



The Scottish Parliament
Pàrlamaid na h-Alba

Finance Committee

John Swinney MSP
Cabinet Secretary for Finance,
Employment and Sustainable
Growth
The Scottish Government

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22 May 2013

Dear John,

Budget Strategy Phase (BSP)

Further to my letter dated 17 January 2013 in relation to the BSP the Finance Committee has now had the opportunity to consult with the other parliamentary committees and the responses are attached.

The aim of the BSP as set out in the Written Agreement is to:

“allow the Parliament to scrutinise the progress which the SG is making in delivering its own targets through its spending priorities and to take a strategic overview of the public finances around the mid-point of the current Parliament.”

The Committee welcomes the commitment of the Scottish Government (SG) to provide performance information to support this process.

The Committee notes that this information will “take into account the central role that Scotland Performs plays in providing up to date information on performance.” While the Committee recognises the usefulness of Scotland Performs in providing an on-going assessment of Government performance it does not provide any link between performance indicators and spending priorities. It is also not clear how the performance data informs future spending decisions.

Audit Scotland have consistently called for the SG to publish information which demonstrates clear links between the draft budget, government priorities and the performance of public services. It argues that: "Financial monitoring should include information on how well money is being used to deliver front-line services and achieve national outcomes."¹ The Committee has also emphasised the need to provide a clear linkage between the performance data in Scotland Performs and the Scottish Government's spending priorities. It reemphasised this in its report on Draft Budget 2013-14 and requested that the government's performance information includes some linkage between spending and outcomes.

The Committee, therefore, requests that the performance evaluation document includes details of the impact which the SG's spending priorities are having on outcomes.

In addition to the information requested by the other parliamentary committees the Finance Committee requests performance information in the following areas.

A decisive shift to preventative spending

The Committee has agreed to monitor the SG's progress in delivering a shift towards preventative spending throughout the current parliamentary session. The SG stated in its 2011 Spending Review that: "Despite the acute financial pressures we face, this spending review marks a decisive shift towards preventative spending." It also states that significant funding has been identified "to support a transition across public services away from dealing with the symptoms of disadvantage and inequality towards tackling their root causes." The Spending Review expected that this would "help deliver outcomes at reduced cost over the period of the Spending Review and this parliamentary term as a whole."

The Committee would welcome an update from the SG on the progress it is making in delivering the decisive shift to preventative spending including details of the initial impact on outcomes and the savings which have resulted.

The Health and Sport Committee have also requested progress on initiatives relating to preventative spending – including Family Nurse Partnerships and Keep Well.

Change Funds

In its report on Draft Budget 2012-13 the Committee agreed with the Christie Commission that it is essential that the progress of the change funds in delivering a shift towards preventative spending is monitored. Draft Budget 2012-13 stated that: "Monitoring processes are being developed and put in place for each of the three change funds, including an assessment of their impact on improving outcomes and reducing the demand for acute services over time."²

¹ http://www.audit-scotland.gov.uk/docs/central/2009/nr_091105_scottish_public_finances.pdf

² Scottish Government, Draft Budget 2012-13, p16.

The Committee invites the SG to provide details of the impact which each of the change funds has made on improving outcomes and reducing demand on acute services.

The Health and Sport Committee has requested further information about how the Change Funds have been deployed and the impact on quality of care and value for money.

Early Years/Early Intervention

The Committee has, in recent years, carried out a significant amount of work on social policy aimed at early intervention. The Committee notes the following Scotland Performs indicators which directly relate to early years intervention:

- Increase the proportion of babies with a healthy birth weight;
- Reduce children's deprivation;
- Increase the number of pre-school centres receiving positive inspection reports;
- Improve children's services;
- Improve children's dental health;
- Increase the proportion of healthy weight children.

The Committee would welcome an update on the SG's progress in relation to these indicators including spending details and how performance will inform future spending allocations. The Committee would also welcome an assessment of the impact of preventative spending and the early years change fund in improving performance in relation to these indicators.

The Education and Culture Committee has also requested an update on early years/early intervention.

