



The Scottish Parliament
Pàrlamaid na h-Alba

Rural Affairs, Climate Change and Environment Committee

Report on Draft Budget 2014-15

The Committee reports to the Finance Committee as follows—

1. In this report, the Rural Affairs, Climate Change and Environment Committee (RACCE) comments on aspects of the Scottish Government's Draft Budget 2014-15 that relate to its remit.

EXECUTIVE SUMMARY

2. In its scrutiny of the Scottish Government's draft budget for 2014-15, the Committee looked at the overall performance of the Government's rural affairs and environment (RAE) portfolio to assess to what extent it is delivering against its stated priorities. Within that context, the Committee focussed on three specific areas—

- provision and improvement of broadband in remote and rural areas;
- flood protection and alleviation; and
- delivery of the rural land use and waste aspects of the Scottish Government's second Report on Proposals and Policies (RPP2) which sets out how it intends to achieve its climate change targets.

3. The Committee also agreed to repeat its mainstreaming of scrutiny of climate change measures and expenditure across other relevant committees and wrote to all relevant committees accordingly. The Committee will review the mainstreaming exercise in 2014.

4. This overall approach enabled the Committee to assess how well the Scottish Government is performing across its stated rural affairs, environment and climate change priorities and objectives, and how well equipped the draft RAE budget for 2014-15 is to deliver those priorities and objectives.

5. The Committee welcomes the increase to the budget as a whole, especially within the context of the current pressures on public spending, but notes that the overall resource budget for 2014-15 sees a real terms cut of £4.8m.

6. The Committee welcomes the fact that performance against some National Performance Framework indicators relevant to the rural affairs, environment, and climate change policy areas are currently improving. However, the Committee is also concerned to note that the majority of indicators most relevant to its remit are currently recorded as worsening in terms of performance.

7. The Committee considers it a matter of urgency that the Scottish Government works toward establishing an “improving” status in the indicators which are currently worsening and which threaten the improvement needed in Scotland’s biodiversity and ecosystems, and the full enjoyment of the countryside by the people of Scotland. However, it is not currently easy to determine how the draft budget supports individual National Performance Framework indicators, and therefore to what extent changes to the budget may impact on the status of indicators.

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

9. The Committee was broadly encouraged by the level of funding for broadband projects in some rural parts of Scotland, which are of huge importance to businesses and the lives of people in remote and rural Scotland.

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

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

12. With regard to flood protection and alleviation, the Committee welcomes the cash terms increases in the funding available to SEPA, and to the Natural Assets and Flooding budget, both of which sit in the RAE portfolio.

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

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

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

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

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

18. Of the rest of the RAE budget, the Committee welcomes the significant progress the Scottish Government has made in delivering priorities in the food and drink sector; the £6m of funding for tree health issues over the next two years; and acknowledges the challenges the Scottish Government faces in bridging the gap in support for agriculture and rural development due to a failure of the EU to agree a reformed Common Agricultural Policy ready to implement in 2014.

19. The Committee does, however, believe that further work now needs to be done by the Scottish Government domestically, particularly in terms of supporting local food initiatives and shortening supply chains.

20. The Committee also notes concerns regarding the trend of budget cuts to Scottish Natural Heritage and the national park authorities, and the expectations on Scotland's research institutions to raise additional levels of non-Government funding to sustain their standards of excellence.

21. The Committee notes that the Cabinet Secretary does not hold any contingency funds within the Rural Affairs and Environment portfolio for dealing with any unexpected required expenditure. The Committee will pursue the issue of access to any contingency funds held by the UK Government when it next takes evidence from the Secretary of State for Environment, Food and Rural Affairs in the UK Government.

22. Finally, on the subject of equalities issues, the Committee paid particular attention to the challenges faced by people with disabilities in rural areas. The Committee asked the Equal Opportunities Committee, which is focussing its own budget scrutiny this year on disability, to consider issues faced by people with disabilities in rural communities, and the Committee will review the Equal Opportunities Committee's report with interest.

23. The Committee notes with concern that people's use of the outdoors is declining, and that only 64% of people with disabilities are currently accessing the outdoors, compared to 80% of non-disabled adults. The Committee therefore welcomes current initiatives designed to improve the use of the outdoors by equalities groups (such as the work of the Highland Disabled Ramblers group), and recommends that the Scottish Government encourages further projects and ensures that disabled groups are included in informing and developing any such initiatives.

24. The Committee asks that the Cabinet Secretary and the Minister do all they can to ensure that equalities issues in rural areas are fully represented in all relevant portfolio budget discussions across the Scottish Government.

25. The Committee welcomes the Equality Statement which accompanies the draft budget and believes the rural affairs and environment section to be an improvement on last year's statement. The Committee recommends that the Scottish Government continue to build on this in future statements, and provide as many examples as possible of how potential impacts on all equalities groups have been taken into account in preparing the draft rural affairs and environment budget.

26. The Committee recommends that the Scottish Government, as part of its work to provide more transparent links between the National Performance Framework and the budget in future, seek to also provide a more explicit link between the National Performance Framework and equalities issues.

BACKGROUND AND APPROACH

Documentation

27. The Scottish Government published its *Draft Budget 2014-15*¹ on 11 September 2013 and Chapter 7² contains the proposed spending for the Rural Affairs and Environment portfolio (RAE). The draft budget also contains spending plans for 2015-16. On 24 September 2013, the Scottish Government published a further level of budget information³ for each portfolio (known as level 4).

28. The Scottish Government published a *Carbon Assessment of the 2014-15 Draft Budget*⁴ and an *Equality Statement*⁵ alongside the draft budget. A *Draft Budget 2014-15 Performance Evaluation*⁶ document was also published by the Scottish Government on 11 September 2013.

29. On 13 September 2013, the Financial Scrutiny Unit in the Scottish Parliament Information Centre (SPICe) published a briefing⁷ on the draft budget. The adviser to the Finance Committee also published a report⁸ on the draft budget.

30. On 1 October 2013 the Minister for Environment and Climate Change wrote⁹ to the Committee to advise it that the Scottish Government had published its *Draft Budget 2014-15 and Spending Plans 2015-16 - Details of funding for climate change mitigation measures* document¹⁰. This was updated in November 2013 with additional information on the behavioural aspects of climate change mitigation policies.¹¹

¹ Scottish Government (2013). Scottish Draft Budget 2014-15. Available at: <http://www.scotland.gov.uk/Publications/2013/09/9971/0>.

² Scottish Government (2013). Scottish Draft Budget 2014-15. Chapter 7.

³ Scottish Government (2013). Draft Budget 2014-15: level 4 figures. Available at: http://www.scottish.parliament.uk/FinancialScrutiny/2014-15_budget_Level_4.xls

⁴ Scottish Government (2013). Carbon Assessment of the Scottish Draft Budget 2014-15. Available at: <http://www.scotland.gov.uk/Publications/2013/09/6802/0>.

⁵ Scottish Government (2013). Equality Statement Scottish Government Draft Budget 2014-15. Available at: <http://www.scotland.gov.uk/Publications/2013/09/8093/7>.

⁶ Scottish Government (2013). Performance Evaluation. Available at: http://www.scottish.parliament.uk/S4_FinanceCommittee/Draft_Budget_2014-15_Performance_Evaluation.pdf.

⁷ Scottish Parliament (2013). Financial Scrutiny Unit Briefing Draft Budget 2014-15. Available at: http://www.scottish.parliament.uk/ResearchBriefingsAndFactsheets/S4/SB_13-58.pdf.

⁸ Budget Report by the Adviser to the Finance Committee. Available at: http://www.scottish.parliament.uk/S4_FinanceCommittee/Final_Budget_Adviser_Report_Scotland_20septweb.pdf.

⁹ Letter from the Minister for Environment and Climate Change. Available at: http://www.scottish.parliament.uk/S4_RuralAffairsClimateChangeandEnvironmentCommittee/Gene%20ral%20Documents/2013.10.01_-_Minister_-_draft_budget_RPP_spending_summary.pdf

¹⁰ Scottish Government (2013). *Draft Budget 2014-15 and Spending Plans 2015-16 - Details of funding for climate change mitigation measures*. Available at: <http://www.scotland.gov.uk/Topics/Environment/climatechange/draftbudget2014-15>.

¹¹ Scottish Government (2013). *Draft Budget 2014-15 and Spending Plans 2015-2016 - Details of funding for climate change mitigation measures and the behavioural aspects of these policies*. Available at: <http://www.scotland.gov.uk/Resource/0043/00437969.pdf>.

31. The Finance Committee published guidance¹² to subject committees to assist them in their scrutiny.

32. The Committee welcomes the Scottish Government publishing details of funding for climate change mitigation measures in the draft budget 2014-15 and spending plans 2015-16. However, the Committee notes that this information was published on 1 October 2013, almost three weeks after the publication of the draft budget, and over a week after the publication of the level 4 budget figures. The Committee believes that funding information for climate change mitigation measures should be published alongside publication of the draft budget and recommends that the Scottish Government ensure this be the case from next year onwards.

Approach

33. The Committee agreed to repeat its mainstreaming of scrutiny of climate change measures and expenditure across other relevant committees. The Convener wrote¹³ to all relevant committees accordingly. The Committee will review the mainstreaming exercise in 2014.

