

The Scottish Parliament Pàrlamaid na h-Alba

Official Report

RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE

Wednesday 26 October 2011

Session 4

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RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE 8th Meeting 2011, Session 4

CONVENER

*Rob Gibson (Caithness, Sutherland and Ross) (SNP)

DEPUTY CONVENER

*Annabelle Ewing (Mid Scotland and Fife) (SNP)

COMMITTEE MEMBERS

- *Graeme Dey (Angus South) (SNP)
- *Alex Fergusson (Galloway and West Dumfries) (Con)
- *Jim Hume (South Scotland) (LD)
- *Richard Lyle (Central Scotland) (SNP)
- *Jenny Marra (North East Scotland) (Lab)
- *Aileen McLeod (South Scotland) (SNP)
- *Elaine Murray (Dumfriesshire) (Lab)

COMMITTEE SUBSTITUTES

Claudia Beamish (South Scotland) (Lab) Jamie McGrigor (Highlands and Islands) (Con) Alison McInnes (North East Scotland) (LD) Jean Urquhart (Highlands and Islands) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Dr Andrew Barbour (Woodland Expansion Advisory Group)
Jo Ellis (Woodland Expansion Advisory Group)
Bob McIntosh (Forestry Commission Scotland)
Stewart Stevenson (Minister for Environment and Climate Change)

CLERK TO THE COMMITTEE

Lynn Tullis Simon Watkins

LOCATION

Committee Room 4

Scottish Parliament

Rural Affairs, Climate Change and Environment Committee

Wednesday 26 October 2011

[The Convener opened the meeting at 10:00]

Draft Budget Scrutiny 2012-13 and Spending Review 2011

The Convener (Rob Gibson): Good morning, ladies and gentlemen. Welcome to the eighth meeting in 2011 of the Rural Affairs, Climate Change and Environment Committee. Committee members and members of the public should turn off their mobile phones and BlackBerrys, as leaving them in flight mode or silent mode will affect the broadcasting system. We have received no apologies for absence today.

Agenda item 1 is scrutiny of the draft budget for 2012-13 and the spending review 2011; this will be our second and final session on the draft budget and spending review. Earlier this month, we heard from the Cabinet Secretary for Rural Affairs and the Environment on issues relating to rural affairs, which is part of the committee's remit. Today, we will hear from the Minister for Environment and Climate Change on the following areas: climate change, forestry, agencies, land reform and strategy, and issues relating to the report on proposals and policies.

We have received a number of submissions from stakeholders, which members have seen. The submissions have been posted on the website. Following today's evidence session, the committee will report its findings to the Finance Committee in mid-November.

I welcome the Minister for Environment and Climate Change, Stewart Stevenson, and his officials: Andrew Henderson, who is the policy officer in the directorate for energy and climate change in the Scottish Government; and David Fotheringham, who is the team leader of the division responsible for compliance with the Climate Change (Scotland) Act 2009 and for new funding streams. The committee's adviser, Dominic Moran, is also joining us for this session. He will be listening to what is said and helping us to draw up our report.

I invite the minister to make any opening remarks that he wishes to make.

The Minister for Environment and Climate Change (Stewart Stevenson): Thank you, convener, and thank you, committee members. I start by entering a slight caveat to my appearance:

there may be the occasional coughing fit. I have not quite fully recovered from a rather nasty cold. If I descend into a paroxysm of coughing, or if I pause in the middle of a sentence, that is likely to be the reason—or it may be that the question was too hard. Who knows?

As the committee is aware, the Government is committed to the transition to a low-carbon economy, as laid out in our refreshed Government economic strategy. That transition is vital to maximising Scotland's sustainable growth, and therefore to securing jobs and investment; it is also vital to achieving our climate change targets.

The recently published greenhouse gas inventory for 2009 showed that Scotland's emissions are now 27.6 per cent lower than they were in 1990. That is very nearly two thirds of the way to our target of 42 per cent by 2020. However, I know that securing the remaining reductions cannot be taken for granted. That is why the draft budget and the wider spending review will invest in measures to continue the transition towards a low-carbon Scotland.

As the Cabinet Secretary for Rural Affairs and the Environment explained to the committee on 5 October, we have had to take difficult spending decisions in light of the United Kingdom Government's cuts. The Scottish budget has been cut by 12.3 per cent in real terms over the UK Government spending review period up to 2014-15. Despite those enormous constraints, we have prioritised funds across sectors that will support reductions in emissions, help households to address volatile fuel bills, and build our renewable future.

I will give the committee one or two headlines. There will be £200 million through the fuel poverty and domestic energy efficiency programmes over the next three years; the Scottish futures fund will provide additional support for measures to reduce emissions: there will be £100 million for warmer homes and future transport, and at least £69 million for active travel, low-carbon vehicles, freight modal shift and measures to reduce congestion; there will be £36 million annually in grants to help to increase Scotland's woodland creation rate to 10,000 hectares per year; and there will be help for families and individuals to reduce their waste through an investment of more than £70 million in our zero waste programme. On that last point, cutting avoidable food waste can save a household, on average, 430 years. That is a significant sum.

The Convener: Was that 430 years?

Stewart Stevenson: Pounds. Pounds per household per year. Did I say £430 million?

The Convener: You said 430 years.

Stewart Stevenson: Oh, yes, I see. Maybe the brain has been affected by the virus, too.

We will also improve the efficiency of existing infrastructure, with Scottish Water having the potential to save around 10,000 tonnes of CO_2 equivalent through its programme to reduce leakage.

Decarbonising Scotland's energy supply is a key pillar of reducing emissions over the long term. Much has been made of our renewable energy potential, and this Government is determined to turn that potential into reality, which is why more than £200 million of the £300 million that we will invest in energy over the next three years will be directed at supporting renewables.

We are not looking only at large projects; we want local communities to have the opportunity to secure direct benefits. We are putting £5 million into innovative district heating projects as part of a loan fund and we are transforming the scale of community ownership of renewable energy developments through an enhanced community renewable energy scheme, aiming for some 500MW of community and locally owned renewable energy by 2020.

We believe that the proposed budget and the actions supported by it will help to deliver our emissions reduction targets over the spending review period, but we will continue to look for efficiencies, innovations and further cost-effective ways of reducing emissions and growing the economy. We are, of course, now looking at our options for proposals and policies for the period to 2027, and I look forward to the committee playing a significant role in helping us in that regard.

The Convener: Thank you.

Our first question has to relate to the crosscutting nature of the theme, because climate change and the transition to a low-carbon economy cut across various departments. We find it difficult to look at the RPP in its totality because some responsibilities relate to other committees, and we wonder whether the way in which the budget is laid out is a tenable approach. Do you see the importance of defining a budget that is clear in terms of how each item is contributing to the RPP target in any given year?

Stewart Stevenson: I return to something I said when I last appeared before the committee. The RPP is, of course, not simply about the Scottish Government's expenditure; it is about a set of proposals and plans that will deliver the required reductions. I note that Stop Climate Chaos Scotland's submission highlights that the budget for 2012-13 includes only 81 per cent of the RPP funding, and only 84 per cent is included over the spending review period.

I am not necessarily going to agree or disagree with the figures, but one would not expect the figure to be 100 per cent, because the UK Government makes a contribution through many of its schemes. Indeed, as an individual who is contemplating replacing a 25-year-old boiler in my house with my own money, I will similarly make a contribution. The RPP is delivered not just through Government spending.

The question that you are essentially asking is how you can tease out what is going on in that complex area, where the RPP cuts across a number of ministerial portfolios, with further complexity added because of the dependence on expenditure made by others.

I do not think that I have a simple answer to that question. We just have to look at the purpose of the RPP, which is to be focused on the targets and what must happen for those to be delivered. It is not necessarily connected line by line to the Government's budgets because there will be money from others, including private companies, public companies and private individuals, and from other jurisdictions, such as local government and the UK Government. There will also be European action.

The Convener: Is there any way of summarising the percentage of activity in the different areas of input?

Stewart Stevenson: It is perhaps worth making the rather obvious point that the RPP is an estimation. Each figure that appears in the RPP is individually subject to a range. The figure in the RPP is therefore essentially the mid-point of a range of possibilities.

Therefore there are, of necessity, imprecisions, which make me reluctant to suggest whether Stop Climate Chaos Scotland's estimate of 81 per cent in the next year is correct or wrong. The figure might well be in that area. However, the outcome is likely to be different, in any event, because we depend on others' actions and because in RPP2 we will revise what is before us in RPP1.

We are talking about policies and proposals: the proposals are not commitments, and we can be fairly certain that RPP2 will include changes to the proposals. Equally, I expect RPP2 to include changes in the policies, because in a programme for climate change that extends to 2050—members have heard me say that I expect to see the programme succeed, even though I will be 104 then—there will be changes to the plan. Some things will be taken out, others will be modified and new things will be put in. That is in the nature of the long-term goals that we have set and should set ourselves.

The Convener: That takes me on to the fundamental question on all budgets. There is a

need for a clear summary that enables spending and commitments to be tracked year on year. As we move from RPP1 to RPP2 we must be able to understand what the figures are now and what they will be in future. How will that be achieved?