Efficiency Savings

The SG stated in Draft Budget 2011-12 that it was seeking efficiency savings of 3% across the public sector. While the SG did not set a target for further efficiency savings in the 2011 Spending Review it did state that: "efficiency and productivity savings in excess of 3 per cent will continue to be required from NHS Boards."³ The Cabinet Secretary also stated that: "I expect all public bodies to deliver further significant further efficiencies by drawing on, in particular, the McClelland review's recommendations."⁴

The Committee considered the implementation of the McClelland Review as part of its scrutiny of Draft budget 2012-13. The review concludes that savings could commence in 2012-13 with cumulative savings over five years of up to £1 billion. In its response to the review the SG stated that "full implementation of the report's recommendations will be delivered over the medium term."

³ Scottish Government, Equality Statement: Scottish Spending Review and Draft Budget 2012-13

⁴ Finance Committee, Official Report, 7 November 2011, Col. 289.

The Committee would welcome an update from the SG on progress in delivering efficiency savings across the public sector over the period of the current Spending Review.

The Committee would also welcome an update from the SG on progress in implementing the McClelland Review's recommendations including details of the savings and efficiencies achieved and projected efficiencies and savings.

Conclusion

The Committee invites the SG to provide an evaluation of its performance in relation to the issues identified both by the other parliamentary committees and those detailed above. As previously advised this will assist the parliament in its scrutiny of the draft budget in the Autumn.

A handwritten signature in purple ink, appearing to read 'Ken Gibson', with a stylized flourish below it.

**Kenneth Gibson MSP
Convener**



The Scottish Parliament
Pàrlamaid na h-Alba

EDUCATION AND CULTURE COMMITTEE

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16 April 2013

Dear Kenneth,

Thank you for letter outlining the Finance Committee's proposed approach to the Budget Strategy Phase, which invited committees to identify areas on which they would welcome a progress report from the Scottish Government.

Having considered the Scottish Government's priorities as set out in the 2011 Spending Review, the Committee agreed to request that you seek an update on early years/ early intervention and spending on Historic Scotland.

Yours sincerely,

**STEWART MAXWELL MSP
CONVENER**



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7 May 2013

Dear Kenny,

Budget Strategy Phase

The European and External Relations Committee considered your letter of 29 January 2013 at its meeting of 2 May 2013.

The Committee agreed that it would welcome an update from the Scottish Government on the two areas set out below, although I recognise that only very limited information may be available on the first area—

- Major events and theme years budgets
- International Development (International Development, International Strategies, International Image, Fresh Talent).

I look forward to receiving the update from the Scottish Government.

Yours,

Christina McKelvie
Convener
European and External Relations Committee



The Scottish Parliament
Pàrlamaid na h-Alba

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18 March 2013

Dear Kenneth,

Budget Strategy Phase

Thank you for your letter of 29 January 2013 concerning the Budget Strategy Phase.

At its meeting of 6 March, the Economy, Energy and Tourism Committee considered whether there were any specific areas that it would welcome an update from the Scottish Government in terms of the latter's progress in delivering its priorities as set out in the 2011 Spending Review.

The Committee identified the following areas as being of particular interest—

Government's Economic Strategy

- Access to finance, particularly for SMEs.
- Providing advice and support to help SMEs grow, hire staff and take on apprentices.
- Maximising the public sector's direct contribution to the economy through smart use of public procurement and to help SMEs compete effectively for contracts.

Priorities in relation to individual portfolios

Under the Finance, Employment and Sustainable Growth portfolio:

- Maintaining and further developing a supporting business environment.
- Develop a coherent approach to assisting our cities and city regions in being the engines of growth for the Scottish economy.

- the overarching priority for the Transition to a Low Carbon Economy.
- the spending priority to capitalise on existing competitive advantage in renewables to attract investment and establish a strong supply chain.
- the priorities relating to VisitScotland.

Under the Education and Lifelong Learning portfolio:

- delivering 25,000 Modern Apprentices
- the Opportunities for All initiative.

Under the Infrastructure and Capital Investment portfolio:

- Maintain our successful Energy Assistance Package and Home Insulation Scheme.