34. The Convener of the Education and Culture Committee (ECC) wrote¹⁴ to the Convener of the RACCE Committee on 24 September 2013 to explain why the ECC would not be participating in the mainstreaming of climate change issues in this year's scrutiny of the draft budget. The Convener of the RACCE Committee replied¹⁵ to this letter, and asked the Education and Culture Committee to reconsider its decision.

35. On 5 November 2013 the ECC Convener wrote again¹⁶ to note that a question regarding issues around energy skills, the college sector and the Scottish economy and been asked of Skills Development Scotland, and included a link to the Official Report of the discussion.

¹² Scottish Parliament Finance Committee (2013). *Draft Budget Guidance to other Committees*.

Available at:

http://www.scottish.parliament.uk/S4_FinanceCommittee/Draft_Budget_Guidance_other_Committees.pdf.

¹³ Letter from the Convener of the Rural Affairs, Climate Change and Environment Committee (2013). Available at:

http://www.scottish.parliament.uk/S4_RuralAffairsClimateChangeandEnvironmentCommittee/General%20Documents/Climate_change_budget_mainstreaming.pdf.

¹⁴ Letter from the Convener of the Education and Culture Committee (2013). Available at:

http://www.scottish.parliament.uk/S4_RuralAffairsClimateChangeandEnvironmentCommittee/General%20Documents/2013.09.24_-_SM_to_Rob_Gibson_re_budget.pdf.

¹⁵ Letter from the Convener of the Rural Affairs, Climate Change and Environment Committee (2013). Available at:

http://www.scottish.parliament.uk/S4_RuralAffairsClimateChangeandEnvironmentCommittee/General%20Documents/2013.09.26_-_RACCE_Convener_to_ECC_re_climate_change.pdf.

¹⁶ Letter from the Convener of the Education and Culture Committee (2013). Available at:

http://www.scottish.parliament.uk/S4_RuralAffairsClimateChangeandEnvironmentCommittee/General%20Documents/2013.11.05_-_Stuart_Maxwell_budget.pdf.

36. The Committee is disappointed in the response of the Education and Culture Committee to the climate change mainstreaming and hopes that it will take a more constructive approach to the mainstreaming next year.

37. The Committee took part in the Finance Committee's Budget Strategy Phase earlier this year, and requested that the Finance Committee ask the Scottish Government to provide an update on all of its rural affairs and environment priorities as outlined in the Spending Review 2011. This update was incorporated in the Scottish Government's progress document, which was published alongside the draft budget and is referenced above.

38. Last year the Committee examined relevant areas of the budget through the lens of the delivery of sustainable economic growth. This year, given the progress update on priority areas within the Committee's remit and the guidance issued by the Finance Committee, the Committee focussed specifically on delivery and outcomes.

39. The Committee also agreed to focus on the delivery of the following specific areas—

- funding for the provision and improvement of broadband services in rural Scotland;
- funding of flood protection and alleviation measures across Scotland; and
- funding for the delivery of rural land management and waste aspects of the report on proposals and policies climate change document (RPP2).

Evidence gathering

40. The Committee published a call for views¹⁷ on the draft budget, setting a deadline of 2 October 2013 for responses. Nine written submissions¹⁸ were received.

41. At its meeting on 2 October¹⁹, the Committee took evidence from stakeholders on the issues of rural broadband and flood protection and alleviation.

42. The Committee followed these sessions by taking evidence from the Cabinet Secretary for Rural Affairs and the Environment, Richard Lochhead, and his

¹⁷ Scottish Parliament Rural Affairs, Climate Change and Environment Committee. Call for views. Available at:

<http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/67140.aspx>.

¹⁸ Scottish Parliament Rural Affairs, Climate Change and Environment Committee. Written submissions. Available at:

<http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/68041.aspx>.

¹⁹ Scottish Parliament Rural Affairs, Climate Change and Environment Committee, *Official Report*, 2 October 2013. Available at:

<http://www.scottish.parliament.uk/parliamentarybusiness/28862.aspx?r=8539&mode=pdf>.

officials, on 9 October 2013²⁰, and from the Minister for Environment and Climate Change, Paul Wheelhouse, and his officials, on 10 October 2013.²¹

43. Following these sessions, the Cabinet Secretary and the Minister both wrote to the Committee with supplementary written evidence.²²

44. The Committee thanks all those who gave and/or submitted evidence to the Committee on the draft budget and helped inform this report.

RAE BUDGET AND PORTFOLIO PERFORMANCE

Overall RAE budget

45. In cash terms, the RAE budget for 2014-15 is set at £559.2m (of which £484.0m is DEL²³ Resource, and £75.2m is DEL Capital), and in 2015-16 is planned as £592.4m. Both these periods see an increase on the 2013-14 spend which was £540.8m. In real terms, the budget for 2014-15 is £548.8m (of which £475.0m is DEL Resource and £73.8m is DEL Capital), and for 2015-16 is £571.1m. This is a real terms cut in the DEL Resource budget of £4.8m.

46. The RAE budget is broken down into six areas of spend: EU Support and Related Services; Research, Analysis and Other Services; Marine and Fisheries; Environment and Rural Services; Climate Change; and the Forestry Commission.

47. The Cabinet Secretary outlined the budget constraints he works within, telling the Committee—

“Because of the very tough financial situation that we are in, we have, unfortunately, not had the opportunity to make big changes to our budgets. Clearly, I would like to devote a lot more resource to some budget headings and address some indicators for which we have concerns, but I simply do not have the budgets available to do that and neither does the Scottish Government, because of the cuts that we are receiving at the moment from Westminster [...]”²⁴

²⁰ Scottish Parliament Rural Affairs, Climate Change and Environment Committee, *Official Report*, 9 October 2013. Available at:

<http://www.scottish.parliament.uk/parliamentarybusiness/28862.aspx?r=8554&mode=pdf>.

²¹ Scottish Parliament Rural Affairs, Climate Change and Environment Committee, *Official Report*, 10 October 2013. Available at:

<http://www.scottish.parliament.uk/parliamentarybusiness/28862.aspx?r=8559&mode=pdf>.

²² Scottish Parliament Rural Affairs, Climate Change and Environment Committee. Supplementary written submissions. Available at:

http://www.scottish.parliament.uk/S4_RuralAffairsClimateChangeandEnvironmentCommittee/General%20Documents/2013.10.30_-_Minister_Budget_follow_up_to_Oct_10_session.pdf and:

http://www.scottish.parliament.uk/S4_RuralAffairsClimateChangeandEnvironmentCommittee/General%20Documents/2013.11.01_-_Cab_Sec_Budget_follow_up_to_Oct_9_session.pdf.

²³ DEL stands for Departmental Expenditure Limits, which form the majority of the Scottish Government's budget and is the budget provision that the Scottish Government can plan and control over the Spending Review period.

²⁴ Scottish Parliament Rural Affairs, Climate Change and Environment Committee, *Official Report*, 9 October 2013, Cols 2717-2718.

48. When asked what he felt the success stories in the budget were, in terms of driving performance and delivering outcomes, the Cabinet Secretary highlighted sustainable fisheries, the food and drink sector (both in terms of exports and domestic and local projects) and the Climate Challenge Fund.

49. Scottish Land and Estates welcomed the overall RAE budget in its written submission—

“In general terms, Scottish Land & Estates is supportive of the Rural Affairs and Environment section of the draft budget. It is heartening to see that the budget for this section is set to increase in the coming year by 1.5% to £548.8m. This is despite a reduction in total budget expenditure and suggests to us the importance that the Scottish Government places on rural affairs and environmental matters.”²⁵

50. The Committee welcomes the increase to the budget as a whole, especially within the context of the current pressures on public spending, but notes that the overall resource budget for 2014-15 sees a real terms cut of £4.8m.

RAE portfolio performance

51. As mentioned above, as part of this year's Budget Strategy Phase in the Scottish Parliament, the RACCE Committee asked²⁶ the Finance Committee to request from the Scottish Government progress updates on priorities set out by the Government in its 2011 Spending review. Those priorities fit within the context of the National Performance Framework (NPF).²⁷

52. The NPF lists “Greener” as one of the five overarching strategic objectives. Below that sit 16 outcomes, the most relevant of which are—

- we value and enjoy our built and natural environment and protect it and enhance it for future generations;
- we reduce the local and global environmental impact of our consumption and production; and
- we live in well-designed, sustainable places where we are able to access the amenities and services we need.

53. Below that sit eight Purpose Targets, one of which is also specifically relevant—

²⁵ Scottish Land and Estates. Written submission.

²⁶ Scottish Parliament Rural Affairs, Climate Change and Environment Committee. Letter to the Convener of the Finance Committee (18 April 2013). Available at: http://www.scottish.parliament.uk/S4_RuralAffairsClimateChangeandEnvironmentCommittee/General%20Documents/2013.04.19_-_Letter_to_Finance_Committee.pdf.

²⁷ Scottish Government. *Scotland Performs*. Available at: <http://www.scotland.gov.uk/About/Performance/scotPerforms>.

- Sustainability – Reduce Greenhouse Gas Emissions - to reduce emissions over the period to 2011 and to reduce emissions by 80% by 2050 (these both are recorded on the Scotland Performs website as performance improving).