Stewart Stevenson: There is clarity in the Government's budget. Committees will consider the budget and the Parliament will test the figures in it and debate them. The budget, as a legal document—it will be an act of the Scottish Parliament—has clarity and precision. Of course, it includes funds that will be allocated over the course of the spending review period, but we can be clear that the budget itself is meant to be an accurate and precise document and should be tested as such.

Under the Climate Change (Scotland) Act 2009 we must provide annual reports on progress. There is absolute clarity in such reporting in hindsight. However, progress towards targets depends on a range of issues, so although one can test provisions in the budget, the RPP—particularly as it will be superseded by a new RPP during the current year—is a more difficult document for us to deal with, when it is viewed from the perspective of a budget.

Alex Fergusson (Galloway and West Dumfries) (Con): A number of the submissions that we received to assist us with our budget scrutiny have been critical of the budget in relation to the RPP, in particular. You mentioned the submission from Stop Climate Chaos Scotland, which said, quite brutally:

"In short, the budget fails to enable the requirements of the Act to be met ... In its current form, this budget puts us on a path for embarrassing failure."

Despite what you said about the RPP, I presume that one would still want the draft budget to be closely aligned with the RPP. Do you agree? Is the budget sufficiently aligned with the RPP? If so, can you assure us that the policies in the RPP are adequately funded in the budget?

10:15

Stewart Stevenson: The policies that are the responsibility of the Scottish Government are adequately funded.

I return to my point that a misunderstanding may exist in some people's minds. The RPP is not simply about what Government does. It is about the overall programme of progress towards our targets of at least 42 per cent for 2020 and at least 80 per cent for 2050.

It might also be worth while to draw attention to the progress that is being made. We are well ahead of target. We are therefore in a comfortable position, but we are not complacent about it, because we recognise that being ahead is, to a substantial extent, due to the downturn in economic activity. However, it is clear from what the UK Committee on Climate Change has said to us—it advises us on these matters—that it does not expect the rebound to be complete, and we are making some genuine, permanent changes. The RPP is therefore not about identifying where every pound is coming from. The natural replacement cycle for people's boilers, for example, makes a contribution to delivering on policies and proposals in the RPP and the journey towards meeting the climate change targets that we have set ourselves.

Alex Fergusson: So you are happy that the budget that is before us will allow the Scottish Government to meet its emissions targets for 2020.

Stewart Stevenson: We are on track to meet our targets. We are two thirds of the way towards our 42 per cent target. The RPP is an estimate of what will happen and is not simply about what we are responsible for. It will be replaced by an updated version to take account of the recent setting of targets for 2023 to 2027, and it will differ in detail as we learn. That is only to be expected.

Graeme Dey (Angus South) (SNP): At the risk of labouring the point, I would like absolute clarity. Can the minister assure us that the budget that has been set reflects the reality of the financial hand that the Scottish Government has been dealt by Westminster's cuts, rather than our signing up to George Osborne's position, which is essentially one of settling for cutting emissions no faster than our fellow countries in Europe? We have set world-leading climate change targets. Do we remain committed to meeting them?

Stewart Stevenson: We absolutely remain committed to meeting them. We believe that Europe has the opportunity to set the challenge. At present, Europe and the UK Government are in the position of saying, "We will move with you." In other words, they are waiting for other players around the world to make a move before they will move. Europe has made a conditional offer to set its target for 2020 at 30 per cent—the target is currently 20 per cent—but the conditionality associated with that offer is, "We will do it if you do it." We are past the point where that sort of conditionality will deal with the issue. Somebody has to make the first move.

In our approach to climate change, we are not looking at what others are doing but seeking to do what is practical in relation to the opportunities that we have. The 42 per cent target is practical. The RPP shows that that is so, as does the advice of the UK Committee on Climate Change. In setting an ambitious target, we are showing that a modern, developed economy can rebuild itself in a

new context and deliver on ambitious targets, and we are setting a challenge to others to do the same. We are not in the camp of people who say, "We will make a conditional offer and move if others do." We are doing it and showing that it can be done.

Elaine Murray (Dumfriesshire) (Lab): I know that low-carbon transport is not within your portfolio, but Stop Climate Chaos Scotland has calculated that the funding in the budget for that area represents only 6 per cent of what is needed next year in order to reach our targets, and only 10 per cent of what is needed over the spending review period. Are you confident that we can lever in 94 per cent of the money that requires to be spent next year and 90 per cent over the spending review period? Do you accept SCCS's figures? Do you believe that it will be possible to lever in at least nine tenths of the expenditure that is required?

Stewart Stevenson: My first comment is that I am not sure whether I recognise SCCS's figures. We are travelling towards spending £300 million on a new train service for the Borders, which is a substantial investment in sustainable transport. Through the Edinburgh to Glasgow improvement programme, we will electrify a substantial proportion of the rail network in central Scotland. Despite its name, that programme is not just about Edinburgh and Glasgow—it extends north to Stirling and Dunblane and covers a lot. That project involves £1 billion. Such projects are significant investments in active travel.

In the past couple of days, we have just improved the support for electric vehicles. Our infrastructure investment plan, which will be published later this year, will show the investments that we will make to develop low-carbon technology on our networks. We have supported low-carbon buses, in collaboration with local authorities and bus companies. The intelligent transport system, which forms part of the strategic projects review, will transport contribute substantially to fuel economy by moderating and managing the flow of road traffic on our networks. We are also running programmes to help heavy goods vehicle drivers to drive more economically.

The long list of interventions means that I simply do not recognise the numbers that you cited. I am sure that SCCS did an honest job in working out the figures, but I do not see what calculation led it to the conclusion that it put to the committee.

Jim Hume (South Scotland) (LD): Your party's 2007 manifesto said that 100 per cent of public transport vehicles would use alternative fuels by 2020. Research that I have done with all local authorities, health boards, police boards and so on shows that the use of such fuels has declined to below 5 per cent. Are you still confident that 100

per cent of public vehicles will use alternative fuels by 2020?

Stewart Stevenson: We continue to make the investments that take us in the right direction. In Argent Energy, Scotland has an effective biofuel manufacturing plant that recovers energy from many materials that would previously have been wasted. That fuel goes in several directions—some forms part of the mix of mineral fuels that people get when they fill vehicles with diesel and some goes into buses that run on 100 per cent biodiesel.

It is fair to say that, in relation to that work, we are still learning lessons that need to be learned—for example, one issue is that biodiesel emulsifies if the temperature is not kept up. A lot of work is going on that will lead us to more effective use of things such as biodiesel. The Government has also supported electric vehicles. We will continue to travel towards the targets that we have set ourselves.

Aileen McLeod (South Scotland) (SNP): Good morning, minister. I apologise for having to leave shortly to see Northern Ireland Assembly members who are visiting today and who are keen to meet members of the European and External Relations Committee, of which I am a member.

Could the budget highlight funding for climate change mitigation and adaptation policies more transparently?

Stewart Stevenson: Let us have a wee think about that. It is always possible to suggest ways in which the budget could express its priorities in a more transparent and understandable way. Budgets are, of necessity, relatively complex and there are expenditures that have multiple effects.

For example, we are improving building standards on a three-year cycle. Through that investment in buildings, we are making a contribution to dealing with housing issues, which probably accounts for the majority of the expenditure, and to dealing with climate change. There is a chapter in the spending review on the low-carbon economy, which is designed to flush out some of the effects. However, what you seek is not directly possible because a Government pound or a private enterprise pound often delivers a range of effects, among which are the benefits for the climate change agenda. In a sense, the RPP is an attempt to harvest those bits from other bits of expenditure, not only by Government but by other bodies, to draw together what is a consistent programme and to show that we can head towards meeting our targets.

I have just been handed chapter 3 of the spending review, which is entitled "Transition to a Low Carbon Economy". In many ways, that seeks

to add clarity to the effects of the spending review on the climate change agenda.

Aileen McLeod: There is a line in the budget for climate change policy development and implementation, which is set at £1.2 million a year throughout the period, apart from 2014-15, when it reduces to £1.1 million. Will you outline exactly what the climate change policy development and implementation line will fund?

Stewart Stevenson: It is not only Andrew Henderson's salary, that is for sure. I see that he is smiling—perhaps he thinks that it should be.

We will undertake a range of activities. As the process of the Climate Change (Scotland) Act 2009 proceeds, we have a number of things to do. For example, we must contribute funding to the UK Committee on Climate Change. The funding that we provide to it varies from year to year, depending on the research programmes. For example, there is work over a specific period on a greenhouse gas inventory. We also have specific allocations for supporting the mayday network.

That is probably the generality. If the committee wants me to provide more detail, I could write to you. I see a nod from the convener, so I will do that.

The Convener: That would be helpful.

Stewart Stevenson: Basically, that budget is related to specific programmes that arise at specific times. They are not all run by us—we provide funding for some that happen elsewhere.

The Convener: The issue relates to the questions about the clarity with which we can see things changing from one year to the next, which is the perennial wish of all committees.

Stewart Stevenson: When we are at a level of about £1 million, there might be more detail within that that would be helpful to the committee.

The Convener: Thank you. We move on to the sustainable action fund.

