Convener:** So the report was very timely.

**Roseanna Cunningham:** It was extremely timely. In my discussions, it was tremendously opportune for me to be able to show the direct potential of the CCC's recommendations. This year, the CCC's work has aligned brilliantly with the development of both the Scottish

Government's budget and our climate change plan update, which has been tremendously helpful.

The report contains recommendations on a number of aspects of our policy—not just the broad ones on peatland restoration. I will look very carefully at each of those aspects, just as my colleague Fergus Ewing will look carefully at those that are within his portfolio. I dare say that, at some point, the committee will wish to hear about them further. They are not directly budget related but, as committee members can probably tell, I am quite excited about all of them.

**The Convener:** We would welcome an opportunity for you to come and speak to us about them further.

**Claudia Beamish:** I turn to the Government's policy on regional land use partnerships, on which two pilots are already in progress. Can the cabinet secretary tell us whether there is support for maximising the use of such partnerships? During the passage of the Climate Change (Emissions Reduction Targets) (Scotland) Bill, I lodged an amendment on the partnerships, so I have a particular interest in their potential to be a good way forward.

**Roseanna Cunningham:** Sure. I am not certain whether I have previously advised the committee of this—I thought that I had—but we have asked the Scottish Land Commission to give us independent advice on the establishment of regional land use partnerships, which we expect to receive by the summer of 2020. That will provide the basis for our decisions on the form of and funding for such partnerships. The committee will probably see our approach being reflected in the 2021-22 budget, rather than in this year's budget.

This year, we are setting up a new land use partnership team within the Scottish Government, which will progress the development and establishment of such partnerships. Therefore, when we receive the Scottish Land Commission's advice, it will land with a Scottish Government team that will then implement it. However, there is not a separate budget line on that policy—there will simply be a reorganisation of officials in relation to it.

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

**Roseanna Cunningham:** That is the timescale that we are working to. Regional land use partnerships are not a budget issue this year, but they will become one next year.

**Claudia Beamish:** Staying with land issues, I understand that the land reform budget is decreasing. I am also aware that the community land fund has been oversubscribed this year. To have a decrease in the budget seems

disappointing, in view of the range of commitments that have been made on land reform. Could you shed any light on that?

**Roseanna Cunningham:** The budget is not decreasing, but the interest in and demand for such funding are increasing.

**Claudia Beamish:** I was referring to the land reform budget in general rather than the community land fund itself.

**Roseanna Cunningham:** I am sorry; I thought that you were referring to the community land fund.

That fund is a huge part of our policy. The creation of the Scottish Land Commission resulted in some efficiencies, which is really what we are now seeing. The budget line will not impact on delivery of the policy: the delivery mechanism is the fund, which is staying as it is. It is oversubscribed, because there is huge demand and interest out there—it has been another big win. I anticipate that we will have to look at the fund in the future, but it will not change for the moment.

**Mark Ruskell:** Why is the climate change policy budget line static?

**Roseanna Cunningham:** That is about how we manage things within Government. Climate change policies have to be developed across all portfolios and policy areas. I have a climate change policy budget line because that is where the strategic co-ordination and expertise are. Officials speak to one another, and there needs to be a team at the centre, working alongside policy areas. The budget is static because it has a particular function. It is not outcomes based in the way that the climate challenge fund or the land fund are; it is a line to cover that aspect of what the team is doing.

**Mark Ruskell:** Is the team doing more work now?

**Roseanna Cunningham:** The point that I am making is that the team's work does not need an increase in funding. It is not an institutional thing, or about setting up a different office; there is a part of my team of officials that makes sure that they are able to provide advice across portfolios. They would always have done that—it is not a new thing; the function was already in existence. It is effectively on a static funding line; that work does not require increased funding, but the funding has not decreased either.

**Mark Ruskell:** There is an increase of around £9 million in the sustainable action fund. You will be aware that the committee has had discussions about the climate challenge fund, and you have commented on that fund's evolution in taking more work into communities. What additional work will

the SAF budget line deliver in the next year? In particular, how might work evolve at community level?

**Roseanna Cunningham:** The biggest chunk of the increased likely spend—an expected £7.5 million—relates to the 26th conference of the parties. A further £1.1 million relates to public engagement. Those take up the lion's share of the £9.1 million increase. We had to find a way to reflect the likely spend on COP26.