54. Below that sit 50 indicators, the most relevant of which are to—

- increase research and development spending (performance maintaining);
- improve knowledge exchange from university research (performance worsening);
- increase people's use of Scotland's outdoors (performance worsening);
- improve the condition of protected nature sites (performance maintaining);
- increase the abundance of terrestrial breeding birds: biodiversity (performance worsening);
- improve the state of Scotland's marine environment (performance worsening);
- reduce Scotland's carbon footprint (performance worsening); and
- reduce waste generated (performance improving).

55. The Committee considered these indicators and the recorded performance of each as part of its scrutiny of the draft budget.

56. When questioned on how the performance of indicators relevant to the RAE portfolio had been taken into account in deciding the draft budget and how the draft budget would help to reverse “worsening” indicators and move them into “maintaining” and “improving” status, the Cabinet Secretary told the Committee that he did pay attention to the indicators when preparing budgets but added that it was important to understand why indicators were worsening, to look at the data behind them and then to consider to what extent a purely budgetary change would positively influence any particular indicator, or whether it required a policy-driven approach. He also added that external factors over which the Scottish Government had limited influence could be responsible for worsening performance against an indicator, citing data on mackerel stocks as an example. The Minister supported this view, giving a further example of poor weather negatively influencing indicators such as enjoyment of the outdoors or Scotland's carbon footprint.

57. The Committee asked the Cabinet Secretary and the Minister whether there were ways in which the link between the budget and NPF indicators might be made more transparent. In response, the Cabinet Secretary told the Committee that he had an open mind on this issue and that it was his intention to make the NPF and budget process as transparent as possible. He gave a commitment to consider how the link between budget headings and the relevant NPF indicators could be better presented in future.

58. The Committee was encouraged to note that the indicator for reducing waste generated recorded improving performance, and that other indicators, not specific to its remit but with a potential positive impact on rural and remote areas, were also improving, such as improving digital infrastructure; increasing the number of businesses and exports; and improving the skill profile of the population. The Committee also welcomes the fact that both sustainability purpose targets are recorded as improving: to reduce emissions over the period to 2011 and to reduce emissions by 80% by 2050, albeit that the emissions reduction targets set out in statute for 2011 and 2012 were both missed.

59. However, the Committee was concerned to note that the Scotland Performs website records several of the indicators most relevant to its remit as “worsening” in terms of performance. These include aims to: increase people's use of Scotland's outdoors; increase the abundance of terrestrial breeding birds: biodiversity; improve the state of Scotland's marine environment; and to reduce Scotland's carbon footprint.

60. The Committee acknowledges the comments made by both the Cabinet Secretary and the Minister that indicators were subject to some influence by factors outwith the control of the Scottish Government, and agrees that it is important to carefully consider the data underpinning each indicator to fully understand why certain indicators may be worsening.

61. However, the Committee considers it a matter of urgency that the Scottish Government work toward establishing an “improving” status in the indicators which are currently worsening and which threaten the improvement of Scotland’s biodiversity, ecosystems, and marine environment, and also the enjoyment of the countryside by the people of Scotland.

62. The Committee believes it is important that the necessary National Performance Framework data be made available as part of the budget scrutiny process, alongside commentary interpreting the data, to ensure that impacts are effectively and appropriately attributed and can be substantiated.

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

AGREED AREAS OF FOCUS

Rural broadband

64. The Committee continued its focus on rural broadband delivery, an issue which it has examined in its scrutiny of previous draft budget documents. The

seriousness of this issue was brought into sharp focus by the Cabinet Secretary, who told the Committee—

“There is now evidence of people leaving rural communities to live in urban areas due to a lack of connectivity. Although we have had traditional conversations about people leaving rural communities because of lack of access to higher education, affordable housing or employment, there is now an added factor, because poor digital connectivity can also lead to rural depopulation. Some rural research that I have seen in the past year or so is starting to show evidence of that, and it should concern us all.”²⁸

65. The Committee is strongly of the view that it is essential that all parts of remote and rural Scotland have access to broadband, and superfast broadband, as soon as possible, and certainly within the next five years. It is vital, both economically and socially, that remote and rural Scotland is not forgotten in the rollout of broadband and super-fast broadband. These are the very areas, where barriers to employment and services are amongst the most significant in the country, that improving digital connectivity is essential.

66. The Committee held a specific evidence session on this issue, and heard from Highland and Islands Enterprise (HIE), the South of Scotland Alliance, and BT. The session examined the RAE portfolio draft budget for the Next Generation Digital Fund (NGDF), which is found in the Environmental and Rural Services budget, and is set at £33.8m in 2014-15 and £41.0m in 2015-16. This includes additional funding for the establishment of Community Broadband Scotland (CBS), a project set up to, in the word of the draft budget document—

“[...] facilitate sustainable community broadband solutions in areas that lie beyond the immediate reach of our Step Change programme by providing advice, guidance and financial support to deliver exemplar programmes such as the recently announced project in Applecross that will develop an internet service which will be 10 times faster than is available currently.”²⁹

67. The Committee received a great deal of written and oral evidence regarding the step change programme that will improve broadband in many rural parts of Scotland and was broadly encouraged by what it heard on that issue. The Committee believes that the NGDF in the RAE portfolio will make an important contribution to this work. The Committee was also reassured to hear from the Cabinet Secretary that the £33.8m budget for the NGDF in 2014-15 does not yet include consequential funds from the UK Government, which will be added in due course, and that the budget would therefore increase further.

Community Broadband Scotland

68. However, the Committee was primarily concerned with the hard to reach parts of the country, or the “not-spots” as they were often referred to in evidence.

²⁸ Scottish Parliament Rural Affairs, Climate Change and Environment Committee, *Official Report*, 9 October 2013, Col 2721.

²⁹ Scottish Government (2013). *Draft Budget 2014-15*. Page 103.

69. CBS is a partnership between the Scottish Government, Scottish Enterprise, HIE (the lead delivery partner), COSLA, Scottish Local Authorities Economic Development Group, Carnegie UK Trust, Cairngorms National Park Authority and Loch Lomond and Trossachs National Park Authority.

70. Alex Paterson, the Chief Executive of HIE, outlined how CBS was going about its work—

“The CBS team is working with 43 community groups across Scotland that are expressing an interest. There are also six pioneer projects, one of which—the project in Applecross—has been allocated funds. The five others are in Colonsay, Tomintoul and Glenlivet, Corgarff in Aberdeenshire, Elvanfoot in South Lanarkshire and Ewes valley in Dumfries and Galloway.

The CBS process has three phases. The first is community engagement, which involves mapping what is there, what the size of the challenge is, what the community support for the project is and so on. There are 28 projects at stage 1. The next stage is project planning—the business and technical planning of the appropriate solution for a community. Eight projects are at that stage. Stage 3 involves capital assistance, which we can award up to a state-aid limit to help with implementation. The six pioneer projects are working their way through that, and Applecross has been awarded just over £68,000 towards its wireless project.

It is early days, but that is the volume of activity that is in the pipeline. I think that I am right in saying that 191 inquiries have been received.”³⁰

71. The Scottish Council for Voluntary Organisations welcomed the £5m funding for CBS, stating—

“We welcome the support available for communities to develop broadband in rural areas through Community Broadband Scotland. The community-led approach is a positive step and will hopefully deliver a variety of community based solutions. It is important that this investment is maintained to continually develop broadband access in rural areas. Digital technology can have a key role to play in addressing many of the problems that persist in rural communities, by developing new ways of accessing services, reducing living costs and encouraging social participation.”³¹

72. BT also welcomed the establishment of CBS but cautioned against some of the potential pitfalls of small-scale community led projects, such as the sustainability of such projects over the longer term, the over-reliance on individuals, and the potential for them to result in only one service provider being available in certain areas.

73. Alex Paterson of HIE told the Committee that the £5m funding for CBS was intended as a start-up fund, for operating costs and to fund the provision of advice, but stressed that the £5m was not intended to fund whole projects as EU state aid

³⁰ Scottish Parliament Rural Affairs, Climate Change and Environment Committee, *Official Report*, 2 October 2013, Col 2684.

³¹ The Scottish Council for Voluntary Organisations. Written submission.

rules would prevent that. Rather, other income would be sought from a variety of different sources.

74. The Committee pursued the EU state aid issue with the Cabinet Secretary and his officials to seek clarification and was told that there was no EU state aid rule limit on the funding that CBS could be allocated by the Scottish Government, but there was a limit on the number of times the same community could receive funding for different broadband projects. The Committee heard that state aid issues were considered for each CBS project on a case-by-case basis.

75. The Committee asked how a “community” would be defined in these circumstances and the Cabinet Secretary replied that the head of CBS has recently been appointed and would be considering these sorts of issues. Colin Cook, the Scottish Government’s Deputy Director of Digital Strategy and programmes, added that CBS was all about facilitating community action and communities would define themselves in that context, and discussions with individual communities would begin from January 2014 onwards.

76. The Committee also pursued the issue of communication with witnesses, as it felt it was important for communities to know as soon as possible whether or not they would be covered by the step change programme so they could plan ahead.