Annabelle Ewing (Mid Scotland and Fife) (SNP): I had a question about the climate challenge fund budget, but I am pleased to note that under the budget line for the sustainable action fund, the climate challenge fund budget will actually increase in the years to 2014-15. I am also pleased to note the developments regarding the junior climate challenge fund—although I wonder whether the addition of that element will impact negatively on the scope of the other projects. I accept that projects are time limited and are coming to their natural end. However, aside from that, do you anticipate any diminution of the other very good climate challenge fund initiatives?

10:30

Stewart Stevenson: The climate challenge fund is, essentially, a project-supporting fund. A project is something that has a beginning, a middle and an end, whereas a responsibility is something that endures. Therefore, projects cover activities over specific periods. I opened the ninth round of applications to the climate challenge fund on 5 October and it will close around 2 December—I encourage everybody to ensure that people in their constituencies and regions are up for making applications. The process does not really have any effect on what has gone before.

We have supported 461 projects in 345 communities. For this round, we solicited projects that will relate specifically to younger people, by which I mean people up to the age of 25, in which regard we see a huge opportunity. In the summer I saw a number of very successful projects that are supported by the climate challenge fund and other funds and I noted the huge enthusiasm among younger people and saw a huge opportunity for projects that can be funded by the climate challenge fund to help youngsters who have been on the verge of criminality.

In the new period of the fund, we are seeking expressions of interest particularly for pilots involving revenue-raising low-carbon community-led initiatives. Such initiatives might include hydro power since the change that was made in June, before which there was a limit of 1MW generation; generation above that amount had to be dealt with under section 36 of the Electricity Act 1989. The limit is now 50MW, which gives communities a bit more scope to engage. Initiatives might also include wind turbines and a range of other generation.

Over the summer, I visited a community scheme in the Borders that is producing its own biodiesel. That is the sort of scheme that could be funded in the new period of the fund. We have redefined the scope a bit and have made it broader. Following the first 461 projects, we want to expand the reach of the fund.

Jim Hume: Some £50 million from the Scottish Futures Trust will be made available to the warm homes fund to tackle fuel poverty and to deliver renewable energy and energy-efficient homes. Can the minister provide more detail on how that fund will be used?

Stewart Stevenson: We will make an announcement on that in due course. [Interruption.] That is what I thought that the answer would be, and that is what my officials have just told me it is.

Jim Hume: That has taken the wind out of my sails.

Do we know, at this early stage, what allocation there might be to the low-carbon-transport part of the warm homes and future transport funds?

Stewart Stevenson: I am sorry. Does the £50 million that you are talking about relate to the warm homes fund?

Jim Hume: Yes.

Stewart Stevenson: Are you now talking about transport?

Jim Hume: With regard to the warm homes and the future transport funds, would any of that be—

Stewart Stevenson: I want to be quite clear what we are talking about. Unless I have misunderstood the situation, I do not think that the warm homes fund has a transport element. Are you asking about something else?

Jim Hume: I am asking about the low-carbon transport fund.

Stewart Stevenson: Okay. From the page that has been put in front of me, I can see that those are, as I thought, matters on which we will make announcements later.

Jim Hume: Okay. I have another question.

Stewart Stevenson: Perhaps I will keep on saying that.

The Convener: I hope not.

Jim Hume: It is working quite well, but-

Stewart Stevenson: It certainly saves my voice.

Jim Hume: How much will be made available for the energy assistance package and the home insulation scheme over the period?

Stewart Stevenson: There are a number of schemes. It is worth making the point that not all the schemes in the area of activity that we are discussing are Scottish Government schemes. For example, the carbon emissions reduction target and the community energy saving programme, which are being replaced by the green deal, are UK Government schemes, and they make a contribution.

On the universal home insulation scheme, we are increasing the number of offers that we are making from 500,000; by April next year it will be 700,000. As the cabinet secretary announced, we have increased the fuel poverty and insulation line by a further £5 million, bringing the total spend this year to £53 million, and the overall budget for supporting sustainability has been increased to about £328 million during the spending review period. In particular—as we have been talking about the RPP—I remind the committee that all

the fuel poverty and insulation programmes in the RPP are fully funded.

Jim Hume: You mentioned that it is difficult to work out what is UK and what is Scotland, but WWF Scotland did draw out some of the information. I thank you for your letter to me of 11 October, which I believe has been circulated to the rest of the committee. My concern was that table A1 on page 142 of the RPP states that there will be a doubling of carbon abatement in homes from 2011 to 2012. It is still a doubling if we look at the Scottish figures, from 88 kilotonnes of carbon dioxide to 190 kilotonnes. Are you confident that that is still possible? Given the potential lack of investment, will we still be able to double carbon abatement in homes, not in the UK but in Scotland?

Stewart Stevenson: The abatement is cumulative. In other words, once we put in a measure that reduces emissions, it endures over a significant time.

Jim Hume: I appreciate that, but we are still talking about a doubling.

Stewart Stevenson: Yes—but that is cumulative. In other words, it represents what is already in place and what we will add to it. That is why the doubling happens. It is perfectly natural that that should be the case. If we do two years' abatement, we get double the abatement.

Jim Hume: You are confident that we will meet the target.

Stewart Stevenson: Yes.

Jim Hume: Okay. That is all I wanted to know.

Jenny Marra (North East Scotland) (Lab): How does the Scottish Government plan to maximise funding from the forthcoming UK green deal and the energy company obligation in order to deliver energy efficiency in homes? I am sure that you have plans to squeeze as much money as possible out of Westminster, but if the funding falls short of what is required, will the Scottish Government provide additional funding for energy efficiency and fuel poverty schemes?

Stewart Stevenson: We cannot yet judge the effect of the UK Government's new schemes, but we do not want to put ourselves in a position in which our actions would reduce the likelihood of our getting the level of funding that we need from the schemes that the UK Government is promoting.

In the early days of the CERT scheme, we certainly did not get what I would regard as our fair share, although our need was greater because the climate is less benign the further north one goes. The Cabinet Secretary for Infrastructure and Capital Investment, Alex Neil, has met Chris

Huhne and reports that the meeting was positive. We have good engagement and we are working with the Department of Energy and Climate Change and its officials. Consultations will be out shortly.

Jenny Marra: How does the Government plan to secure the remaining funding for energy efficiency measures that are required by the RPP but which are not included in the budget or spending review?

Stewart Stevenson: We should remember that the RPP-even in its present form-takes us all the way to 2022, whereas the spending review covers only a three-year period, so we would not necessarily expect alignment between them. As I said, not everything in the RPP is funded by the Scottish Government. The natural replacement of boilers-I keep coming back to that, as it is a rather obvious example-will lead to some of the changes. People take their own initiatives in insulating and draught-proofing their houses. I have received one of the universal home insulation offers. I told my wife not to throw it out, but to put it to one side so that we could read it, although we are unlikely to take up the offer as we have already insulated our home.

As part of our fuel poverty and energy efficiency programmes, we are providing £12.5 million in the current year to support local councils. The universal scheme is, in essence, a council scheme, and the great majority of the councils are participating in it. We announced the awards of funding for that on 26 September.

Jenny Marra: A theme that has run through the minister's evidence is that the RPP does not need to be completely funded by the Scottish Government. That is an interesting response because ultimately, the 2009 act and the 42 per cent reduction target were passed by the Government. Admittedly, it was signed up to by all the parties in the Parliament, but that makes it the Government's and Parliament's responsibility to ensure that the targets are met. Does the minister agree?

Stewart Stevenson: Of course it is the responsibility of us all, but that responsibility is discharged through engagement with, and the actions of, people beyond Government. In other words, there is a distinction between carrying responsibility and undertaking and funding the work.

Annabelle Ewing: Is the minister aware of progress towards the possible establishment of a new public sector energy efficiency fund?

Stewart Stevenson: No. I am sorry, but I am not, as yet.

The Convener: Will you inform the committee if that emerges?

Stewart Stevenson: Yes. Detail continues to be worked up on a wide range of initiatives, not just in relation to climate change, but across Government. That is how things work, particularly with a three-year spending review.

Graeme Dey: Perhaps a year from now, we will have an agreed mechanism for measuring peatland carbon capture and, I hope, we will be good to go on that. How well placed will Scotland be to react to that? What provision is in the budget for peatland rewetting to help to achieve the emissions targets that are outlined in the RPP?

10:45

Stewart Stevenson: We have provided £200,000 in the current year for peatlands projects and we continue to make funding available through the Scotland rural development programme. About £2 million has been spent so far.

It is worth revisiting how peatland affects our ability to meet our targets. At the moment, peatland is outwith the Intergovernmental Panel on Climate Change's counting. Our offer to host an IPCC meeting early in 2012 has been accepted: part of that meeting's purpose will be to review the science on wetlands, which is part of our starting to work up how we should measure and account for effective peatland sequestration of carbon dioxide and methane. We expect the 17th conference of the parties to the United Nations Framework Convention on Climate Change which will be held in Durban in the first two weeks of December, to agree in principle to the proposal, but the IPCC work will be necessary to work out the detail.

We are uncertain whether we will get credit for our current expenditure on peatland, but that does not mean that it is not generally the right thing for us to do. It would certainly be helpful if we could start to incorporate peatland in our numbers, because Scotland probably has some 600,000 hectares of degraded peatland that could be restored within five years. The estimate—which I must say is broad—is that that could save some 2.4 million tonnes of carbon dioxide equivalent a year. The context is that Scotland's total emissions are about 50 million tonnes, so the saving would be about 5 per cent. The issue is significant for us all.