**Mark Ruskell:** On the work at community level, is the climate challenge fund continuing?

**Roseanna Cunningham:** Yes, the climate challenge fund is continuing. We are looking at some slightly different ways of managing it. One of those is the development of a climate action town designation, and we will earmark some of the fund for that purpose. The amount of money will stay the same, but we will change some aspects of the fund. I am happy to go into more detail. We have ideas for decentralising some of the decision making around money, to make it more flexible and more reflective of local areas.

The idea of climate action towns involves trying to reach towns that do not obviously spring to mind. We all know the towns that are superactive, do really well and sometimes end up with multiple grants from the climate challenge fund. However, we also all know that there are other towns in which that has not been happening, and I hope to try to funnel something into those towns.

My ideal would be that the funding will be seen not so much as being for the cities as being for the smaller towns where not so much is happening. We will try to encourage that. Most members on the committee represent the kind of small towns that I am talking about.

**Mark Ruskell:** If there is more information about that, could you write to the committee with it?

**Roseanna Cunningham:** Yes. I can get back to the committee on that.

**The Convener:** That would be great.

**Roseanna Cunningham:** The pot will stay the same—

**Mark Ruskell:** I appreciate that.

**Roseanna Cunningham:** However, there are slight changes to what we are trying to do with the fund to make it a bit more focused. I would like to make it a bit more outcomes focused, as well. I am occasionally asked in the chamber whether I can put a figure on the emissions reductions that are brought about by the money that is spent through the climate challenge fund. That is one of the issues—it is difficult to do that because the fund is not meant to be about just emissions reductions.

There might be chats and conversations about some of those issues, as well.

**The Convener:** You mentioned COP26. Finlay Carson has some questions about that.

**Finlay Carson:** Yes. Cabinet secretary, you are buzzing about peat; we are all buzzing about COP26. My question was going to be about how much of the budget will be spent on COP26, but you have answered that. Are any contingency funds available for any changes to the activities that you would like to see at COP26?

**Roseanna Cunningham:** It is standard to have a 10 per cent contingency fund, but we do not have any finalised planning assumptions at the moment. COP26 is a little high risk for a lot of reasons, so we have allocated contingency funding of 15 per cent. We have therefore increased the contingency funding, because we are a little uncertain about how it will look. I do not know whether that answers your question.

**Finlay Carson:** Thank you.

**The Convener:** Rachael Hamilton has questions about climate change adaptation.

**Rachael Hamilton:** What proportion of the climate change and sustainable action fund budget relates to delivering the Scottish climate change adaptation programme?

**Roseanna Cunningham:** The sustainable action fund budget line deals with the climate justice fund. That is an adaptation issue, but it is not domestic; it is mostly about what we will send to Malawi, Zambia and so on. However, there are other things that relate to adaptation. People tend to forget that one of the biggest adaptation issues is flood funding, which is topical. That funding is £42 million annually over 10 years, which is a big chunk, and it is embedded; it is not separately badged.

Other bits of money go to various places. We contribute to and therefore part fund the adaptation committee of the UK Committee on Climate Change, and we give specific support for the delivery of the adaptation programme, which amounts to £330,000 a year. However, that is not done in-house—we have contracted Sniffer, which is an environmental charity, to support the delivery. Adaptation is therefore covered in different bits of the budget, as often happens in such circumstances.

**Rachael Hamilton:** What has changed or is extra from the previous budget? Is there anything new?

10:30

**Roseanna Cunningham:** The budget continues what we have been doing. There is no new line in

the budget under adaptation, if that is what you are asking. After what happened in Australia, I am conscious that we will need to keep an eye on the wildfire issue. Given the weather, it seems slightly paradoxical to worry about that, but we need to be conscious of the threat of wildfires, so there are some issues there.

The Scottish Government is a partner in the dynamic coast project, which is trying to map, assess and forecast coastal erosion. Flooding is dealt with through the flood risk management side, but there is an aspect that could potentially be about adaptation in future—it is not necessarily about flooding; it is about actual erosion. I am conscious that some other things will have to be thought about quite soon that will be added to the adaptation line.

**Rachael Hamilton:** That leads me nicely on to the £2.7 million budget line that is allocated for flood risk management. You mentioned erosion, but can you provide the committee with a list of the projects that are funded by the £2.7 million? Has that changed since the last budget?