77. The Cabinet Secretary, and Colin Cook, both stressed that information would be available to the public soon along with a map which would enable people to enter their postcode to learn when they could expect to have access to next generation broadband in their area.

78. In terms of the funding available to bring broadband and superfast broadband to all parts of Scotland, Alex Paterson of HIE told the Committee—

“[do] we have enough money [?] No we do not. We will need more money to go beyond where we are today and to get out. Everybody recognises that; the Scottish Government recognises it.

There is more money available through the UK Government for this project. Under the model that we use in the Highlands and Islands, we have not asked any local authorities to contribute to our project so far. We fund it with BT, the UK Government and the Scottish Government and we say what we can guarantee to deliver. We also tell local authorities that if they know that they will get X per cent, if they put so much more on the table, they could go from there to where they might be. We are having those conversations already.

Therefore, there are four or five strings to our bow in moving from the 84 per cent, ideally to 100 per cent, but certainly to 95 per cent by 2017.”³²

79. Colin Cook told the Committee that the Scottish Government was confident of achieving 95% coverage by 2017-18, but admitted that this target applied to Scotland as a whole and some areas would fall short of that. In terms of additional

³² Scottish Parliament Rural Affairs, Climate Change and Environment Committee, *Official Report*, 2 October 2013, Col 2687.

funding options, he noted that £250m additional funding for broadband across the UK was being made available by the UK Government and the Scottish Government would be strongly bidding for an appropriate share of that funding. He added there were also further possibilities of additional funding in the future from the EU.

80. Brendan Dick, the Managing Director of BT Regions and Director of BT Scotland, told the Committee it would be interesting for the Scottish Government to analyse different kinds of capital investment, comparing, for example, spending on telecommunications compared to that on roads or rail infrastructure, in order to better understand the effect on rural areas.

81. **The Committee was encouraged by the evidence it received on the projects in place to improve and extend provision of broadband and superfast broadband to the majority of Scotland, as part of the step change programme. The Committee was of the view that the funding available to support this work through the RAE portfolio, via the Next Generation Digital Fund budget, was appropriate at this stage.**

82. **The Committee was primarily concerned with the “not-spots” – the hardest to reach parts of remote and rural Scotland. The Committee was greatly concerned to note the comments made by the Cabinet Secretary regarding emerging evidence which suggests that poor digital connectivity is a factor in people moving from rural to urban parts of the country.**

83. **The Committee therefore welcomes the £5m funding for Community Broadband Scotland, and believes its work will be essential in helping to bring broadband to all parts of the country, no matter how remote or how rural.**

84. **The Committee believes it is essential that communities be given as much information as possible, at the earliest opportunity, about likely broadband provision and speeds so that they can plan ahead in terms of exploring other options via Community Broadband Scotland. The Committee recommends that the Scottish Government work with all involved in the step change programme, and in Community Broadband Scotland, to ensure that communities receive all relevant information as quickly as possible.**

85. **Whilst welcoming the £5m that has been given to establish Community Broadband Scotland, the Committee believes it is imperative that it be given as much funding as is necessary in future years to maintain the impetus on bringing broadband to all parts of the country. The Committee therefore recommends that the Scottish Government closely monitor the work of Community Broadband Scotland, the outcomes that the £5m of funding delivers in 2014-15, and the additional income that £5m unlocks, so it can make evidence-based decisions on future funding requirements. The Committee recommends that the Scottish Government consider undertaking analysis, at the earliest opportunity, of the effects of investment in different types of infrastructure projects in remote and rural areas in order to inform future spending decisions across a range of portfolios.**

Flood protection and alleviation

86. The Committee scrutinised the elements of the RAE budget which fund flood protection and/or alleviation measures.

87. The Committee held an evidence session specifically on this issue and heard from SEPA, Aberdeenshire Council, RSPB Scotland, and the Scottish Flood Forum. The session examined the RAE portfolio draft budget spending on flooding that is contained in the budget for SEPA (£37.5m in 2014-15 and £39.0m in 2015-16), the Natural Assets and Flooding line (£9.0m in 2014-15 and £9.1m in 2015-16), (both of which are contained in the Environmental and Rural Services budget), and spending via Scottish Rural Development Programme (SRDP) schemes, found in the EU Support and Related Services budget.

Implementation of the Flood Risk Management (Scotland) Act 2009

88. Dr David Pirie, SEPA's Executive Director, updated the Committee on the work underway to implement the Flood Risk Management (Scotland) Act 2009.³³ He explained that there are four main steps in implementing the Act, the first of which, the identification of areas most at risk, was largely complete. The second step is identifying where flood waters go and the damage they cause and SEPA will publish flood risk and flood hazard maps in December 2013, which will inform decision making. This will lead to the third step, which is the development of local flood risk management plans, and the fourth step, a consultation on the draft plans, will begin in December 2014.

89. When asked if he thought SEPA had sufficient funding for the completion and implementation of these steps, Dr David Pirie told the Committee that he could not answer at this stage as evidence was still being gathered. He added that more clarity was needed on how future funding for flood risk management would be distributed, and that uncertainty on this matter could hinder development of flood management strategies and local flood risk management plans.

90. In evidence to the Committee on 2 October 2013, there was discussion about the importance of co-operation between local authorities, Scottish Water, SEPA and the Scottish Government in order to reduce flood risk.

91. The Minister subsequently told the Committee that such cooperation was strongly promoted and already happening and gave examples of ongoing discussions between the groups mentioned above, and also with the Scottish Flood Forum and the insurance industry.

92. The Committee notes the ongoing work, primarily led by SEPA, in implementing the Flood Risk Management (Scotland) Act 2009 and in developing local flood risk management plans. The Committee is aware that funding for flood protection and alleviation measures also sits in the Local Government and Infrastructure portfolios, but welcomes the increases in the

³³ Scottish Parliament (2009). *Flood Risk Management (Scotland) Act 2009*. Available at: <http://www.legislation.gov.uk/asp/2009/6/contents>.

funding available to SEPA, and in the Natural Assets and Flooding budget, both of which sit in the RAE portfolio.

93. The Committee recommends that the Scottish Government provide further information to it regarding how funding for flood risk management is likely to be distributed in the coming years, and confirm when guidance will be issued to stakeholders on how funding will be distributed, so that they can develop appropriate local flood risk management plans.

Flood forecasting

94. Philip McKay, Head of Service (Roads and Landscape) at Aberdeenshire Council, highlighted the need for improvements in the accuracy of flood forecasting. He told the Committee—

“We rely heavily on the information that we get from the flood forecasting service and the flood early warning system that models a number of the major rivers in Aberdeenshire. That ties in with the Met Office weather forecasting to give a prediction of the likely river levels. Although that information has been very useful, it needs to keep improving. We seek more resilience in that information, as we have more events.

The certainty of the information that we pass on and the decisions that we take—to evacuate the care home in Huntly, for example—are based on the best available information. If that information had been slightly better, we might not have evacuated that care home twice when there was no actual flood. However, with the information that we have and the multi-agency approach, that was the right decision. If we keep advancing that methodology, and SEPA plays a key role in that, all agencies will be in a better position to inform the public and to take the necessary action when an event is predicted.”³⁴

95. The Minister told the Committee that he shared concerns about the likelihood of Scotland facing increasingly erratic weather, including more rainfall, due to climate change, and that reacting to this was a key part of the Scottish Government’s climate adaptation programme. He added that much work continues to be done to improve flood forecasting and warning, work that will be supported by the increase in relevant budgets within the wider SEPA budget, and in the Natural Assets and Flooding budget. The Minister also cited examples of flood forecasting being extremely accurate which, in his view, indicated that the science behind it was appropriate and working well.

96. The Committee believes that, due to climate change, severe weather events will become increasingly likely in Scotland in years to come, and it is therefore essential that flood forecasting and warning systems be as accurate and robust as possible. The Committee welcomes the increased funding for flood forecasting and warning in the RAE portfolio, and the comments made by the Minister regarding the accuracy of the current data, but also notes examples given in evidence suggesting that that accuracy is

³⁴ Scottish Parliament Rural Affairs, Climate Change and Environment Committee, *Official Report*, 2 October 2013, Cols 2705-2706.

not as good as it could be in all cases. The Committee therefore recommends that the Scottish Government continue to ensure that sufficient funding is available to improve flood forecasting and warning systems, to ensure greater consistency across the whole of Scotland.

Scottish Rural Development Programme funding and natural flood management

97. The draft budget states that the Scottish Government will—

“make best use of all the available delivery mechanisms, including the renewed SRDP, to ensure that our land resources deliver improved and enduring benefits for Scotland”.³⁵

98. However, in evidence, witnesses (such as RSPB Scotland) were keen for distinct funding streams to be available for flood risk management so that funding for flood protection and alleviation was not reliant on the use of the SRDP and Common Agricultural Policy (CAP) funds.

99. In written evidence to the Committee, Scottish Land and Estates asked the Scottish Government to consider how aspects of natural flood management will be funded in the future.

100. The Minister told the Committee that although SRDP would probably not directly fund specific stand-alone flood protection and alleviation measures, it could fund other multi-benefit activities, such as peatland restoration, forestry, and riparian schemes, which could have natural flood management outcomes.