In addition, the Committee requested more information on the loss of jobs in the private sector being compensated for by the creation of jobs in the private sector with capital funding.

Kind regards,

A handwritten signature in black ink, appearing to read 'Murdo Fraser', written in a cursive style.

Murdo Fraser MSP
Convener



The Scottish Parliament
Pàrlamaid na h-Alba

Kenneth Gibson
Convener
Finance Committee
By email

Equal Opportunities Committee
Email: equal.opportunities@scottish.parliament.uk

8 May 2012

Dear Kenneth,

Budget Strategy Phase

Referring to your recent letter seeking specific areas for update from the Scottish Government in respect of the Budget Strategy Phase, the Equal Opportunities Committee has agreed the following points concerning the draft budget Equality Statement—

- We re-emphasise the conclusions in our December 2012 [draft budget report](#). It referred to the most recent Equality Statement, for draft budget 2013-14, in which the Cabinet Secretary indicated its value—
 - as a tool to assist with spending decisions
 - as a means of demonstrating the place of equality considerations at the heart of the budgetary process
 - as a commentary on the equality impact of spending plans, and
 - as a reflection of the Scottish Government's drive for equality, improved outcomes and continuous improvement in public services in Scotland;
- We further emphasise the significance of the Equality Statement in demonstrating progress with an overall approach to equalities;
- We seek reassurance that the Equality Budget Statement is an integral feature of the budget process;
- We ask whether it will be used, in relation to the upcoming draft budget, as a tool to measure impacts instead of providing a narrative of spending on equalities;
- We ask what improvements will be made to the Equality Statement for the Spending Review 2013 and Draft Budget 2014-15.

Yours sincerely,

Mary Fee MSP
Convener, Equal Opportunities Committee



The Scottish Parliament
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25 April 2013

Dear Kenny

Budget Strategy Phase

Further to your letter of 29 January seeking specific areas on which we would welcome an update from the Scottish Government regarding progress in delivering its priorities from the 2011 Spending Review, I can highlight the following areas that have arisen over the last 18 months:

- Further information about how the Change Funds have been deployed and the impact on quality of care and value for money. I understand the Scottish Government is currently seeking that detail from NHS boards.
- Progress made on initiatives relating to preventative spending – including Family Nurse Partnerships and Keep Well.
- An analyses of (i) types of cost pressures relevant to the health service, (ii) evidence on the historical levels of these variables and (iii) recent time trends in these pressures in Scotland. E.g. a detailed analysis of the maintenance budget. (As requested in our budget report last November.)
- Implications for financial governance (for all stakeholders) of integrating health and social care budgets. (SGHD has said it will come back to the Committee with recommendations from of its expert group.)

I hope this may be of assistance.

Duncan McNeil MSP
Convener of the Health and Sport Committee



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INFRASTRUCTURE AND CAPITAL INVESTMENT COMMITTEE

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26 April 2013

Dear Kenneth

Thank you for your letter of 29 January in which you asked the Infrastructure and Capital Investment Committee if it would wish to identify any specific areas on which it would welcome an update from the Scottish Government regarding its progress in delivering its priorities as set out in the 2011 Spending Review.

The Committee considered your letter at its meeting on the 17 April and agreed that it would request that your Committee seek a response from the Scottish Government on progress it has made towards meeting all of its key Spending Review priorities that are relevant to this Committee's remit. I have set these out as an annexe to this letter for ease of reference.

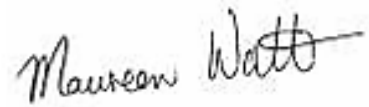
The Committee requests that a more detailed response is provided on those priorities which the Committee has not examined in to any significant extent since the publication of the Spending Review, namely:

- the delivery of initiatives under the **Scottish Futures Fund**;
- the allocation of and benefits derived from available **EU Structural Funds**;
- and the performance and benefits delivered by the **Scottish Futures Trust**.

In addition, the Committee is aware of previous announcements by the Scottish Government regarding its drive to identify alternative sources of funding, particularly in relation to housing and transport infrastructure projects and seeks a update on how successful this has been since the publication of the Spending Review.