Graeme Dey: RSPB Scotland estimates that peatland rewetting would cost between £60 million and £120 million, which is a considerable amount of money. If, at long last, we were to secure access to the fossil fuel levy proceeds, might

funding from that be directed to a programme of peatland rewetting?

Stewart Stevenson: I am just doing a wee calculation, because I have the figures expressed slightly differently. The International Union for Conservation of Nature estimates the cost at between £100 and £200 per hectare, but the Scottish Agricultural College's estimate is that it would cost between £400 and £1,000. The range indicates the early stage of the science. Different varieties of peatland will also have different costs. From my quick calculation, the range from £60 million to £120 million that you quoted sounds as if it is based on the estimate of £100 to £200 per hectare. The SAC's figures are different, as I said, so there is a little uncertainty about the numbers.

I am sorry—will you repeat the second part of your question? I did not write it down.

Graeme Dey: Whatever figures we take, a considerable sum of money will be required, which has not, I presume, been set aside in the budget. If we were, at long last, to access the fossil fuel levy money, could some or all of that be directed to setting up a programme of peatland rewetting, if that was deemed to be the road that we wanted to go down?

Stewart Stevenson: I am not 100 per cent sure whether the rules for the fossil fuel levy would allow it to be applied to that purpose. I do not know the answer. However, if we got access to what is our money in legal terms—it is absolutely clear under the Energy Act 2004 that the Scottish ministers are to direct such money—and it was available for the green agenda broadly, it would certainly make possible, using that money and other money that was diverted, increased investments in peatland and in a range of other measures that are important to the agenda.

It is deeply disappointing that there have been no early signs that the money will become available to us as a net benefit. Of course, we could take it tomorrow, but that would lead to a corresponding reduction in the Scottish consolidated fund, which would net the money off as nothing, so there would be no point whatever in our doing that.

Jim Hume: In response to Graeme Dey you said that SRDP money could be used to help with peatland restoration, among many other things. There is a projected increase in the agriculture and rural environment budget from Europe over the next few years, but the Scottish Government is proposing a cut of £10 million in the budget for agri-environment measures in the coming years. Will you reconsider the issue?

Stewart Stevenson: We have spent some £2 million from the SRDP on peatland restoration.

Negotiations continue on revision of the common agricultural policy. The Cabinet Secretary for Rural Affairs and the Environment has met ministers from the UK Government and the other devolved Administrations to talk about common agricultural policy reform. It is interesting that because what is proposed is the setting of minimum levels of funding for states from the CAP, if we were independent we would get approximately twice as much money as we get through being a member of the UK—so there is not much of a union dividend there.

Jim Hume: That would be the case if we were to be accepted as a member of the European Union.

Stewart Stevenson: We are a member of the European Union and, as far as I am aware, there is no mechanism for throwing us out, or for throwing out the other half of the current member state, given that the situation that would apply to Scotland's membership would be equally applicable to the other half of the member state.

Jim Hume: Minister, with all due respect, I think that maybe you think that you are still at your conference.

Stewart Stevenson: Perhaps I should direct you to the "Vienna Convention on Succession of States in respect of Treaties".

Jim Hume: I know it well and can quote from it if you like.

It is good that Richard Lochhead is participating in the negotiations on the CAP. Scotland is at the bottom of the pile in relation to pounds per hectare for agri-environment schemes. Does not the proposed cut put us in a difficult position when we ask Europe for more funds for agri-environment schemes to bring us up to the European average, whether we ask as part of the UK or by ourselves?

Stewart Stevenson: Jim Hume has made my point for me. As you correctly said, we are at the bottom of the league. The proposed revisions to the CAP involve the setting of minimums—I think as a percentage of the average, but it might be the median. I am not sure. If we were to receive, within the UK Government settlement, a figure that brought us up to the average, we would be in a very different place economically. That will be part of the discussions that we will have with the UK Government.

The Convener: We will talk about agrienvironment schemes again, when we talk about agencies.

Richard Lyle (Central Scotland) (SNP): I thank Jim Hume for setting me up to ask an ideal question about what the UK Government has done to affect our climate change proposals. By the way, Jim, our conference was excellent. I could

have phoned you; I am sure that you were in a phone box somewhere.

The RPP outlines the role that carbon capture and storage projects can play in achieving targets. How will the UK Government's deplorable decision on Longannet affect the Scottish Government's milestones for carbon capture and storage?

Stewart Stevenson: The decision was deeply disappointing—it is as disappointing as the decision that was made four years ago to pull the plug on funding for gas-based carbon capture and storage at Scottish and Southern Energy's power station at Peterhead. That project was subsequently transferred to the middle east, so the decision gratuitously threw away the opportunity for leadership in that area.

It turns out that the £1 billion that everyone thought was available for Longannet was nothing of the kind: the sum that was available was substantially less than that. With countries around Europe wanting access to the technology, we have, in effect, ceded the opportunity for leadership and creating new jobs. That is an issue for Scotland but, to be frank, I would have thought that it was also an issue for the UK as a whole.

We are told that there will now be opportunities to return to gas-fired carbon capture. We will see where that goes, but its history is not very encouraging. With no carbon capture and storage deployment, it will be difficult to meet targets by 2030. Of course, in Scotland we have the greatest capacity in Europe to store carbon in our depleted gas fields; it is greater than the capacity of the Netherlands, Germany and Denmark combined. If we were to proceed on this agenda, it would be an industry that could create 13,000 jobs by 2020 and perhaps 20,000 by 2030, so the decision is deeply disappointing. We are now in a position whereby the United States has a couple of carbon capture plants, China has carbon capture plants but Europe has not a single one. That really is quite disgraceful.

Annabelle Ewing: I ask the minister to clarify the Scottish Government's role in the Longannet process. As far as I am aware, the Scottish Government, to the extent that it had a role, did everything that it could possibly do to facilitate the securing of the project for Longannet. Can the minister assure the committee that that is the case?

Stewart Stevenson: That is the case, but it was a decision for the UK Government. It was its project, although of course we were engaged in issues around planning, for example. I am a little mystified by some of the commentary that has come from the UK Government suggesting that we needed a 285km pipeline. I had understood that the pipeline needed to go only from Longannet to

Mossmorran, because it would piggy-back on one of the four pipelines that currently comes south, and one mile of pipeline would be added at St Fergus. We have been engaged in planning issues—we were part of the team that worked with Scottish Power and its contractors to try to deliver the project.

It is not only a carbon capture issue. The decision also undermines the future of the Scottish coal-mining industry, which is an asset for Scotland. If coal could be burned in a more environmentally friendly way, it would be a terrific asset for us. Many other countries around Europe—most notably Poland, because between 90 and 95 per cent of its electricity comes from thermal combustion of coal—are crying out for the development of such technology. Romania, Bulgaria and many other countries are also crying out for it.

Alex Fergusson: I hear what the minister says and I share much of the disappointment that he has expressed about the Longannet project's employment and other potential, but does he not agree that, in the extremely difficult economic circumstances that we all have to live in at this time, we also need to ensure that, when it comes to major investment projects of this nature, value for money is at the top of the agenda? Surely he would agree that, if any minister—Scottish or UK—is not persuaded that an investment provides the value for money that we must seek in these times, it would be irresponsible of them to go ahead with the project.

11:00

Stewart Stevenson: Value for money must be part of any investment that Governments or private companies make, although one must spend money on meeting regulations, which is a different issue. When it emerged that not even the promised £1 billion would be provided, the ability to deliver the project all but vanished.

There has been considerable bad faith on the part of UK Government departments in relation to the project. Given the employment that it could create, and the 7,000 or so power stations around the world that could exploit that technology, it is beyond belief that less than one tenth of the more than £13 billion a year that we send in tax revenues from the oil industry off our shores could not be found to support the demonstration in a real-life environment of what will be an agendachanging technology. I will continue to say that it is deeply disappointing and a significant expression of bad faith.

Alex Fergusson: We will just have to agree to disagree on aspects of that.

The Convener: That reveals the cross-cutting nature of the issue, as it is in some ways as much an energy matter as it is one for this committee. I thank Richard Lyle for raising it.

Has the minister sought any advice from the Intergovernmental Panel on Climate Change on the development of the methodology for the carbon assessment tool? This committee has not yet benefited from an understanding of how that operates at present. Can you update us on any potential changes to the methodology?

Stewart Stevenson: As the committee heard in previous session of Parliament, the methodology for the carbon assessment tool that we use is still at a very early stage. In carbon accounting we are nowhere near the position that we have reached in financial accounting, for which international financial reporting standards, which were preceded by financial reporting standard 17 and other things. Those standards have been developed over a long time with input from many projects and international experience. We are not yet using the same currency to measure projects of different characters. In accounting, it is important that we neither double-count nor undercount and that things do not escape from the system.

You asked a specific question about whether we had taken advice from a certain body, but I cannot remember which body it was.

The Convener: The Intergovernmental Panel on Climate Change.