**Roseanna Cunningham:** I have talked about the dynamic coast project; £65,000 has gone into that. Conference and knowledge-sharing workshops have received £100,000, and the Eddleston Water project is funded out of that line, along with other natural flood management projects. The funding for the flood forum also comes from that line. The work that the Scottish Environment Protection Agency does on forecasting and flood warning has received the biggest chunk of money, which is £1.6 million.

It is a kind of management budget that allows us to do that type of funding. The line has been maintained from last year but has not increased.

**Rachael Hamilton:** That is useful.

**Roseanna Cunningham:** I can follow up with a more detailed breakdown. I am conscious that I have given you some numbers, but we can follow up with extra ones.

**Rachael Hamilton:** Thank you.

**Roseanna Cunningham:** The biggest things are the flood forecasting and flood warning provided by SEPA, which most people are familiar with; the money that is spent on natural flood management projects; and the flood forum, which anyone who has experienced flooding in their area will recognise as important.

**Rachael Hamilton:** Given the significant pressure on river ecosystems, why has there been an 11 per cent real-terms decrease in the river basin management plan budget?

**Roseanna Cunningham:** That is a one-year issue, from a budget perspective—I do not mean

that it is a one-off issue. That is because most of the money goes into what we call the water environment fund and it is used for infrastructure projects on rivers. For example, the money is used to allow migratory fish to bypass barriers. Because of the nature of that work—it involves planning and infrastructure delivery—the amount of money fluctuates year on year and there are lots of projects at different stages of development.

For this year, the forecasted spend is not as high as it was last year. Because we know where the various projects are in terms of their delivery, we can see how much we will need this year and work on that basis. The amount might change next year; the nature of the project work means that there will be fluctuations. If we are not going to spend the total amount this year, it is better to apply the spend in a budget in which it is needed.

**Rachael Hamilton:** The committee encouraged the Scottish Government to extend the programme of blue carbon research. What funding has been allocated to that?

**Roseanna Cunningham:** Again, I do not think that there is a separate line on that. I think that, since 2018, we have spent almost £450,000 to fund research. The results will be published this year. The Scottish blue carbon forum has a website, to which people can go if they want to see what is happening.

This year, we will review the output of all the research, which will allow us to develop some kind of evidence map that will give us an idea about future action and will identify knowledge gaps. At the moment, everything is still uncertain; I see bits of research that come through, but they do not necessarily give us what we think that we are going to get. We are therefore slightly uncertain about what the picture will look like when we bring it all together.

We are working with the UK Government and other devolved Administrations on the matter—that work will not be published until the end of 2021—in the context of the development of a UK marine strategy. Everything that we are doing is and will continue to be embedded in that. What we do will change each year; this year, it is about bringing together the research and coming up with an evidence map.

**Rachael Hamilton:** How do you calculate the risk associated with climate change and then make spending decisions?

**Roseanna Cunningham:** That is a challenging issue, because some risks are more foreseeable than others. We talked about flood funding; a lot of work has gone into trying to establish risk and provide funding in that regard. We take advice from the Committee on Climate Change and the new climate emergency response group, both of

which inform our decisions on spending. If they flag potential risks, we need to look at those risks. You will appreciate that it is difficult to predict and forecast a potential emerging risk and then quantify what will be needed to mitigate it.

Not everything in that regard is in my portfolio. For example, the heat transition deal and the new agricultural transformation programme fund are about understanding that change will be required in such areas.

Risk assessment is not easy in the context of climate change, as we have seen. It is not easy to forecast in a way that allows us to decide on an amount of money that will be effective in an area. Thank goodness we have expert bodies that can do that, or at least give us advice in that regard.

**The Convener:** We will move on to a theme that I suppose will bring up similar ideas: European Union exit.

**Roseanna Cunningham:** Oh.

**The Convener:** I am sorry.

There is a transition period, and there are uncertainties around that. There will be changes in the functions of bodies and changes in compliance requirements, particularly for Marine Scotland. Research funding will be lost. How has that been built into the budget, with regards to your portfolio?

**Roseanna Cunningham:** In some ways, that follows on from the question about risk and how on earth we assess it. Our problem at the moment is that the budget has not been based on trying to assess risk: it is run on a cost-neutral basis, because it is almost impossible to factor in what might or might not be the result. We might think that one thing is going to happen and the outcome might be something else entirely.