101. The Committee welcomes the comments made by the Minister with regard to natural flood management measures and the role SRDP funding could play in that in the future. The Committee believes that, in tight economic circumstances, it is essential for governments to deploy resources smartly, and that using limited SRDP funds to deliver multiple benefits is an excellent example of working smartly. The Committee agrees that activities such as peatland restoration and forestry (including woodlands) can contribute to better flood management.

Historic impacts on the water environment

102. Within the Natural Assets and Flooding budget is £0.5m in 2014-15 to address historic impacts on the water environment. Lisa Webb, the Land Use Policy Officer (Water) from RSPB Scotland told the Committee that compared to the cost of projects such as re-meandering, £0.5m is a small sum and insufficient to address historic impacts on the water environment and therefore needed to be increased.

103. The Minister told the Committee that the £0.5m referred to was not, in fact, the total amount of funding available for such projects, and confirmed that SEPA also had £0.5m set aside in its budget, and that land managers funds were also available through SRDP for this purpose.

³⁵ Scottish Government (2013). *Draft Budget 2014-15*. Page 101.

104. **The Committee notes the concerns raised regarding the level of funding available to address historic impacts on the water environment and welcomes the Minister's clarification that the total amount of money available is made up of funding from different parts of the RAE budget.**

105. **The Committee recommends that the Scottish Government undertake an assessment of historic impacts on the water environment and identify the total associated costs to be sure that sufficient funding is made available across the budget.**

Research

106. The Committee sought to identify what funding was available for research and development of flood protection and alleviation measures. Dr David Pirie of SEPA, told the Committee that, within the SEPA budget, there was a small allocation for such research and development, and RSPB Scotland noted in its written submission—

“The ‘Floods and Coast’ component is for research on flood alleviation and coastal protection and should be increased to ensure that natural flood management measures can be effectively tested and demonstrated”³⁶

107. Lisa Webb went on to tell the Committee—

“We would like to see that funding increased because SEPA carries out a lot of work on natural flood management research, setting up pilot projects and that type of thing to inform our understanding of how effective the measures will be in different flood scenarios. We think that that work needs to be expanded so that we are really equipped as we move forward into the new era of sustainable flood management.”³⁷

108. **Given the comments made above about the importance of improving flood forecasting and warning systems, and maximising benefits from related initiatives such as peatland restoration and forestry (including woodlands), the Committee recommends that the Scottish Government provide more detailed information on the future planned programme of research and development of flood protection and alleviation measures and clarify the total amount of funding available for such measures.**

Delivery of rural land use and waste RPP2 measures

General

109. The Committee continued its interest in the funding of the rural land use and waste elements of the RPP2 as part of its budget scrutiny. There is no specific individual budget line for rural land use and waste RPP2 policies and proposals; rather there are a variety of policies which can be found in various budget lines in the RAE portfolio. These include the Farming for a Better Climate programme; funding for tree planting in the Forestry Commission and SRDP budgets; and funds for Zero Waste policies.

³⁶ RSBP Scotland. Written submission.

³⁷ Scottish Parliament Rural Affairs, Climate Change and Environment Committee, *Official Report*, 2 October 2013, Col 2701.

110. In its written submission to the Committee, South Lanarkshire Council noted that it would be helpful to have a clearer understanding of how RPP2 policies translate, and will be resourced, at a local level. The submission also noted concerns in the decision-making process and prioritisation in determining land use.³⁸

111. RSPB Scotland noted that it expected all policies and proposals in RPP2 to be fully funded by the Scottish Government.³⁹

112. Given that the 2010 and 2011 Scottish climate change targets were missed, the Committee questioned the Minister on how the missed targets were taken into account in developing the draft budget and what action was being taken, given budget constraints, to get back on track in delivering Scotland's annual climate change targets.

113. The Minister said that the Scottish Government had responded to the missed targets by taking positive action, which included a positive response from the Cabinet Secretary for Finance and Sustainable Growth in terms of available funding. The Minister added that it was important, given that the EU had still not moved to an emissions reduction target of 30%, that the Scottish Government sought to implement all the proposals as well as policies in RPP2 and that this was matched by increased funding across Scottish Government for climate change mitigation measures. In the RAE portfolio, he cited the additional spending on peatlands as evidence that this was being done.

114. The Committee is aware that Scotland has missed its first two climate change targets, and faces a significant challenge in meeting its third annual target in 2012. The Committee therefore welcomes the acknowledgment by the Minister that a renewed effort is required by the Scottish Government, in terms of both policy and finance, if Scotland is going to meet its long-term ambitions of reducing its carbon footprint, moving to a low carbon economy, and achieving its emissions reduction targets.

115. The Committee notes the additional funding in the RAE portfolio for schemes such as peatland restoration which should have a positive long-term effect on mitigating climate change and recommends that the Scottish Government continues to prioritise funding for RPP2 measures (including possible carbon mitigation in marine areas) in future budgets.

Farming for a Better Climate

116. The draft budget allocates £0.3m for 2014-2015 and £0.3m for 2015-16 to support the Farming for a Better Climate (FFBC) programme. RPP2 attributes the FFBC policy to emissions abatement of 62 kilotonnes of CO₂ equivalent (ktCO₂e) for 2014 and 75 ktCO₂e for 2015.

117. The Committee asked the Cabinet Secretary whether he was confident that these emission abatement levels would be achieved with the funding made available to support the programme. In response, he told the Committee that he

³⁸ South Lanarkshire Council. Written submission.

³⁹ RSPB Scotland. Written submission.

was confident that the programme was heading in the right direction and making the necessary progress. He added that, beyond the FFBC programme, there were other activities being funded to help the agriculture sector reduce its emissions and carbon footprint, such as the Scottish Government's advisory service to the sector, and the greening measures which have been agreed as part of the reforms to the CAP.

118. The Committee supports the Farming for a Better Climate programme in principle but, as it has previously stated, it would like to see the full effects of the programme better understood so it can be maximised to its full potential. The Committee considers that it is currently difficult to assess the value for money being achieved by the programme, and whether more focus farms⁴⁰ are required, without further analysis.

119. The Committee would therefore welcome additional information from the Cabinet Secretary to illustrate the emissions reductions which have resulted to date from the Farming for a Better Climate programme, to allow the Committee to assess the likelihood of the levels of abatement set out in RPP2 being achieved within the current levels of funding, and to properly consider whether additional funding might be required.

Climate Challenge Fund

120. The draft budget confirms that the Scottish Government has extended the funding of £10.3m for the Climate Challenge Fund (CCF), a demand-led fund available to communities to develop climate change and carbon reduction projects, in both 2014-15 and 2015-16. After an initial successful period with a high demand for the fund, there was a significant underspend last year.

121. The Committee heard from the Minister that the CCF has been refocused recently to make it more effective, and the Minister added that he was confident that the full £10.3m available per annum would be used in the next two years.

122. Both the Cabinet Secretary and the Minister cited the CCF as a good example of spend in the RAE portfolio that is specifically targeted at communities and equalities groups. The Minister told the Committee—

“[...] we had a refresh exercise last autumn to broaden the range of projects that people could do and deepen the level of engagement, so that communities that already had a project could do more. We wanted to bring in groups that had been underrepresented, such as black and ethnic minority communities and those in more deprived communities as identified by the Scottish index of multiple deprivation. We have had success with that exercise ... We introduced £750 development grants to help communities that have capacity issues—that includes black and ethnic minority communities in relation to their historical engagement—and take-up of them has been quite good. To meet the criteria, a community must fall within the lowest 15 per cent in the Scottish index of multiple deprivation; be made up

⁴⁰ The Farming for a Better Climate programme currently has four climate change focus farms. Details are available here: http://www.sruc.ac.uk/info/120200/climate_change_focus_farms.

of members of an ethnic minority or young people; or must be able to demonstrate that it suffers from disadvantage or vulnerability, so that could include disability groups. That has been quite successful ...

From January to September, Keep Scotland Beautiful awarded 54 development grants out of 64 applications, which was just under £40,000 worth of development grants. There were 25 applications from areas in the lowest 15 per cent of SIMD areas, 12 from ethnic minority organisations, eight from remote rural areas, seven from youth groups and two from disability groups. We are seeing early evidence that the refresh is beginning to help to broaden the range of communities that are involved with the CCF. We hope that that will have an impact.”⁴¹

123. The Committee highlighted some issues it was aware of in terms of non-geographically located community groups, such as ethnic minority groups, which cross local authority boundaries, successfully bidding for CCF funding. The Minister told the Committee—

“It is more challenging to define a community that goes beyond local authority boundaries or is in different areas. I encourage any black or ethnic minority community—whether groups are small or large, as in Glasgow and other cities in Scotland—to consider proposing projects. We are keen for such people to engage with the agenda. Such communities have every bit as much of an interest in climate change, and perhaps we have not engaged with them properly in the past by, for example, providing information in other languages or using other routes to engage their interest.”⁴²

124. The Committee believes that the Climate Challenge Fund is an important source of possible funding for communities, particularly those facing specific challenges and containing equalities groups. The Committee therefore welcomes the £10.3m per annum of funding outlined in the draft budget over the next two years for the Fund. The Committee also welcomes the Scottish Government’s refocusing of the Fund, given the underspend last year, which should help to ensure it is as accessible as possible to those most in need of it.