I look forward to the response in due course which will be considered in the autumn alongside its consideration of the Scottish Government's Draft Budget 2014-15.

Yours sincerely

A handwritten signature in dark ink, reading "Maureen Watt". The signature is written in a cursive style with a long horizontal stroke extending from the end of the name.

**MAUREEN WATT MSP
CONVENER**

The Spending Review provides detail on the spending plans for 2012 -13 under each portfolio, and details the following priorities for the Spending Review period which are relevant to the ICI Committee's remit—

Transport

By taking these difficult decisions and maximising the level of efficiencies that can be achieved, we are able to protect expenditure that supports economic growth and the delivery of key priorities within the Infrastructure and Capital Investment portfolio.

Our key infrastructure priority, central to Scotland's long term economic success, is to progress the construction of the Forth Replacement Crossing, the largest civil engineering project in a generation in Scotland, worth up to £1.6 billion and securing economic turnover of more than £1.3 billion and over 3,000 jobs.

To improve journey times and connections, we will take forward rail programmes such as the Edinburgh Glasgow Improvements Programme and Borders Railway; progress trunk road schemes such as the AWPR and M8 bundle; contribute to Glasgow's Fastlink in support of the Commonwealth Games; and continue to invest in the maintenance and safe operation of the trunk road network.

To support the most vulnerable elderly people and to keep money in people's pockets when they need it most we will spend £745.8 million to fund the Concessionary Fares scheme and the Bus Services Operators' Grant.

To improve quality, accessibility and affordability, we will invest £19 million in airport infrastructure at ten airports in the Highlands and Islands and at Dundee and in lifeline air services to Barra, Campbeltown and Tiree. We will maintain spending on ferry services to ensure the retention of existing services and progress the construction of the next generation of vessels and essential pier and harbour works, and we will roll out the Road Equivalent Tariff (RET) fares scheme in line with manifesto commitments.

Scottish Futures Fund

We will also act to reduce the impact of transport on our environment, reducing congestion and supporting better public transport, active travel and low carbon vehicles. The Scottish Futures Fund will deliver these priorities through the creation of a Future Transport Fund.

With rises in energy prices likely to continue in the future driven by the fluctuations in world fuel markets, many households in Scotland are vulnerable to fuel poverty. The Scottish Futures Fund will support the creation of a Warm Homes Fund to increase the impact we are already making through our fuel poverty and energy efficiency programmes.

Housing and Regeneration

In regeneration, we are engaging with key stakeholders to ensure that our new regeneration strategy will deliver a long term sustainable approach to improving the wellbeing of all our communities. We will provide the leadership and direction needed to enable key players at national and local level to respond to and address the decline in our cities, towns and communities. A key part of the strategy will consider how our funding streams can best support this work.

We will also look towards innovative funding models which can further augment this.

In housing, our vision is for a housing system that provides an affordable home for all. We are committed to increasing the supply of housing across all tenures, to provide homes for our growing population and to boost economic recovery through the construction industry. We have made a decisive change in the way we support new housing developments, using government funding to lever in the maximum possible investment from other sources. We recognise the vital role of social housing in providing people with an affordable home and a platform for getting on in life, and we will also support intermediate products such as shared equity and homes for intermediate rent. Overall, our commitment is to deliver 30,000 affordable homes over the life of this parliament, including 5,000 new council homes over the next five years. The growth in numbers of older people poses particular issues for housing, and we will publish a national strategy on housing for older people.

We will also continue to improve the quality of Scotland's housing stock. This will include investing in initiatives to improve energy efficiency, which will help reduce carbon emissions and reduce household fuel bills. We will continue to tackle fuel poverty through the *Energy Assistance Package* (EAP), *Universal Home Insulation Scheme*, and *Boiler Scrappage Scheme*. Households receiving assistance through EAP have together seen annual fuel bill savings of £12 million since its introduction. In addition, our £50 million Warm Homes Fund will deliver renewable energy and energy-efficient homes in those communities worst affected by fuel poverty. Our *Boiler Scrappage Scheme* has also proved very popular and we shall continue to fund the scheme, providing support for 30,000 new boilers over the course of the next parliament.