Stewart Stevenson: I am not aware of our having done so, and I see that Andrew Henderson is shaking his head, so I think that the answer at this stage is that we have not. We have had discussions on a range of issues, but it may well be working the other way round, as people are asking us about our experience with carbon assessment. I have found in my many meetings with ministers from around the world that there is great interest in what we are doing. We have supplied information about our activities and our understanding of the limitations of what we are doing, because we make no claim to have developed a perfect solution yet. In many ways, we are providing a model for others, including the international audiences to which you refer.

The Convener: Could you outline the developments that have taken place in the carbon assessment methodology?

Stewart Stevenson: We estimate that the emissions that result from our 2012-13 budget will be 7.4 million tonnes. I suspect that it would probably be useful to think about what the range might be, but I do not have that information before me, and I do not think that I can add more to the

replies that I have already given. I am sorry about that

The Convener: Is it appropriate to exclude the carbon emissions that are related to the outcomes of the Scottish Government's funded policies that are contained in the draft budget? We are talking about the costs of procurement as one of the parts of the assessment, but we are not talking about the emissions related to the outcomes, are we?

Stewart Stevenson: In measuring the effect of our activities, we are trying to do something that is a bit different from the way in which the overall measurement of Scotland's carbon footprint is made. For example, we are seeking to take account of the carbon costs of people who have produced goods that we consume, as well as carbon costs that arise directly from our activities. In considering our carbon impact, we are following what we have to do under the Climate Change (Scotland) Act 2009 when we report in line with the carbon consumption model.

It is worth saying that there is a considerable amount of information on this subject in the technical appendix to the RPP. It is probably something that one would not wish to read unless one wanted a good night's sleep, as it is a quite complex document. The RPP represents a substantial effort, and the work that is related to the RPP is complex. It would take too much time for us to be able to replicate it in that level of detail in relation to the budget. We will come back to that in the appendices that will accompany RPP 2.

The Convener: It is important that the carbon assessment is done in the period before we reach the process of budget setting. Will that be possible next year?

Stewart Stevenson: Bear in mind that work is being done in that regard in parallel, at a higher level than you might wish—I mentioned the 7.4 million tonnes of emissions that we estimate will result from our total expenditure of £33.2 billion. Each year, as we continue to improve the financial budgeting and improve the explanations of information, we will carry out a similar process in relation to carbon. Will what you get next time be the final way in which we approach this issue? No, I do not expect that it will be. I expect that the process will continue to evolve for a considerable number of years to come, not least because the subject of carbon accounting itself will continue to evolve.

Let me illustrate a difficulty to which there genuinely is not an easy answer. Electrifying the rail network is obviously something that will reduce the carbon footprint of rail transport. However, what figure do we use for the carbon intensity of the electricity that we consume? There is a choice. We can use the carbon intensity figure that relates

to the UK's aggregate electricity or we can use the figure that relates to electricity that is generated in Scotland. Those figures are quite different, because the carbon intensity of electricity that is generated in Scotland is about 25 per cent lower than the carbon intensity of electricity that is generated in the UK as a whole. We have to use the UK figure for international reporting purposes, as we are part of the UK in that regard, and there is a danger that, if we use a different figure in another context, we will get different answers even though the underlying data is the same. That is just one example of a situation in which there are considerable issues to resolve through discussion so that we get consistent and comparable results when we do carbon accounting. At the moment, that is difficult to achieve.

The Convener: After the budget process is complete, it would be useful for you to come back to the committee to speak to us further on this issue, and on a number of other issues that have flowed from today's questions, rather than sending us written responses. Members need to be able to ask more questions.

Stewart Stevenson: I am always happy to come. We could deal with this in a variety of ways—obviously, it is for you to decide how. We could sit down with officials for a briefing session, if that would be helpful. There are not answers to all the questions, but at a briefing it might be possible to lay out a reasonably extensive agenda based on questions that might be covered. We could then resource that accordingly. We are willing to respond in any way that the committee feels would be helpful.

The Convener: Thank you. We turn now to forestry and the budget.

Elaine Murray: A witness from the advisory group on woodland expansion will be with us after the minister, so I will stick to budgetary issues for the time being.

I believe that the RPP requirement is for an annual planting of 10,000 hectares but that the ambition is for 15,000 hectares. According to information that we have received from ConFor, we managed new plantings of only just over 5,000 hectares in 2010-11. The budget line for the woodland grant scheme over the period of the spending review is static at £36 million, but we require to increase plantings by between 100 and 200 per cent in order to achieve the ambitions in the RPP. When the budget line is declining in real terms over the period of the spending review, is it realistic to assume that we can achieve the hopedfor rate of planting? Where would additional funding come from for that planting? Are you anticipating that it will come from the private sector, or come through the now hard-pressed SRDP?

Stewart Stevenson: I have some good news for the member. In 2009-10, 2,700 hectares were planted and, this year, the figure has nearly doubled, to 5,100 hectares. Approval for planting this year is already at 7,000 hectares. We are therefore seeing quite a steep rise.

Yesterday in Inverness, Fergus Ewing and I met forestry interests, including ConFor, precisely to discuss how we can ensure that we reach the figure of 10,000 hectares of planting each year. An issue that emerged was how we deal with land that has been cleared through the harvesting process. Some challenges relating to that were brought to our attention, and we have yet to develop a response. We have to find land that is appropriate for productive forest planting, and that is a challenge. The point was made that we are not necessarily retaining for forestry some land that has previously been used for forestry. That is an issue for us to think about. However, the experience over the past 24 months or so has been one of a substantial increase in planting activity.

Elaine Murray: How was the uptake of the woodland grant scheme reflected in that? Has the scheme been undersubscribed? Were insufficient bids made in the past, and are more people bidding for it now?

Stewart Stevenson: There have been difficulties with the woodland grant scheme, but we are spending the money.

Elaine Murray: How did we spend the money when only 2,000 hectares was being planted?

11:15

Stewart Stevenson: As the member pointed out in the earlier part of her question, the issue is not only what the Government and the Forestry Commission spend. The difficulty with the woodland grants scheme, which we will consider further, is that the balance between fast-growing crops that can contribute to the forestry industry and traditional woodlands has been different from what was anticipated. It was anticipated that the balance in where the money went would be of the order of 60 per cent for harvestable fast-growing crops and 40 per cent for traditional woodland, but the balance has been different. About 80 per cent has gone into traditional woodland and only 20 per cent has gone into the fast-growing crops. We need to consider that to find out how we can get more bang for the bucks that we spend. We must ensure that the scheme delivers for the growing industry and that there is appropriate support for the range of timber industries, including the sawmilling and house building industries.

We have streamlined the application process for the scheme, which has helped to an extent, but we can do more to ensure that the permissions that are necessary to achieve planting are delivered more quickly.

Elaine Murray: You referred to the issues of land use when trees have come to maturity and are being harvested, but there is also the issue of how we get the timber out. My constituency has benefited from the timber transport fund in the past. How much funding will be made available in future through that fund?

Stewart Stevenson: The timber transport fund will certainly continue. Perhaps the figure will be found for me shortly. As with a number of funds such as the freight facilities grant, my recollection is that the amount that has been applied for has not been as much as the available funding. The timber transport fund has been an important contributor to the forestry industry. In planning for future planting, we would like there to be a preference for planting where it is easiest to extract the wood, although we have not worked out how that should be done. It will not be helpful if we support lots of little clumps of wood. We need substantial areas of wood that make harvesting cost effective and easy to undertake. The timber transport fund has been useful. I heard again yesterday about how helpful it has been to get a number of forest products on to the rail network in the south-west of Scotland.

There was something else—in my mind, not in the member's question—but I cannot remember what it is. Never mind.

Alex Fergusson: The minister slightly glossed over how much money might be available under the timber transport fund.

Stewart Stevenson: That is because we do not have the figure, but we will get it for you.

Alex Fergusson: Yes, could you let us have it, please?

Stewart Stevenson: Oh—it has just arrived by a slightly informal route. That is jolly good.

Alex Fergusson: It has appeared. I am glad that it is not going to be the subject of a later announcement.

Stewart Stevenson: The fund is £3 million a year for each of the next three years.

Alex Fergusson: Thank you very much.

Stewart Stevenson: Sometimes, on crosscutting issues, there is so much in front of me that it takes a minute longer to find the details.

Alex Fergusson: That is understood.

Jim Hume: I have had concerns about the forestry industry for several years, as members will know. Wood usage in the UK has doubled.

The minister mentioned that, in 2009-10, there was 2,700 hectares of planting and that, this year, there are plans for 7,000 hectares. However, in the past five years, nearly 24,500 hectares has been lost through the creation of wind farms and through restructuring. Does the minister agree that we might be heading for a crisis in the timber industry in years to come? That would mean that we would have to import more, which would add quite significantly to our carbon usage.

Stewart Stevenson: I suspect that Mr Hume should be speaking to his colleague at the Department of Energy and Climate Change—

Jim Hume: With respect, I do not think so, minister.

Stewart Stevenson: This is an extremely important point to make, as we look forward. The UK Government's energy plans are based substantially on biomass. According to its estimates, it expects that the UK will be able to provide only some 10 per cent of the wood that requires to be burned in the biomass plants that are planned by DECC. Not only that, it is suggested by forest interests—we have not analysed the issue ourselves, so this point does not have the Government's force behind it-that the way in which the renewables obligation certificates seem likely to work in that regard means that the UK Government may provide an unnecessary subsidy of some £300 million to £400 million via ROCs, through the power generators, which will mean that the market for wood in the UK, and therefore in Scotland as well, will be distorted by the market for burning our wood instead of using it for more effective things.