125. The Committee notes the Minister’s comments that the Scottish Government could do better in engaging with black and ethnic minority communities regarding the CCF and recommends that the Minister ensures that efforts are stepped up in this regard. The Committee further recommends that those managing the fund be as flexible as possible in considering bids from groups who are not physically located in one local authority area.

Agri-environment budget and peatlands

126. The RPP2 sets out a proposal for the accelerated restoration of degraded peatlands and attributes an emissions reduction of 9 kilotonnes of carbon dioxide

⁴¹ Scottish Parliament Rural Affairs, Climate Change and Environment Committee, *Official Report*, 10 October 2013, Cols 2798-2799.

⁴² Scottish Parliament Rural Affairs, Climate Change and Environment Committee, *Official Report*, 10 October 2013, Cols 2799-2800.

equivalent (ktCO₂e) for 2014 and 25 ktCO₂e for 2015. £5m of new funding specifically for peatland restoration schemes is included in the Agri-Environment Measures budget for 2014-15.

127. The Committee has heard previously, during specific evidence-taking on peatland restoration and as part of its scrutiny of the draft RPP2, that significantly more funding than the additional £5m would be needed to restore peatlands at the rate and volume required to achieve the emissions reduction targets sought by the Scottish Government. The Committee has also heard previously from stakeholders questioning what criteria would be used to select which schemes would be funded first.

128. The Minister told the Committee that, in addition to the £5m for peatland restoration in the 2014-15 draft budget, an additional £10m had been set-aside for this in 2015-16. He added that the Scottish Government expected that this £15m of funding over the next two years would unlock other funds, given that agri-environment funds are part of SRDP funds which form part of the EU funded CAP and can therefore be match-funded. He said that he hoped up to double the £15m in the budget over the next two years would be levered in from other sources, giving a total funding pot of closer to £30m.

129. In terms of the criteria that will be used to select which proposed peatland restoration schemes to fund, the Minister, and Bob McIntosh, the Director for Environment and Forestry in the Scottish Government, indicated that priority would be given to schemes which were likely to result in multiple benefits. Bob McIntosh told the Committee—

“[...] we will look to get as many benefits as we can from each pound that is spent. Some projects will deliver only carbon reduction, while others might deliver carbon reduction, flood defence and mitigation, and botanical and ornithological benefits. We will want to score each project against those criteria and try to get as many benefits as possible for each pound that is spent.”⁴³

130. The Minister acknowledged that the funds would be delivered as part of a new SRDP and that there was historical evidence of SRDP funds not being the easiest to access. He told the Committee that it was the Scottish Government's intention to design the new SRDP to be more efficient, simpler, better targeted and easier to access.

131. The Committee also raised the potential difficulty in restoring peatland which have trees growing on it. Bob McIntosh told the Committee—

“Peatland with trees on it is quite a difficult issue, because the peatland has been drained to grow the trees on it, so it is now emitting, but the trees are absorbing. There is a fine balance to be struck, and the science is not exactly precise. The position is much more straightforward when the peatland that has been drained has no trees on it—we know what we are doing there.

⁴³ Scottish Parliament Rural Affairs, Climate Change and Environment Committee, *Official Report*, 10 October 2013, Col 2802.

Peatland with trees on it will need a bit of working through if we are to be sure that we are getting the right solution.”⁴⁴

132. As the Committee has stated previously, the restoration of degraded peatlands is an essential part of helping Scotland achieve its climate change targets, as well as being of importance in terms of our ecosystems and biodiversity. The Committee welcomes the £15m of funding which has specifically been set aside for this work over the next two years.

133. The Committee notes with interest the basis of the likely selection criteria for proposed projects being those which can deliver multiple-benefits and would welcome further information on this from the Scottish Government.

134. The Committee notes the issue of funding restoration projects on peatlands that contain trees and recommends that the Scottish Government seeks to make funding available, from within existing budgets, to improve research in this area to better inform peatland restoration work in the future.

Waste

135. As a result of budget changes (described as a “technical adjustment”) in 2013-14, funding for Zero Waste has been reduced to £23m from the £26.4m originally allocated. The Cabinet Secretary explained that the adjustment involved transferring money that was in the Zero Waste budget into the Natural Assets and Flooding budget, and that there was no actual significant cut in funding.

136. In its written submission to the Committee, EcoideaM Ltd and Binn Eco Park Ltd called for—

“Further support for the delivery of the Scottish Zero Waste Plan and in particular the development of the circular economy with a focus on better understanding and exploiting the opportunities for the development of closed loop systems. This could include the development of manufacturing businesses using Scottish recycled materials, particularly plastics, improved product refurbishment systems and the ability to smelt recovered metals in Scotland to add value to these critical resource flows within the Scottish economy.”⁴⁵

137. The Committee notes that the National Performance Framework indicator relating to waste is improving and that it received no evidence indicating the funding available for waste measures was insufficient to deliver current policies.

138. The Committee notes the comments made in written evidence by EcoideaM Ltd and Binn Eco Park Ltd and draws their submission to the attention of the Scottish Government.

⁴⁴ Scottish Parliament Rural Affairs, Climate Change and Environment Committee, *Official Report*, 10 October 2013, Cols 2802-2803.

⁴⁵ EcoideaM Ltd and Binn Eco Park Ltd. Written submission.

OTHER COMMENT ON RAE BUDGET LINES

EU Support and Related Services

139. The EU Support and Related Services budget supports primary production in the arable and horticulture sectors and the CAP. The total draft budget is £694.3m. However, £561.5m of this comes from the EU with the remaining £132.8m from the Scottish Government. The Scottish Government component of the budget shows an increase of nearly 25% in cash terms and 23% in real terms. Much of this relates to increases related to CAP reform and the SRDP including new funding discussed above for peatland restoration schemes.

140. As a result of delays in the EU in agreeing the terms of the new CAP, the Scottish Government recently made an announcement⁴⁶ about transitional arrangements for CAP reform. The announcement confirmed that direct payments made under Pillar 1 of the CAP would continue as normal, but that not all rural development funds in pillar 2 would be able to continue in 2014.

141. The Committee asked the Cabinet Secretary if, given that a limited range of rural development measures would be in place in 2014-15, whether the Scottish Government would make a saving on its rural development budget spending in 2014.

142. In response, the Cabinet Secretary told the Committee that the Scottish Government would not make a saving on its rural development spending in 2014-15. He added that, due to the gaps in EU funding expected as a result of the delay in implementing the new CAP, the Scottish Government would probably spend more in domestic funds than would otherwise have been expected.

143. Within the EU Support and Related Services budget, the Business Development budget increases by £4.1m in 2014-15 and by a further £25m in 2015-16. The increase in 2014-15 is explained in the text as “reflecting the pressure that may arise from less EU funding for SRDP during the 2014-15 transition year”⁴⁷ but no explanation is given for the £25m increase in 2015-16.

144. When questioned on this large increase, the Cabinet Secretary told the Committee that the £25m came from a pot of £30m of financial transaction money that he had bid for to use in his portfolio. This finance has been made available via the UK Government, and the Cabinet Secretary has successfully bid for £30m and added the funding to the Business Development budget for 2015-16. He confirmed that he had not yet planned how the money would be used but that it was money that could be loaned to help intervene in a sector which required assistance.

145. The Committee acknowledges that the EU Support and Related Services budget, which delivers CAP, including SRDP, funds in Scotland, will be under increased pressure in the coming year due to a failure in the EU to agree the terms of a new CAP in time for it to begin on 1 January 2014. The likely start date of the new policy, and therefore of the new SRDP, of 1

⁴⁶ Scottish Government (2013). News release regarding CAP reform. Available at: <http://news.scotland.gov.uk/News/Rural-support-schemes-to-continue-446.aspx>.

⁴⁷ Scottish Government (2013). *Draft Budget 2014-15*. Page 95.

January 2015, presents significant challenges to the Scottish Government in ensuring that the land managers, farmers and crofters of Scotland are not disadvantaged by a lack of available resource on which they are often dependent.

146. The Committee notes the explanation of the increased £25m in the Business Development budget for 2015-16 as being money available (via the UK Government) for loan finance to sectors which may require intervention. The Committee notes that the Cabinet Secretary has not yet decided how this money should be spent and therefore recommends that the Scottish Government provide the Committee with further detail on the use of this money at the earliest possible opportunity. The Committee also recommends that, in considering how best to use this £25m in terms of loans with the most appropriate return (economically, environmentally and socially), the Scottish Government carefully consider all the evidence given to the Committee, and all the recommendations it has made in this report.

Research Analysis and Other Services

147. The Research Analysis and Other Services budget funds scientific research across the RAE portfolio. The draft budget proposes a decline in this budget by 1.3% in cash terms and 3.2% in real terms. The Scottish Government has stated that a reduction in this budget would be delivered through a combination of efficiency savings, completion of specific work and support of the main research providers through alternative sources of funding.

148. The Committee asked the Cabinet Secretary what alternative sources of funding had been identified, whether they could be guaranteed, and how much funding would come from them.