Digital

Our key priorities for the Spending Review period are:

- to deliver the ambition for next generation broadband to all by 2020, with significant progress by 2015, as set out in Scotland's Digital Future: A Strategy for Scotland; and
- to ensure that businesses across Scotland have the skills and aspiration to enable them to innovate and compete in the global digital economy.

European Union Funds

The bulk of the European Structural Funds allocation for 2007-13 is already committed, and the projects benefiting from this funding have supported economic recovery by delivering more jobs and better skills. We are now seeking to allocate the remaining funding towards key priorities which can contribute to

our long-term economic prospects and creating opportunities throughout Scotland, such as the potential £25 million investment in rural broadband, which we are working with the European Commission to deliver within the current programme.

The next European programmes will start in 2014, and it will be critical for Scotland to be able to access this funding as early as possible, so that this important additional funding can help with the economic recovery. We will ensure that all European funding is better integrated, and that we have a strong focus on key priorities which can help drive a transformational change in the Scottish economy and society, including renewable energy, research and innovation, digital connectivity, social inclusion, access to finance, business support and urban and rural community development.

Scottish Water

The delivery of the 2010-15 investment programme is already underway and is delivering further improvements to water and wastewater services. Monitoring reports on Scottish Water's progress are published quarterly on the Government's website. ^[4] The report for the fourth quarter of 2010-11 shows that Scottish Water's capital programme is ahead of schedule and that, in 2010-11, levels of service improved and levels of leakage reduced by a further 39 million litres a day (leakage is now 37 per cent less than in 2006). Further details of the improvements delivered in 2010-11 are available in *Scottish Water's Annual Report 2010-11* ^[5].

Together with Scottish Water's regulators we will ensure that the investment programme is delivered to time and to budget. Furthermore, we will start work to define the investment programme for the next regulatory period 2015-20, providing clarity to Scottish Water, its regulators and the construction industry of the scale and type of investment that will be required.

Procurement

The public sector in Scotland spends around £9 billion each year buying goods, works and services, and can, through its procurement policy, exert a significant influence on delivering the Purpose framework. We will continue to lead the *Public Procurement Reform Programme*, and to deliver efficiency savings from collaborative procurement. Improved Scottish Government-led procurement is intended to deliver savings of £61 million in 2011-12, and over the next three years some £200 million from the Scottish Government family, and £400 million from the wider public sector procurement. More detail can be found in *Efficiencies from Procurement*.

Our actions will include:

- using public procurement to maximum effect so that the public sector makes better use of its purchasing power to help deliver sustainable economic growth. Specifically, whilst European Commission rules do not allow us to discriminate in favour of Scottish firms, we will help public bodies to design their contracts in a way which gives Scottish firms, particularly SMEs, a fair chance to compete;

- continuing to develop the suite of e-commerce shared services which underpin procurement reform. We are working closely with the private and third sectors to introduce improvements - for example, to allow increased use of Quick Quote (an electronic system which allows buyers to ask for competitive quotes for low value purchases, without the need to go through a full European-style procurement exercise). Further improvements will include a standard prequalification system for use across the Scottish public sector;
- using public procurement to encourage innovation in both the public and private sectors - allowing bidders for work to come up with new ideas wherever possible;
- encouraging a broad consideration of sustainability in contracting, for example by using community benefit clauses in contracts to provide training opportunities for local people, or by reserving contracts for supported businesses; and
- lobbying for changes to the European Commissions procurement rules which will allow public bodies to consider local economic impact in their contract award decisions.

Scottish Futures Trust

Maximising investment to support the economy and getting better value for money from capital spend are key priorities for the Government. SFT has a key role to play in this, developing and helping to deliver innovative new financing mechanisms such as the Non-Profit Distributing model, National Housing Trust and Tax Incremental Finance. SFT also plays an important role in driving value for money in capital spend, supporting collaborative procurement through hub and more standardised and cost-effective design through the schools programme.