Our expectation is that the UK Government will meet the additional and on-going costs that arise directly from Brexit. As members know, I regularly participate in meetings with the Department for Environment, Food and Rural Affairs, with ministers from the Welsh Government, and now with the newly reformed Northern Irish Government—in fact, I did precisely that in Belfast yesterday. A lot of the conversations at those meetings are about some of those issues. We are still in a period of uncertainty and I doubt that the costs will be known for a while.

Future funding is uncertain, so it is difficult for us to think about how that will work. We know that EU funding will be lost; we are still uncertain about what will be brought in to replace that. We produce the budget on a cost-neutral basis and we will see how the arguments develop.

**The Convener:** Stewart Stevenson has questions on governance.

**Stewart Stevenson:** They are fairly brief and focused questions. What progress has been made in getting institutional oversight following EU exit? Will the money for that come from the current or the following year's budget and how will that budget be affected? Those are big questions but they might get a small answer.

**Roseanna Cunningham:** I do not know that the answer is small, or even easy. As members know, the continuity bill will include provisions for environmental governance, as well as other things that relate to my portfolio. The bill is expected to be introduced in March 2020 and I am wary about what I can say in advance of that. Obviously, we stood down the interim proposal that we put in place in the event of a no-deal Brexit, as we are now in the transition period.

I am uncertain about when that bill will go through and about whether we will end up with an extended transition or whether there will be an extended transition in some areas, so I am keeping my eye on those issues. The big impact will be on not the current budget but the 2021-22 budget, which is where most of the cost will lie. Any spend that has to happen on this side will have to come out of my existing budget. At the moment, it is difficult to know what the timing of that might be and when it might be required.

**The Convener:** My officials have just told me the breaking news that the UK budget is still to be announced on 11 March. That might be of interest for members as we talk about other things in our budget.

**Roseanna Cunningham:** I understand that an announcement was made this morning about the set-up of a UK climate change fund. There are noises off, which we will obviously have to explore.

10:45

**Angus MacDonald:** On the biodiversity crisis—or the biodiversity emergency, as some non-governmental organisations call it—you will recall that, in our pre-budget report, the committee asked the Scottish Government to prioritise resources to fund biodiversity work as a matter of urgency. The programme for government committed to a step change in addressing biodiversity loss. Does the budget reflect and enable that step change?

**Roseanna Cunningham:** Yes. I think that the peatland restoration announcement is a step change in a number of areas, including biodiversity. In passing, I should say that the rural economy will be another huge beneficiary of that allocation, but biodiversity is a big one. We have also provided an additional £3 million to the biodiversity challenge fund, and there is the benefit that will come out of peatland restoration.

Because of all of that, I think that the future of biodiversity is looking good.

As members may know, this April in Edinburgh, there will be an international pre-COP workshop on biodiversity—that COP is the biodiversity one in China, not the climate change COP. We intend to develop a programme of work on biodiversity, and that is not limited to this year's budget. Some of that change will begin to happen this year. I hope that people will recognise that.

Some other things are going on. For me, the £250 million for peatland restoration looms massive, and it has a huge potential benefit for biodiversity. *[Interruption.]* Stewart!

**Stewart Stevenson:** Sorry; I do not know why my phone is doing that. I am now switching it right off.

**Roseanna Cunningham:** There are various other budget lines that people do not automatically think about in respect of biodiversity, such as the agri-environment climate schemes and the forestry grant schemes. There are other funding mechanisms by which biodiversity is improved. However, I suppose that we have not been great at quantifying the positive biodiversity impacts of some of those things. The work that was done last year by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Service helped to bring a real focus to the issue. I would like there to be a better way of quantifying the biodiversity impacts of a lot of those things. However, that will be for future budgets.

**Angus MacDonald:** You mentioned how excited you are about the long-term funding for peatland restoration, and I am sure that we all share that excitement. In fact, if our colleague Rob Gibson was still a member of Parliament, I am sure that he would be dancing on the roof, given the work that he did on that in the previous session.

What target for peatland restoration does the Scottish Government aim to reach with the additional funding in the 2020-21 budget year?

**Roseanna Cunningham:** It is a little difficult to identify a single-year target. We have a target for 2030, and, obviously, this year's allocated budget is a significant increase on the pre-existing total of £14 million that I managed to wring out of various places. Increasing that to £20 million is a challenge, because one of the issues that has arisen out of there not being multi-annual funding is that some of the long-term stuff does not get done. We now have to ramp up the activity and get as many people to do it as quickly as possible.