The member is correct to focus on the need for more wood—that is why we have set the targets. I am not sure that I recognise the figure of 24,000 hectares as having been lost to wind farms, but—

Jim Hume: I said that it had been lost to wind farms and restructuring. That information is contained in answers to parliamentary questions. I will produce the documentation if you want to see it.

Stewart Stevenson: Perhaps you should think about how much land has been lost to wind farms and how much has been lost to restructuring.

The important point is that we need to increase the planting of wood. We want to move from a position in which 17.5 per cent of our land is afforested to one in which 25 per cent of it is afforested. In my answers to previous questions, I have shown that we have seen a substantial increase in the amount of planting in the past few years, and we will continue to see that.

The Convener: We move rapidly on to the subject of the land fund.

Elaine Murray: I convey my sympathy to the minister for his cough and cold; I just hope that it was not me who introduced the infection—

Stewart Stevenson: You are next.

Elaine Murray: No, I have had it. I felt guilty when I heard you coughing.

If my colleagues who are members of the parties that are in coalition down south will simmer down a little, I will turn to the land fund. It is welcome that the rural cohesion budget now makes provision for the land fund. Are you in a position to indicate how much that might be in each year of the spending review? We do not have that detail yet. I understand that the intention is to lever in funds from elsewhere. What are you looking at? Is that likely to be lottery funding, or will other sources of funding be available to supplement what the Government provides?

Stewart Stevenson: The member is correct—we are looking to lever in funds from elsewhere. That work is on-going, so it would be misleading to give numbers at this stage, because they would not represent where we expect to be on the Scottish land fund. It is certainly clear that, in its previous incarnation, it was a successful intervention, which we wish to pick up.

I have some statistics on the activities of the previous Scottish land fund. It supported 188 community groups and made 256 grants, which totalled £13.9 million. We are looking to do at least as well as that.

Elaine Murray: When do you expect the land fund to be available? Will it be in the next financial year?

Stewart Stevenson: I am not in a position to say. I can say only that I have had a series of meetings on the subject and that it is actively being worked on at the moment. Clearly, we are working with others, so I cannot in all candour give you a date at this stage for which I could be held to account. However, it is an early priority for us.

Elaine Murray: Do you expect to make an announcement on it this year?

Stewart Stevenson: I think that I have indicated that I am not in a position to give a timetable in that regard. However, it is an important issue for us.

The Convener: We move on to the issue of flooding.

Annabelle Ewing: In the RAE budget breakdown, the budget line for "Natural Assets and Flooding" is £5.7 million for 2011-12, £5.2 million for 2012-13, £5.3 million for 2013-14 and back up to £5.7 million for 2014-15. What will the impact of those reductions be on the role of local authorities and on the encouragement that they

are given to proceed with measures such as woodland planting or wetland restoration?

Stewart Stevenson: By 2014, we will be at the same budget position as we are at now. There is always a bit of spikiness in actual expenditure on flooding because it depends on projects being there to be supported. How funding was provided for flooding changed a few years ago, when it was consolidated into the local authority grant. However, we now have some specific budget lines that I think are aligned with what we understand to be the stream of projects that are coming forward. There is a fluctuation around £5.3 million and £5.4 million over the period but, basically, the budget flatlines and then rises from 2012-13 because that is what we judge to be affordable and to be in line with what we believe is coming forward.

Annabelle Ewing: Could you provide the committee with further information in due course about the projects that come forward so that we can see for ourselves what impact there is, if any?

Stewart Stevenson: You should understand that projects that may be brought forward have not yet necessarily all been brought forward. We will provide what information we can, but it will not necessarily be a complete accounting of what we budgeted for.

The Convener: We move on to the funding of agencies.

Graeme Dey: The budget for Scottish Natural Heritage falls over the period at a greater rate than that for the Scottish Environment Protection Agency—the respective ballpark figures are 12 per cent and 5 per cent. However, the national parks budget increases. Why is that? Further, how will the substantial cut in SNH's budget impact on its ability to carry out established work and any additional duties that are conferred on it by recent legislation and on the grants that it is able to give to the third sector?

Stewart Stevenson: SNH has been working successfully to improve its internal efficiency. Of course, we have refocused the way in which SNH works. Particularly in relation to planning, it is now more of an adviser to decision makers than a decision maker itself. There has therefore been a change in the character of the work that it undertakes. The number of projects that it might object to is heading towards single figures per annum, whereas it was previously a substantial number. SNH believes that there are significant ways in which it can continue to improve its efficiency, in particular managing vacancies in a different way from how it was done in the past. A reduction in expenditure is therefore at least as much a reflection of a different approach.

The Government is, of course, engaged with a substantial overall reduction in capital expenditure,

and there certainly will be a significant capital reduction over the period. That will have some effect on grants to the third sector, but we are working with people in that sector to ensure that we get the best bang for our buck. However, the figures in the area reflect the overall pressures on the Government's budgets.

11:30

Graeme Dey: Why is there a fairly modest increase in the national parks budget?

Stewart Stevenson: That is to do with an increase in capital expenditure. Loch Lomond and the Trossachs national park's resource budgets in particular will reduce by a certain amount. It is worth saying that the capital expenditure budgets are comparatively modest, so any increases in them distort the figures. The current year's national parks budget of £12.44 million is heading towards £12.88 million in 2014-15. We have managed to find additional funding for them, but the numbers are pretty small.

The Convener: I would like to look a little more at SNH's role and the reduction in the agrienvironment budget, which could hamper SNH's ability to deliver Government policies in relation to the land use strategy, halting biodiversity loss and reaching good ecological status against the water environment and climate change targets. As you know, Scotland and the whole of Europe failed to reach their biodiversity targets for last year. SNH's role in addressing that is important.

Stewart Stevenson: It is certainly the case that Europe did not meet its targets, although we are far and away at the more successful—or, if you wish, least bad—end. To be honest, we are doing reasonably well. We are seeing a reduction of around £10 million in that budget, but the existing management agreements generally run for five years, so many of the schemes that will deliver our environmental objectives are already out there and working.

There is land managers agri-environment funding of around £9 million a year for animal welfare and environmental options. That spending is protected and is granted on a non-competitive basis. There is also a significant contribution to protecting sites of special scientific interest and special areas of conservation. In focusing the limited resources that are available, we seek to protect areas that affect things such as biodiversity.

The Convener: On 5 October, the Cabinet Secretary for Rural Affairs and the Environment, Richard Lochhead, said that he was

"confident that our agri-environment budget will meet demand."—[Official Report, Rural Affairs, Climate Change and Environment Committee, 5 October 2011; c 216.]

Can you help us or get back to us with specific answers to questions about that? How is the demand for agri-environment schemes assessed and predicted? In what ways is the effectiveness of agri-environment schemes in making the necessary contribution to the achievement of biodiversity, water quality or carbon reduction targets assessed? If the unmanaged demand for such schemes is insufficient to deliver the necessary contribution, what steps does the Government have in mind to enhance demandfor example, through support for advisory services to help people to get into agri-environment schemes? Given your remit, I do not think that you can necessarily give me answers to those questions, but it is part of SNH's job to try to deal with those things, so we can give you the text of what I have said so that we can get answers.

Stewart Stevenson: That would be helpful, convener, and we are happy to do as you ask.

Elaine Murray: As Graeme Dey pointed out, SEPA's budget is going to fall by 5 per cent. As a result of the last spending review, SEPA undertook a fairly significant programme of efficiency savings, which led to a regime of risk-based inspections among other things. Indeed, I believe that the work that it has already carried out will result in legislation. In any case, I am a bit concerned about its ability to make further efficiencies, especially in light of its new responsibilities under the Flood Risk Management Act 2009, and I seek your reassurance that it will be able to continue to take such measures.

Stewart Stevenson: This has been driven largely by SEPA's desire to improve efficiency. In the past two years, it has made a 23 per cent saving; that is very encouraging and certainly puts it on a firm footing. As the member has pointed out, the reduction in SEPA's budget is smaller than that for SNH, which reflects the fact that before the current pressures came to the fore the organisation had looked at its own operation, had concluded that it could and should be more efficient and had taken very early steps. However, it believes that it can do more. It is true that its budget will fall by just under £2 million over four years.

The Convener: Minister, I thank you for attempting to answer a number of questions on issues that are not within your remit. We certainly acknowledge the cross-cutting nature of the subject and realise that other ministers should be answering similar questions at other committee meetings.

We also thank you for the offer to provide written responses and, if necessary, to return to the committee to be questioned further on specific areas. I know that we are scrutinising the budget but, nevertheless, we think that briefings by

officials on the carbon assessment tool would be very helpful. I thank you and your officials for attending the meeting.

I suspend the meeting for a short comfort break of no more than five minutes.

11:37

Meeting suspended.

11:43

On resuming-

Woodland Expansion Advisory Group

The Convener: Under agenda item 2, as part of an information-gathering exercise for committee members, we will hear from the recently established woodland expansion advisory group. I welcome the witnesses: Dr Andrew Barbour, the group's chair; Jo Ellis, a land use and climate change policy adviser; and Bob McIntosh, the Forestry Commission Scotland's director.