The Scottish Parliament
Pàrlamaid na h-Alba

Justice Committee

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16 April 2013

Dear Kenny

Budget Strategy Phase

Thank you for your letter inviting the Justice Committee to identify any specific areas on which we would welcome an update from the Scottish Government regarding its progress in delivering its priorities as set out in the Spending Review 2011.

At its meeting on 16 April, the Justice Committee considered your correspondence in the context of the 2011 justice spending priorities and the topics on which we have focused our budget scrutiny over the last two years. We agreed to seek an update on progress with the following issues:

- **Reducing overcrowding in prisons, including addressing the increasing female prison.** (Relating to 2011 spending priorities of “creating a prison estate that is fit-for-purpose and provides a humane regime capable of contributing to maintaining public safety and reducing reoffending” and “addressing the increasing female prison population”.)
- **The development and resourcing of HMP Inverclyde for women prisoners, with a view to opening the prison by 2016.** (Relating to the 2011 spending priority of “addressing the female prison population”.)
- **Work with providers of community penalties on assessing the cost and effectiveness of community penalties, so as to better inform plans for**

the punishment and rehabilitation of offenders. (Relating to the 2011 spending priority of “community payback orders”.)

- **Tackling the backlog of maintenance on court buildings.** (Relating to the 2011 spending priority of “supporting victims and witnesses”.)
- **Providing more opportunities for victims and witnesses to give evidence by video-conferencing where, as a result of court closures, intimidation is likely or unnecessary travel can be avoided.** (Relating to the 2011 spending priority of “supporting victims and witnesses” and “investing in Scottish Court Service ICT”.)
- **How the Scottish Government and Scottish Court Service intends to monitor the effects and costs of any court closures on court users and other organisations, once implemented.** (Relating to the 2011 spending priority of “supporting victims and witnesses” and “ensuring an efficient and responsive courts and tribunals system”.)
- **The effectiveness of efforts being made across justice agencies to tackle churn in the criminal justice system.** (Relating to the 2011 spending priority of “ensuring an efficient and responsive courts and tribunals system”.)
- **The roll-out of video-conferencing facilities in prison visits, court proceedings and police stations.** (Relating to various 2011 spending review priorities.)
- **Achieving the projected savings for police reform in 2013-14 and in subsequent years, particularly given the budget allocation document recently considered by the Scottish Police Authority indicated that significant savings for 2013-14 still had to be identified.** (Relating to the 2011 spending review priority of “delivering a single police service”.)
- **Ensuring that police staff redundancies do not result in widespread backfilling by front-line officers.** (Relating to the 2011 spending review priority of “delivering a single police service”.)
- **Standardising ICT systems in the single police service.** (Relating to the 2011 spending review priority of “delivering a single police service”.)

I understand that the next stage of the process is for the Finance Committee to request an evaluation of performance from the Scottish Government in those areas identified by subject committees. The Justice Committee looks forward to receiving its evaluation of performance for consideration during budget scrutiny later in the year.

Yours sincerely,

Christine Grahame MSP
Convener, Justice Committee



The Scottish Parliament
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Local Government and Regeneration Committee

Kevin Stewart MSP
Convener

Kenneth Gibson MSP
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25 April 2013

Dear Kenny

Thank you for your letter of 29 January seeking details of the specific areas on which the Local Government and Regeneration Committee would welcome an update from the SG regarding its progress in delivering its priorities as set out in the 2011 Spending Review.

The Committee have determined that the following areas where performance information may be useful to the Committee—

- In the National Performance Framework and Scotland Performs, which indicators and targets are specifically influenced by local government activity?
- What has been local government's influence on the performance assessment of these indicators and targets, and have any performance assessments changed local government spending plans?

- In terms of the priorities for local government set out in Spending Review 2011, can the Government set out how these have been (or are still being) achieved?

I would be grateful for your Committee considering this response and requesting the information from the Scottish Government.