My hope and expectation is that, over the 12 years of the climate change plan, we will, as a result of that funding, reduce emissions in

Scotland by 0.8 megatonnes a year, which is massive. Multi-annual funding means that we will be allowing funding to go from one year to the next. More might be spent in some years than in others, simply because the projects will be undertaken over a longer period and on a much bigger scale.

**Angus MacDonald:** The budget sets out that responding to the biodiversity crisis requires cross-Government working, with all portfolios contributing. How is that cross-portfolio work being taken forward?

**Roseanna Cunningham:** It works in the same way that it does with climate change. We are talking about work across portfolios, and not just at official level but at ministerial level. That is an important part of what we will always do.

In broad policy terms, the work that is brought together sits with me, but quite a lot of the work that will deliver the biodiversity improvements sits in other portfolios. We are trying to develop a mainstreaming project to direct and reflect that work. We will be doing that off the back of what we saw in the IPBES report that I wrote to the committee about in December. We are in the process of trying to mainstream that in a more formalised way than would otherwise have been the case. One portfolio that may have the biggest impact is local government and planning. There are other portfolios with a potentially strong impact, and capturing that in a slightly more evidenced way will be important.

**Finlay Carson:** We have heard your enthusiasm for multiyear funding for peatland. We do not want to hear any more about that, but I wonder whether you have the same enthusiasm for multiyear funding in other areas. You will have heard the committee ask repeatedly about multiyear funding for the likes of invasive non-native species. Have you considered how you can bring in more multiyear funding?

**Roseanna Cunningham:** It would help if we had multiyear budgets, but we have not been able to have them for a considerable number of years. As long as the Scottish Government has to work on an annual basis, it is hard to make an argument for multi-annual budgets across the board. I suspect that almost everybody in every portfolio would want to make that argument.

Aside from a big £0.25 billion multi-annual commitment to peatland restoration and the multi-annual funding that I already get on the flood risk management side of things, we have consistently had climate challenge funding—land fund money. If you do not mind, I want to rest on my laurels just a little this year. I would have to make a staggeringly good argument, as I was able to do for peatland, to get Kate Forbes into a space

where, despite her having to deliver one-year budgets, she would nevertheless concede that I could have a whole slew of things on a multi-annual basis. I am trying to be realistic about this.

I had a huge win this year, which will deliver across a variety of areas. I do not want to make the same argument about too many things all at the same time, but if there are specific areas in which the committee genuinely believes that the case for multiyear funding can be made and is not just asking for it because it would be a good thing to have, that would be an interesting conversation for us to have.

**Finlay Carson:** Multiyear funding would certainly help in relation to the river system and non-native invasive species—we have heard that repeatedly over the past few years.

Given the time, I will group my next questions. Has any funding been made available to develop the concept of nature networks at a national level? Does the Scottish Government still support the development of a national ecological network? With regard to the institutional framework, do we need a centre of expertise on biodiversity and ecosystem health? The committee has raised that issue with you previously, and I do not think that we have had a response.

**Roseanna Cunningham:** We already support research institutes, and we co-fund the Joint Nature Conservation Committee, which is involved in research at UK level.

I talked about us developing within Government a group where the biodiversity impacts would be mainstreamed, but I was not talking about a formal set-up.

Obviously, the potential exists for a biodiversity centre of expertise, but we would need to consider what that would look like and how it would be structured. Although we do not have a plan for such a body at the moment, I would not rule out the idea. We would need to think carefully about what it would look like, given that we already have research institutes and the UK JNCC. We would need to consider how such a body would fit in with the work that we are already doing. I do not know how much time the committee has this year to think about such things, but it might be worth exploring that area and having further conversations about it.

You mentioned the broader issue of nature networks. We already have such projects in Scotland. For example, we have the central Scotland green network, which was started up when I first had responsibility for the environment portfolio between 2009 and 2011. That is a massive project, which involves a national network. We tend to forget that it is the largest project of its kind in the whole of Europe. We bank

it—it is familiar, so we stop thinking about it. There is also Cairngorms Connect, which is a big habitat restoration project. Although it is not directly funded by us, it involves the Cairngorms national park and operates across the board.

Therefore, we have already put in place such projects, and we continue to support that approach and the idea of nature networks, because we all know that, whether it is done on a smaller or a larger scale, connecting habitats has an enormous benefit.