Does Dr Barbour want to make opening remarks? I ask that they be short and sweet, so that we can go straight to questions.

Dr Andrew Barbour (Woodland Expansion Advisory Group): I presume that everyone has a copy of the committee's briefing, which sets out the background to the establishment of the group. Do members have any questions on why that was done? Is everyone clear about that?

The Convener: We will go on to that.

Dr Barbour: It is wrong of me to ask the questions.

The Convener: We most certainly will try to look at such issues. As I said, we are undertaking an information-gathering exercise. I am sure that members will raise specific points.

Perhaps you could answer the first question that you posed.

11:45

Dr Barbour: The forestry side recognised that the planting targets were not being met. One or two situations also arose in which conflict—for want of a better word—occurred, particularly between farming and forestry interests.

The land use strategy indicated that we should take a different route—it said that we should look at integration rather than be in conflict and that we needed to find better ways of delivering more from our land, which is a finite resource. Following the land use strategy document and the policy declarations that the Government had made in different places and at different levels, it was entirely right and proper to establish a group to consider the matter.

The Convener: The minister's evidence today was that planting has increased over the past two or three years, but must increase by a good deal more. Is there room for increased conflict between different interests over land use?

Dr Barbour: It is fair to say that there is room for more conflict. The group's job is to find a route through that and to minimise conflict or avoid it completely. We will be judged on what we produce and on how successful we are.

The Convener: I open the session to members' questions.

Alex Fergusson: I thank Dr Barbour for his introduction and the clerks for the briefing paper. Has the group been given a remit to focus on putting a certain percentage of land to commercial planting rather than what the minister referred to as traditional woodland, or is the group looking purely at expanding woodland plantation?

Dr Barbour: Our approach has been to set up work programmes that will look at the barriers to creating different types of woodland. We will consider how different types of woodland complement existing land uses. In that mix, commercial softwood plantation establishment is being considered.

I say plainly that the group is not spending time on debating the quantum. We are stepping back from that because—to be blunt—we do not want to get bogged down in conflict about whether there should be 10,000 hectares or whatever of a certain type of woodland. We are looking at how we can get more woodland—that is one question that we are addressing. Broadly, the other parts of our remit are where the woodland should be and what it should look like.

The Convener: Other panel members may of course speak if they wish to add to Andrew Barbour's answers—they do not appear to wish to speak yet.

Alex Fergusson: On a slightly different but related tack, I was alarmed when the minister said—I think that I picked him up right—that the Government was concerned about the planting hectares that were lost in replanting. I am concerned about that because of an issue that affects all of us who live in rural areas.

I represent Galloway. Elaine Murray and I know that our region already has 30-plus per cent afforestation, most of which was just blanket afforestation through the 1960s, 70s and 80s. I very much welcome the replanting restrictions, because they free up riverbank areas and allow much more diversity in the planting area, which we all welcome for the environment. I appreciate that the group is in its early days, but I trust that in trying to free up land for commercial planting it is not tempted to revert to the blanket planting of yesteryear—I hope that that description is accurate.

Dr Barbour: No—I absolutely appreciate the concerns. Bob McIntosh will talk about the issue.

Bob McIntosh (Forestry Commission Scotland): Government policy is clear that the wall-to-wall plantations of the past are a thing of the past. When the time comes to fell and restructure such plantations, the woodland areas will sometimes be pulled back to create a much more acceptable design of the landscape and to create more diversity. That is entirely necessary to create a diverse forest from even-aged plantations.

Alex Fergusson: Thank you. I have no further questions for the time being, convener.

Jim Hume: In the previous evidence session with the minister, we heard that restructuring in the past four or five years has meant that we have lost about 24,500 hectares, so the issue is significant.

In Scotland, most farmland—sorry, about half of it—is tenanted. There are no incentives for tenant farmers to plant upland, or they might not be allowed to, and if the landlord were to plant on tenanted land, that would cause a different type of conflict. Has the group looked at that scenario? Are there any thoughts on a possible solution?

Dr Barbour: We have identified that as an issue to look at. Indeed, Angus McCall is a member of the group and I do not think that he would let us not think about it. We have started to look at barriers to participation in woodland creation across a range of different land occupier and ownership types. The tenant situation is one of those, so we will address that straight up.

Jim Hume: Putting forestry down as a tenant's improvement is a thought that has been rattled around before. If he remained the tenant, he would be able to gain a grant and make use of the woods and the harvest and, if he left halfway through, it would be seen as a tenant's improvement. Has that been considered yet?

Dr Barbour: We have not specifically considered that aspect, but that is a situation that we will have to deal with because, as we all know, it can be a thorny issue.

The Convener: In that context, can I ask about the crofter forestry scheme? It has been in existence since, I think, 1994, so it has had some time to kick in. It gives tenants and owner-occupiers the right to grow trees on crofts. Are you likely to take evidence on that? Could it help us to deal with the farming interests in relation to gaining value?

Dr Barbour: We will take evidence on those matters. Jo Ellis might like to comment on what we are planning.

Jo Ellis (Woodland Expansion Advisory Group): At the next meeting of the group, which is in early December, we will take evidence from the Scottish Crofting Federation, which will make a

presentation. The Crofting Commission will also be there to observe the meeting. The issue is certainly something that we are taking into account. The group recognised early on that it is one interest that is not represented on the group but is a significant land tenure in Scotland.

The Convener: Indeed. It would be interesting to know how much land has been turned over to forestry on crofts. I recognise that it is a short time since the implementation of the legislation but, nevertheless, it could give us a pointer. Maybe you could provide us with that information in due course.

Bob McIntosh: Yes, we can certainly do that. There has been a significant amount of activity, both by individual crofters planting up their crofts and by crofters who have come together to plant common grazings. Of course, the legislation surrounding who benefits from woodlands in a crofting situation is rather different from that which applies to the normal landlord-tenant relationship, which it is rather more difficult to see a way through.

Graeme Dey: My question is perhaps best directed to Mr McIntosh, because it concerns the loss and replacement of forestry in relation to onshore wind development.

In the course of the committee's work earlier this year, we were told that it was for ministers and the planning authorities to determine the need for and nature of compensatory planting, but that the Forestry Commission Scotland would be proactive in offering advice and assistance. We were also told that compensatory planting should be completed as soon as possible after development, if not before. We did not get any answer on the issue of what sanctions were available for anybody who did not comply and the extent to which action would be taken.

I recognise the Forestry Commission's limited involvement in the matter, but will you outline for us how effectively you consider the system to be working, what figures we have for compliance and whether you are aware of any sanctions being imposed on developers who have not fulfilled their responsibilities?

Bob McIntosh: A few years ago, it was entirely down to the planning authorities: if they gave planning consent for a wind farm that involved removing trees, that was the end of the story. However, we have engaged with our planning colleagues and now have built into the planning guidance and the national planning framework a presumption against removing trees unless there is a good reason for it, and a presumption that, if trees are removed in such a development, there should be compensatory planting. That is not the same as saying that it is an absolute must, but that

is the line that local authorities are expected to take in response to the planning guidance when they deal with planning applications for wind farms.

Because that policy has been in place only for the past year or two, it is a little bit early to say whether it will make a big difference. However, the indications so far are that we are getting the wind farm developers to accept that, if they remove trees, there should be some compensatory planting. There will be occasions when, for various reasons, removing trees would be a good thing and we would not expect the developers to do any compensatory planting in those circumstances.

Graeme Dey: So no sanctions are available to planning authorities if developers do not comply with that policy in any way.

Bob McIntosh: I am not an expert in planning law, but I guess that it may be open to planning authorities to make it a condition of permission for a wind farm development that there be compensatory planting. I am straying outside my knowledge in saying that.

Graeme Dey: I appreciate that.

The Convener: Do any of the other witnesses have knowledge of the position?

Jo Ellis: The fact that there is a requirement for compensatory planting prevents some woodland loss in the first place. Some wind farm developers are considering alternatives to removing all the trees and are going for what we call keyholing—putting the wind farm within the woodland—or changing the forestry to a lower kind that causes less air turbulence. The policy is not only about compensatory planting but has changed the way that woodland is considered as part of wind farm planning applications.

Dr Barbour: There is normally a trade-off between not removing the trees and having to install taller turbines so that the blades are well above the wind turbulence that the trees cause, which could cause the blades to break.

Elaine Murray: There are a couple of issues that I wondered whether the group would consider in its work. I am conscious that it has been established fairly recently and, therefore, will not have completed its work yet.

One issue relates to the discussions that occurred during consideration of the Flood Risk Management (Scotland) Act 2009, on the contribution that woodlands can make to the control of flooding through the retention of flood waters and by preventing flood waters from proceeding as fast as they might otherwise do in unforested areas. The planting of new trees can give us two hits: flood prevention and carbon reduction. Will that be an aspect of your work?

Dr Barbour: Yes, absolutely. The SEPA representative on our group has already identified it as something that we need to consider. It is part and parcel of the work programme that we will put in place over the next four or five weeks.

Elaine Murray: The other issue concerns the uses of timber. The timber industries are concerned that, because of the ROC payments, the production of timber for biomass can be treated more favourably than the production of timber for them. They often tell us that there is a conflict of interest. Will you consider that in your work and perhaps make some recommendations about how it might be addressed?