Yours sincerely



Convener
Local Government and Regeneration Committee



The Scottish Parliament
Pàrlamaid na h-Alba

Kenny Gibson MSP
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18 April 2013

Dear Kenny,

Delivery of priorities as set out in the 2011 Spending Review

Thank you for your letter dated 29 January 2013. At its meeting on 17 April, the Rural Affairs, Climate Change and Environment Committee agreed to write to you outlining details of the specific areas on which we would welcome an update from the Scottish Government regarding its progress in delivering its priorities as set out in the 2011 Spending Review.

The Committee would welcome an update on the following Scottish Government priorities. “To—

- increase further our commitment to Scotland's food and drink industry, more than doubling the ongoing budget for food industry support over the Spending Review period;
- empower communities through a range of measures, including the Climate Challenge Fund, the creation of a new land fund, and investment in renewables and rural broadband;
- invest to create the framework required for the sustainable economic development of Scotland's offshore wind and marine renewables sector;
- establish a Next Generation Digital Fund to support the roll-out of next generation broadband across Scotland, with a particular focus on rural and remote areas;

- provide financial support for our rural economy through payments to farmers, fishermen and land managers, so often the mainstay of fragile rural communities. We have sought to prioritise these areas of expenditure, which include elements of the Scotland Rural Development Programme (SRDP) and the European Fisheries Fund (EFF);
- invest through the EFF in order to deliver our commitment to assist with capital investment, increasing competitiveness in the aquaculture, fishing and fish processing industries, and to promote a resilient fleet structure - sectors that contribute significantly to the Scottish economy and that directly support many rural economies;
- work actively to reform the Common Fisheries Policy and the post-2014 European Marine and Fisheries Fund to: enable more sustainable fishing, which tackles discards; ensure the continued viability of the fishing industry; help conserve marine ecosystems; achieve economically viable, competitive and green aquaculture; help sustain vibrant fishing-dependent communities; and support cross-cutting priorities, which have real potential to generate savings and growth in coastal areas;
- continue the negotiations that began in 2011, between the European Commission, Member States and the European Parliament, on the EU budget for 2014-2020
- including the budget for the Common Agricultural Policy (CAP) - and on the detailed rules for making CAP payments during that period. Scotland is well placed to influence these negotiations thanks to the Inquiry into Future Farm Support which we commissioned in 2009-10, chaired by Brian Pack OBE, and we are working closely with stakeholders. The Government's position on the future CAP is guided by the principles of fairness, flexibility and simplicity;
- maintain our investment in flood protection and our programme of work to implement the Flood Risk Management (Scotland) Act 2009. This is a major programme of work for the Government and responsible authorities such as individual local authorities and Scottish Water. These actions will provide reassurance to communities and businesses at risk of flooding and could save costs in the future. We will continue to invest in ensuring that we have clean air and water and the portfolio will spend £5.2 million on natural assets and flooding in 2012-13;
- develop our River Basin Management Plans further, recognising the multiple benefits that promotion of our water environment can have, for example supporting natural flood management, supporting biodiversity and protecting our soils; and
- aim to increase woodland planting to 10,000 hectares per year, recognising that forestry continues to be an area of major importance for climate change. The government will invest £65.5 million in the Forestry Commission and Forest Enterprise in 2012-13.

- expand Scotland's woodland - building to a planting rate of 10,000 hectares per year, supporting Forestry Commission Scotland with a budget of over £48 million for this purpose, supplemented by European funding;
- reduce waste and using materials more efficiently - we will work towards a 70 per cent target for recycled waste and a maximum of 5 per cent to be sent to be landfill by 2025. We will support businesses to use resources more efficiently, waste less and, as a result, reduce their costs and emissions while boosting profitability and productivity; and
- help families and individuals to reduce their waste - for example, by cutting avoidable food waste, and save each household on average £430 every year. We are investing £70.8 million in our *Zero Waste Scotland* programme to help Scotland unlock these savings and reduce its emissions by cutting its waste."

I look forward to hearing from you.

Yours sincerely

A handwritten signature in black ink, reading 'Rob Gibson' with a stylized flourish at the end.

Rob Gibson
Convener
Rural Affairs, Climate Change and Environment Committee