149. In response, the Cabinet Secretary told the Committee it was important that Scotland's research institutions continued to maximise other avenues of income to support the public funding they receive and that the more successful they were at the former, the less they would require of the latter. He noted that there was a small reduction in the research budget but that he fully expected the institutions to cover this with their own revenue raising, noting that previous research funding from the Scottish Government had attracted a further £23m of external funding. He added that there were also good examples of efficiency savings being made in this area, due to mergers and increased cooperation between institutions.

150. **The Committee is keenly aware that much of the success of delivering the priorities across the RAE portfolio, both now and in the future, relies on the excellence and robustness of the work undertaken by Scotland's research institutions. The Committee has already commented elsewhere in this report on the need for further and improved research in areas such as peatland restoration and flood forecasting.**

151. The Committee broadly recognises that the research budget for 2014-15 is appropriate as long as the research institutions are successful in maximising other sources of income. However, the Committee does have some concerns about the potential negative impact on the levels of

excellence being delivered by Scotland's research institutions should the other sources of funding not reach expected levels. The Committee therefore recommends that the Scottish Government monitor the external funding being secured by all of the research institutions, to ensure that the total level of funding, both from the Scottish Government and from other sources, is sufficient to deliver the breadth of research required by the RAE portfolio, and the necessary levels of excellence.

Marine and Fisheries

152. The Marine and Fisheries budget shows a slight increase from 2013-14 to the draft 2014-15 budget of 3.5% in cash terms and 1.6% in real terms. This budget supports the sustainable use of Scotland's marine environment. The funding for Marine Scotland, which is included in this budget, is declining over the period set out in the draft budget document, from £49m in 2013-14 to £47.9m (cash terms) in 2015-16. However, the document states that Marine Scotland funding increases in the draft budget over what was predicted last year by £0.4m.

153. The draft budget also notes that the "need for marine expertise and capability is growing".⁴⁸ The Committee therefore asked the Cabinet Secretary why Marine Scotland's funding is declining from £49m in 2013-14 to £47.9m in 2015-16. He told the Committee in reply that the cut was accounted for partly by a transfer to another budget line of £400,000 for IT costs, and partly by £1m of efficiency savings.

154. The Committee also pressed the 'citizen science' concept with the Cabinet Secretary, asking if more use could be made of the expertise and data gathering carried out by skippers and fishermen in the Scottish fleet.

155. The Committee heard that the implementation of the reformed Common Fisheries Policy could have a budgetary impact but that discussions on this were currently at an early stage. The Committee understands a number of issues are being considered, such as the new landing obligations of fish outwith quota levels and the monitoring and policing of those obligations. Linda Rosborough, the Director of Marine Scotland, stressed that the most important aspect of future funding was the agreement of the European Maritime and Fisheries Fund (EMFF), which will replace the European Fisheries Fund, and the share of the UK funding that Scotland would receive, which is not yet known. The delay in finalising the EMFF was explained as the reason for the increase of £5.2m in EU Fisheries Grants.

156. The Committee heard from the Cabinet Secretary that he was currently in the process of negotiating Scotland's share of the overall UK allocation of EMFF funds, and that he was pressing very hard for Scotland to receive a share which would reflect the substantial fishing effort based around the coastline of the country.

157. EU Fisheries Grants increase by around 50% when comparing 2013-14 figures (£10m) to draft 2014-15 figures (£15.2m). This represents a reduction of

⁴⁸ Scottish Government (2013). *Draft Budget 2014-15*. Page 98.

£3.3m against predicted numbers (for 2014-15) in last year's budget of £18.5m. However, there appears to be an inconsistency in the draft budget for 2014-15, as that states there is a £1.8m reduction, rather than the actual £3.3m reduction. The reason given for the reduction in the budget is that it reflects "realistic levels of spend at the beginning of the next programme, which has been delayed until later in 2014."⁴⁹

158. Linda Rosborough told the Committee that the difference between the £1.8m and £3.3m figure was explained by the difference between Scottish Government funds and EU funds; the £1.8m being Scottish Government funds and the £3.3m being the total amount, including a reduction of EU funds.

159. The Committee welcomes the overall increase in the Marine and Fisheries budget over the next two years partly due to the increase in EU Fisheries Grants which have been made to compensate for a delay in delivery of the new European Maritime and Fisheries Fund.

160. However, the Committee notes with concern that the budget for Marine Scotland shows a trend of declining each year, from £49m in 2013-14, to £48.4m in 2014-15, and to £47.9m in 2015-16. While these reductions are relatively small, the Committee notes the importance that the draft budget places on marine expertise and capability, and the ever-increasing demands for research in the marine environment. The Committee therefore recommends that the Scottish Government put effort into maximising the full potential of data gathered by the skippers and fishermen in the Scottish fleet.

Environmental and Rural Services

161. The Environment and Rural Services budget relates to the national outcome "to value and enjoy our built and natural environment". It supports sustainable rural development, rural communities, the food and drink industry and digital infrastructure (which has been discussed in detail above). Overall the draft budget proposes a cut of 2.8% in cash terms and 4.6% in real terms to the budget when comparing the change from 2013-14 to 2014-15.

162. A number of the individual budgets under this heading show significant change from spend in 2013-14. Some differences are due to transfers between budgets; such as between Zero Waste and Natural Assets and Flooding allocations as explained above. The budget shows an increase in funding of £1m to the Natural Resources budget to support scenic routes and geoparks. The Next Generational Digital Fund has been discussed in detail above. Funding for SEPA shows no change in cash terms and a 1.9% fall in real terms. Funding for Scottish Natural Heritage shows a 4% fall in cash terms and a 5.8% fall in real terms, and funding for the National Park Authorities (NPA) shows a 12.2% fall in cash terms and 13.9% fall in real terms.

163. Having discussed the Environmental and Rural Services budgets that relate to rural broadband, flood protection and alleviation, and climate change and waste

⁴⁹ Scottish Government (2013). *Draft Budget 2014-15*. Page 99.

measures in detail above, the Committee focussed its scrutiny on the funding of SEPA, SNH and the NPA as well as spending on the food and drink industry.

National Park Authorities and Scottish Natural Heritage

164. Of most concern to the Committee was the significant decline in the budget of the NPA. When questioned on the reason for this, the Minister told the Committee that the NPA budget was a complex picture as the funding for 2013-14 contained so called “shovel ready” money for specific capital projects that is no longer required. The Minister added—

“If we find ourselves with access to funding at the end of the year, or if capital funding becomes available during the year, we will look at whether there are opportunities to invest in our national parks. I have primed Grant Moir and Fiona Logan [of the NPAs] to think about projects that they could have ready if we find ourselves in a position to do them. It will be a case of constantly looking at whether there are opportunities for investment.”⁵⁰

165. With regard to the cut in funding for SNH, the Minister explained that the reduction in 2014-15 was part of the on-going policy of efficiency savings that SNH has been asked to make in previous years. He added “I would not have chosen to do that if we had not had to do it.”⁵¹

166. The Committee notes, with concern, the cut in funding to Scottish Natural Heritage in 2014-15 which the Minister explained was part of ongoing efficiency savings required by most organisations in the current economic climate.

167. The Committee was also concerned by the significant reduction in the national park authorities’ budget in 2014-15, and the trend of reductions continuing in 2015-16.

168. The Committee focussed above on the Scottish Government’s performance indicators in the RAE portfolio, and the fact that several of those which are supported by SNH and the NPA are currently recorded as “worsening”. The Committee emphasises the comments it made above on the need for the Scottish Government to improve the link between performance indicators and the budget so that the basis for improving individual indicators can be better understood. For example, the Committee could not currently assess the detailed effect of the cut in the NPA and SNH budgets on individual indicators.

Food Industry Support

169. The budget for Food Industry Support is set at £5m in both 2014-15 and 2015-16, an increase of £500,000 on the £4.5m predicted spend in 2013-14. The draft budget states that—

⁵⁰ Scottish Parliament Rural Affairs, Climate Change and Environment Committee, *Official Report*, 10 October 2013, Cols 2780-2781.

⁵¹ Scottish Parliament Rural Affairs, Climate Change and Environment Committee, *Official Report*, 10 October 2013, Col 2781.

“Our support for Scotland’s world class food and drink industries has helped the sector exceed its challenging targets in terms of turnover and exports, ensuring increasing numbers of consumers can benefit from high quality Scottish produce”.⁵²

170. The draft budget adds that a priority is to “Maintain increased levels of support for the food and drink sectors to help sustain the dramatic increase in economic activity in recent years”.⁵³

171. The Cabinet Secretary said that he would be providing funding support to the food and drink sector for the foreseeable future, and would look to increase this investment in future if possible. He added that food policy needed to be refreshed and that there remained untapped potential in the important areas of local food initiatives. He pointed to the work of the Scottish Agricultural Organisation Society, which is funded from the Food Industry Support budget line (£0.38m) and works to strengthen Scotland’s farming, food and drink industries through the development of co-operation and joint venture.

172. The Committee welcomes the increase in the Food Industry Support budget and the impact the budget has had on the value of Scotland’s food and drink, both at home and abroad.

173. The Committee believes that further work now needs to be done by the Scottish Government domestically, particularly in terms of supporting local food initiatives and shortening supply chains, and therefore welcomes the Scottish Government’s planned refresh of its food policy and recommends that any refresh be subject to a full public consultation. The Committee asks the Scottish Government to keep it updated on its progress on this issue.