Dr Barbour: We have not specifically examined that issue. That is partly because, when we consider woodland establishment, we must pay attention to the markets that exist. However, the market for biomass and the market for carcasing need not necessarily influence exactly what somebody plants: the same species of tree can go to the different markets.

Perhaps my colleagues would like to add to that.

Bob McIntosh: It is a big subject, but it is one that is a bit outside the group's remit. The group is considering where woodland should go, how much there should be and what sort of land it should go on, so what the trees are used for is outside its remit.

Elaine Murray: It is about the downstream industries and so on.

Jo Ellis: Our members certainly recognise that we need different kinds of woodland to meet different needs. We do not all focus on one kind of woodland. We recognise that trees can have various productive uses at the end of their time.

12:00

Annabelle Ewing: Thank you for coming along to give evidence. I have three questions. The first concerns the extensive nature of Ministry of Defence land in Scotland. To what extent will that be factored into the advisory group's consideration of the big issue of land use in Scotland?

Dr Barbour: That issue has not been raised, but it is an interesting point. We are happy to take it away and add it to the mix. It might well be raised under our call for views, which is under way. Given the extent of MOD land, I hope that the MOD will contribute. Thank you for the question.

Annabelle Ewing: My next question is on a specific aspect of your remit, which is to look at conflict resolution mechanisms in the area. To what extent do you anticipate looking at international best practice?

Dr Barbour: I will ask Bob McIntosh to answer that. We are mindful of what is happening elsewhere, although we have not specifically considered conflict resolution. The situation with afforestation elsewhere in Europe—except in Ireland—is very different from the UK context. However, I ask Bob McIntosh to comment.

Bob McIntosh: That is the point. Countries in the rest of Europe already have the amount of forest that they want. The average forest cover in EU countries is about 34 per cent, so forest expansion is not a big issue in most of them. They might be looking to us to see how things can be done, because we are one of the few countries in Europe that want to expand the forest resource in a meaningful way.

Annabelle Ewing: Thank you. My final question is a process question. I seek an assurance that, when you reach the stage of the public meetings that you intend to hold, which under your current timetable will be next spring, they will reflect, as far as possible, a wide geographic spread. A wide cross-section of people will be interested in coming along to your meetings and it is important that there is an appropriate geographic spread.

Dr Barbour: Jo Ellis will keep me right here, but seven meetings are planned to try to cover that geographic spread.

Jo Ellis: We have done some work on the areas where there is likely to be the most potential for woodland expansion, and the meeting locations are based on that. We are focusing on the areas where most of the conflicts will be played out, if they arise. There will be seven meetings and we will set the dates as early as possible so that we can get information out to stakeholders through the steering group and wide advertisement. We want people with an interest to get involved. The meetings will be held in the evenings so that it is easier for people to get to them and take part. The people whom we want to be there do not sit at desks in the daytime but are out farming and planting trees.

Graeme Dey: Will you expand on that and identify which general areas of the country you are talking about?

Jo Ellis: The locations that we propose are Dumfries, Ayr, Selkirk, Perth, Huntly, Dingwall and Oban. That is not a perfect geographical spread, but it takes into account most of the areas that have the most potential and the greatest number of people who are likely to engage in the subject.

The Convener: In considering where it would be possible to expand woodlands, you are looking at the different soil types that exist. I notice that there is quite a preponderance of places in the south of Scotland in your list. Soil types might conflict with things other than agriculture, such as grouse shooting. Are you looking at that? It struck me in previous sessions of Parliament that the east of Scotland and Angus have ideal mineral soils for forest development.

Dr Barbour: We have certainly considered field sports as a land use with which we must engage and whose interests we must understand—and I reinforce the point about soils, which are critical in growing trees.

We are looking at the land use data sets that are in the public domain, through extra work that we asked the James Hutton Institute to do, which builds on the work of the Macaulay Land Use Research Institute, with which you will have been familiar. I am not sure what data sets there are on the grouse sector, but we have certainly discussed the grouse sector and its interest—or rather, lack of interest—in growing trees, which is an issue on the east coast of Scotland, as you said. It is fair to say that we have spent a bit more time considering how to engage with the deer sector, where there is good potential for complementarity between sporting interests and woodland.

Alex Fergusson: Three of your seven public meetings will be in the south of Scotland, and one will be in Oban. Those are the areas in Scotland where there is the most afforestation, as I said. Dumfries and Galloway is already more than 30 per cent planted, which is way ahead of the Government's overall target.

Many people in those areas—and indeed many agencies—think that there is already enough forestry in the areas that you might argue are most suited to growing trees. How are you factoring the issue into your work? Do you have a presumption in favour of looking at areas that are nowhere near such a level of afforestation in trying to meet the Government's targets?

Dr Barbour: We are certainly looking at existing forest cover and considering where there might be limitations to increasing it, due to issues of acidification and, potentially, landscape. There is existing work on the matter. We will also look to get the local view on issues such as you talk about in, for example, Argyll or southern Scotland, through the call for views. That is an important part of how we take our work forward. Bob McIntosh might add something.

Bob McIntosh: The James Hutton Institute's work has been useful, because it takes the whole of Scotland and excludes land that physically cannot grow trees, the best agricultural land and other land where there are constraints because there is an SSSI or because of landscape issues, and then considers what we are left with, which is the areas where it is logical to start looking at where more woodland might go.

That is the stage that we are at now. We have identified the zones where there ought to be scope for more woodland and we are looking in more detail at those zones, to see what the current land use is and what sort of farming businesses there are. The next stage will be to consider how we determine how much of the remaining area of land that is suitable for trees should be planted. Those are the sorts of questions that we will come to next.

Alex Fergusson: Are the majority of your public meetings taking place in those zones?

Bob McIntosh: Yes.

Alex Fergusson: That suggests that you are looking at increasing planting in the areas that have the maximum afforestation in the country. I am not sure that that is where the policy ought to be going.

Bob McIntosh: Outside Galloway, there might be scope in quite a lot of Dumfries and the eastern Borders. I think that we recognise that there is probably limited scope in Galloway for a lot more forestry.

Jo Ellis: On the location of the meetings, there were practical considerations about how easy places are to get to. Just because I chose those places does not mean that we want woodland around them. It was about getting a balance of areas that met the criteria for having some potential for woodland expansion, areas where there have been issues in the past, which it would be good to air in a public meeting, and areas that are accessible. Please do not think that the locations of the meetings represent the only areas in which we want woodland expansion; the choice of location was purely practical.

Bob McIntosh: Throughout Scotland we have a system of indicative forestry strategies, which are prepared by local authorities. Nearly every local authority has such a strategy or is in the process of preparing one. The aim of the strategies is to get together all the stakeholders in a particular geographical area, such as the Borders, to identify what sort of land should be suitable for planting, where woodlands might go and what sort of forestry development might take place. That has been a highly effective process. There are a number of indicative forestry strategies but, unfortunately, people do not always take a lot of notice of them when it comes to where trees should go. One of the issues that we will consider is whether we can make that process more effective.

Alex Fergusson: I am grateful for your reassurance—thank you.

Richard Lyle: I certainly noticed that you are not coming to the Central Scotland region.

I turn to another subject—new planting. Following the 1970s and 1980s, planting fell dramatically at the start of the 1990s. What was the reason for that? Was it to do with the removal of tax incentives, for example? The level of planting has gone down from over 20,000-odd hectares to less than 5,000 hectares for conifers and broad-leaves.

Bob McIntosh: Yes, there was a sea change in the late 1980s when the tax regime relating to forestry changed. Up until then, someone who planted woodlands could claim tax relief on that. At that stage, the highest tax rates were something like 70 or 80 per cent. Someone who was paying 70, 80 or even 90 per cent income tax would have been pretty silly not to go and plant some trees. Perhaps that pushed things too far as regards planting and where it went, so the Chancellor of the Exchequer at the time decided to take forestry out of taxation, which made a big difference to the number of hectares that were planted.

Since then, there has been a fairly steady decline in the annual planting programme. That is not just because of the change in the tax regime. There is a limited supply of land in Scotland and it is all being used for something at the moment. Not every landowner wants to change his land use to woodland.

Richard Lyle: So should we encourage the reintroduction of a tax incentive?

Bob McIntosh: That is an interesting question. It would not, of course, be within the competence of the Scottish Government to do that; we would have to convince the UK Government. There is a view in the forestry sector that a properly constituted tax system that related more to carbon benefits might be an effective way of incentivising forestry and woodland planting but, at the moment, it is not within the competence of the Scottish Government to introduce such a scheme.

Richard Lyle: I understand that—I was asking whether the UK Government should do that.

The Convener: Members have no further questions.

Dr Barbour and his team are setting out on a journey. We hope to hear that they reach some interesting destinations, particularly in relation to the conflict areas that we talked about. We will be very happy to hear from you again. I thank you for giving us evidence, which has given us food for thought. There may be one or two issues on which our clerks will ask you to clarify some factual matters, if you can.

We now move into private session, so I thank those members of the public who have attended

the meeting. The committee's next meeting will be on 2 November.

12:13

Meeting continued in private until 12:25.

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