**Finlay Carson:** The Infrastructure Commission for Scotland recommended that natural capital should not be looked at separately from Scotland's other infrastructure. Can you give us an assurance that the infrastructure investment plan will incorporate green and blue infrastructure?

**Roseanna Cunningham:** There is an interesting conversation to be had about that, which I have been having. There is the issue of what is categorised as infrastructure and how capital spend can be allocated. An active discussion is under way about the fact that financial rules do not allow us to classify natural capital as though it were capital. That presents a problem for us as we move forward, because we are having to fund some of the work that we might want to fund out of the capital budget out of the resource budget, and that is not always a great way of doing it.

11:00

The work that the infrastructure commission did has been enormously helpful and has already led to a number of conversations at Government level about how to take this forward. It is clear that future infrastructure must be assessed against our climate change targets.

The answer to the question is broadly yes, but there are still minor barriers. I had a conversation with colleagues about one question: if planting trees that will grow for 50 years cannot be described as infrastructure, what the hell can? There are issues about what is defined. We are thinking about how that can be made to work. The challenge is not what we want to do but what we can do.

**The Convener:** We are about to run over time and we still have a number of questions. I ask members to prioritise their questions. We will move on to talk about preventative spending.

**Mark Ruskell:** I will try to be brief. How has the national performance framework helped to shape the budget? Has it influenced any of the decisions that you have made about going further in some areas or pulling back in others?



**Roseanna Cunningham:** Not in a mechanistic way. All of Government tries to align with the national performance framework. Colleagues may remember that we published a medium-term financial strategy last year that set out an approach for resource and for capital—multiyear reviews of spending. That relates to Finlay Carson's question, too. In so far as my chapter of it is concerned, the budget shows the key primary and secondary national outcomes that are supported by planned investment. We are not drawing a direct line to those outcomes, but we are working towards them. I do not think that evidence to the NPF has resulted in specific changes that I could point to, but the framework does provide a better focus and makes our work more visible across the range of national outcomes. In our case, the approach is more thematic than drawing lines between things and saying that this belongs to that.

**Mark Ruskell:** I understand that there will be a minister for wellbeing. How does preventative spending on wellbeing relate to your portfolio? Are there particular approaches to wellbeing preventative spend? We have already heard about how non-native invasive species are influencing the budget and the choices that you have.

**Roseanna Cunningham:** The wellbeing framework is Government-wide. It means that we prioritise spending that delivers on multiple outcomes and helps to improve opportunities for all. The wellbeing work that I normally talk about takes place with Scottish Natural Heritage and in the national parks, because they do a broad range of things that easily fall into that category.

At the risk of becoming incredibly boring about peat, that is an example of where there are multiple outcomes from a single budget line.

For me, that includes wellbeing because, apart from anything else, it will create jobs and security, and often in places where that could not have been taken for granted in the past. It is about trying to assess everything that we do across a range of potential outcomes, and making decisions on the basis of what delivers the widest possible range of outcomes. For me, the answer to everything will be peat—not 42.

**Mark Ruskell:** You mentioned cross-portfolio working in relation to biodiversity. How is the cross-portfolio work going in relation to climate change? I am a bit concerned that your peatlands will be used as an offset for building the A96 or something else. Is there still a trade-off?

**Roseanna Cunningham:** That is not the conversation that we are having at all. There are envelopes for every sector and portfolio, so it will not be about a trade-off. In some sectors, there is an implicit trade-off in one sense. For example,

you cannot grow food without emissions, so somewhere you have to balance off the emissions from food production. In that sense, there will always be some areas where we will have to think about that issue. We can call it a trade-off, but it is about balancing across the economy. There are areas such as food production where that will always be the case.

The conversation about peatland restoration was not like that. For me, it is about the extent of the emissions reductions that we can achieve through peatland restoration and our ability to get there dynamically in that sector. In other sectors, as everybody round the table knows, we are still somewhat reliant on the development of future technologies that will assist us to make step changes. The uncertainty that comes from that reliance is always part of the conversation about how to achieve our targets.

**The Convener:** We will move on to the funding of public bodies that are in your portfolio.

**Claudia Beamish:** I want to ask about the new high-ambition climate network. Given the time constraints, it might be appropriate for you to write to us with more detail on that.

**Roseanna Cunningham:** I can say something about it quickly. At the moment, there is not a lot to write to you about, although that is not to say that stuff is not happening, so we could follow up with a bit more in writing.

We had a consultation at the end of last year and we are in the process of looking at that. There was broad support for the idea, so we are finalising plans for the high-ambition climate network and for the national forum on climate change, which I want to get up and running. That is about providing leadership and ambition and connecting across the public sector. The public sector is a huge driver on the issue but, within that sector, I do not want people to be reinventing the wheel when someone else has already developed a perfectly good one.

There is a bit of work going on. We are still in the early stages of that work, so there is no budget line, because we have just come off the back of that consultation towards the end of last year.

**Claudia Beamish:** I have specific questions on Marine Scotland. I reassure everybody that it has not come last because it is less important. There is a slight decrease in funding for Marine Scotland this year, which is concerning. The committee has carried out visits to regional marine planning partnerships. What funding is there to support the current regional marine planning? You wrote to us to say that funding for future regional marine planning is "hypothetical", but a lot of coastal areas in Scotland are looking to develop plans. Will you say something about that?

**Roseanna Cunningham:** This is a one-year budget, so anything that looks like it will roll into future budgets is, in a sense, hypothetical, because I cannot prejudge what I or whoever is in this seat at that time will be working with. In that sense, everything becomes hypothetical. As I understand it, some programmes of work at Marine Scotland are being finalised, so money does not need to be spent on them. A big programme of work is under way on how Marine Scotland manages the transition and in relation to the uncertainty about what will be required after that.

Late last year, the UK Government provided money in relation to compliance in the event of a no-deal Brexit, so there is a fluctuating picture in respect of Marine Scotland. We are working through the monitoring and surveillance requirements post-EU exit, and we will be looking to secure funding for the resources that will be required. However, if those requirements are a direct consequence of Brexit, we will be looking to the UK Government to do some of what it has already done for Marine Scotland, so there is a bit of uncertainty.

We do not yet have activity-level budgets for 2020-21 in relation to regional marine planning. However, I see that as a priority area to which, I hope, we will be able to allocate resources. Good progress is being made. We are looking to formally delegate the Orkney Islands marine planning partnership in the coming months, and we are considering the potential for further partnerships in the future, but they will not all happen overnight.

**Claudia Beamish:** I do not know whether you have any other comments about the marine environment in particular, but I have a quick additional question. Is there the possibility of any ring fencing of Crown Estate Scotland revenues to help to deliver marine enhancement, or in other areas?

**Roseanna Cunningham:** There are opportunities, so I would not say no to that question. We are working with Crown Estate Scotland to look at that issue, and we will see how the conversation goes.

**Graham Black (Scottish Government):** I recognise the committee's time constraints, so I will not go into detail today. Overall, Marine Scotland's budget is broadly okay. It is probably flat—some things are going up and some are going down. We are having to reprioritise to ensure that we have sufficient resources to improve our activity in climate change and biodiversity areas—for example, in relation to compliance. It is a fairly complicated picture and, if the committee wants, I am very happy to talk about it on a more detailed basis at another time.

From our perspective, we have a manageable budget that will enable us to improve the areas that we are prioritising.

**Claudia Beamish:** Thank you. Further detail would be most welcome.

**Angus MacDonald:** We have noted that the budget for Zero Waste Scotland has decreased in real terms. Is that part of the cabinet secretary's portfolio sufficiently resourced, given the plans to introduce a deposit return scheme over the coming year, as well as the wider circular economy ambitions?

**Roseanna Cunningham:** Yes, we think that there is sufficient resource. People need to remember that, when we have laid the final regulations for the deposit return scheme, responsibility for implementing the scheme will move, in large part, from Government to industry. You will see that change in relation to budget lines. Zero Waste Scotland and I are content that the deposit return scheme will work for us. We will need to wait and see how it operates but, by design, responsibility for it will move out of Government and into the private sector.

**Angus MacDonald:** Will you comment on the wider circular economy ambitions?

**Roseanna Cunningham:** I am content that we will be able to deliver on those.

**The Convener:** I thank the cabinet secretary and her officials for their time. That concludes the committee's business in public today. At its next meeting, on 25 February, the committee will hear from the Committee on Climate Change on its annual progress, and from Scottish Water on its investment plan.

11:15

*Meeting continued in private until 11:53.*

This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

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