174. The Committee also recommends that the Scottish Government examine the outcomes being achieved by the Scottish Agricultural Organisation Society with a view to considering increasing its funding in future budgets.

Climate Change

175. This budget supports the Scottish Government’s climate change policy, the sustainable action fund and the land managers’ renewable fund. The Climate Change budget remains static in cash terms and falls by 1.9% in real terms in 2014-15. The Sustainable Action Fund, which is funded from this budget, includes funding of £10.3m for the Climate Challenge Fund, which is discussed in detail above.

176. Climate change spending has also been discussed in more detail in the RPP2 section above. The Committee repeated the mainstreaming of scrutiny of climate change spending across relevant committees in the Parliament and looks forward to reading comments made by other committees, and the subsequent responses from the Scottish Government.

⁵² Scottish Government (2013). *Draft Budget 2014-15*. Page 89.

⁵³ Scottish Government (2013). *Draft Budget 2014-15*. Page 91.

177. The Committee notes there is no proposed cash terms cut to the Climate Change budget, albeit that this amounts to a small cut in real terms. However, the Committee further notes that Scottish Government spending on climate change policies extends beyond this relatively minor budget, to all portfolios across Government and looks forward in due course to analysing the responses made to the Scottish Government on this important issue by all other relevant committees in the Scottish Parliament, and to the Scottish Government's response to all points raised.

Forestry Commission

178. The Forestry Commission budget (which now includes, for the first time, Forest Enterprise funding) continues to fall overall, due to a decrease in the subsidy to Forest Enterprise from £25.7m in 2013-14 to £21.7m in 2014-15. Forestry Commission programme costs show a 5.1% cash increase over the same period which is to cover costs of dealing with tree health issues. Policy, regulation and administration costs remain constant in cash terms and decline in real terms between 2013-14 and 2014-15.

Woodland planting

179. Increased forestry planting is a policy included in the RPP2 with attributable emissions abatement set out for 2013 (15 ktCO₂e), 2014 (16 ktCO₂e), 2015 (45 ktCO₂e), and 2016 (92 ktCO₂e).

180. The Committee heard from the Cabinet Secretary recently⁵⁴ (during an evidence session on CAP reform) that although there would be a gap in the programme of tree-planting due to delays at EU level associated with CAP reform, the Scottish Government was working to manage the approval of funding applications to ensure the industry would not notice any gap.

181. The Committee received a written submission from Confor, a members' organisation funded by, and accountable to, businesses in the forestry industry, which expressed significant disappointment at the Forestry Commission's budget for 2014-15, stating—

“[...] Confor is disappointed with these proposals, and hopes that RACCE will support our arguments for an increased allocation of funds, particularly for woodland grants and for fighting the potentially catastrophic damage facing our industry from the current wave of pests and diseases, notably *Phytophthora ramorum* to our larches and *Dothistroma* needle blight to our pines.”⁵⁵

182. The Confor submission goes on to criticise the draft budget available for woodland grants, set at £36m, and also suggests that Confor had been told by the Forestry Commission that the budget in 2014-15 would actually amount to a total of £32m, rather than the £36m outlined in the draft budget document, as the

⁵⁴ Scottish Parliament Rural Affairs, Climate Change and Environment Committee, *Official Report*, 18 September 2013. Available at:

<http://www.scottish.parliament.uk/parliamentarybusiness/28862.aspx?r=8514&mode=pdf>.

⁵⁵ Written submission. Confor.

drawdown of EU funds would not be as much as the £19.8m stated. Confor state that, as 2014 is a transition year in CAP funding,—

“[...] including the figure of £19.8m EU Income in the draft budget is meaningless at best, and potentially harmful and misleading.”⁵⁶

183. Confor also state that even if the budget were to amount to the £36m outlined in the document, that amount would still not be enough to deliver the Scottish Forestry Strategy targets, and that the forestry industry was not being provided with sufficient funding by the Scottish Government. Confor state that—

“FCS [Forestry Commission Scotland] has given advice to SG [Scottish Government] that a budget of between £42m and £45m is required now and for the next several years if we are to cover the demand for new woodland creation that is now there, and which would meet our climate change driven planting targets. If those funds are not provided, and equally important the message given now that those funds will be made available during the next few years, there will not be enough confidence in the industry to go through the long, costly and painful process of bringing new schemes through consultation.”⁵⁷

184. In written evidence Scottish Land and Estates make a similar point, stating—

“If the Government’s ambition of 100,000 hectares of new woodland creation by 2022 is to be realised, greater financial support for the industry rather than less will be required.”⁵⁸

185. Responding to these points, the Minister told the Committee that the £36m set out in the draft budget would be available in full and that he expected the full £19.8m in EU funds to be available as a proportion of that £36m. He added that he expected that level of funding to be able to deliver the required tree planting rates in the next two years.

186. However, the Minister did confirm that the 10,000 hectare per annum planting target that was in place to reach the overall target of 100,000 hectares by 2022 had been missed in the last two years. He added, however, that he was confident that the Scottish Government would make up this shortfall in the coming years.

187. The Committee notes the concerns raised by Confor about the level and suitability of the funding available for tree planting in the next two years. The Committee welcomes the Minister’s clarification that he expects the full £36m set out in the draft budget to be available, including the £19.8m of EU funds.

188. However, the Committee cannot fully assess the extent to which the £36m is sufficient to deliver the required level of tree planting necessary to meet the targets, given that the target of 10,000 hectares a year has been missed for the last two years. The Committee is concerned that these targets

⁵⁶ Written submission. Confor.

⁵⁷ Written submission. Confor.

⁵⁸ Written submission. Scottish Land and Estates.

have been missed, especially given the importance of tree planting to meeting climate change targets in the future, and asks that the Scottish Government provide evidence to the Committee of how it plans to catch up on planting year-on-year, and how much funding this will require, until the target of 100,000 hectares of new woodland is reached in 2022.

Tree health issues

189. The draft budget includes an additional £1m of funding (found in the Programme Costs of the Forestry Commission's budget) to deal with tree health issues.

190. Confor welcomes the additional funding made available in the draft budget to tackle tree diseases, but seeks assurances that this will also be made available in 2015-16.

191. The Minister told the Committee that the additional £1m was not the total available to tackle tree health issues, as a further £2m is available in the Forestry Commission budget, which has been transferred from funding not required by Forest Enterprise. The Minister added that the total of £3m would also be available in 2015-16, meaning that a total of £6m is available over the two-year period.

192. The Committee has closely followed tree health issues in Scotland over recent months and welcomes the Minister's clarification that £6m is available in total to tackle these issues over the next two years.

193. The Committee asks that the Scottish Government make future budget documents more transparent by identifying all sources of funding for areas such as tree health.

OTHER ISSUES

Equalities

Approach

194. The Committee examined the RAE budget to assess equalities impacts and any inequalities it may cause for any groups in Scotland's population, particularly in relation to the nine protected characteristics set out in the Equality Act 2010. The Committee also scrutinised the RAE section of the Scottish Government's Equality Statement on the budget.

195. The Committee was also keen to ensure that the challenges faced by people with disabilities in rural areas, and the funding of their access to services such as health care, transport and education, were not overlooked.

196. Given that the Equal Opportunities Committee (EOC) is focussing its own scrutiny of the draft budget on disability issues, the Convener wrote⁵⁹ to the EOC

⁵⁹ Scottish Parliament Rural Affairs, Climate Change and Environment Committee. Letter from the Convener to the Convener of the Equal Opportunities Committee. Available at: http://www.scottish.parliament.uk/S4_RuralAffairsClimateChangeandEnvironmentCommittee/General%20Documents/2013.09.12_-_RACCE_Convener_to_EOC_Convener.pdf.

on 17 September 2013 to ask that consideration be given to including the issue of disability in rural areas as part of the EOC budget scrutiny.

197. The Committee discusses equalities aspects of the Climate Challenge Fund above.

Cross-Government working

198. The Committee questioned both the Cabinet Secretary and the Minister on how the specific challenges faced by equalities groups in remote and rural parts of Scotland are taken into account by the Scottish Government, especially when the funding of the delivery of many services, such as health, transport and education, sit outwith the RAE portfolio.

199. The Cabinet Secretary told the Committee—

“Equalities issues are largely driven by the relevant minister—so the transport minister would drive equalities issues in relation to transport, and Nicola Sturgeon, who has responsibility for infrastructure, would drive issues in relation to rural broadband. Of course, I interject so that there is rural-proofing, to ensure that there is a rural dimension across all Government policy.”⁶⁰

200. However, the Minister noted that although he was engaged in discussing equalities impacts in rural areas with colleagues across the Scottish Government, he felt that he could perhaps do more in this area in future.

201. The Committee notes the comments made by the Cabinet Secretary and the Minister regarding the extent to which they seek to ensure rural issues are taken into account by colleagues when discussing the impacts of policy and funding decisions on equalities groups, and the Minister’s view that he could do more to improve this in the future. The Committee appreciates the Minister’s candid response on this issue, and asks that the Cabinet Secretary and the Minister do all they can to ensure that equalities issues in rural parts of Scotland are fully understood and represented in all relevant portfolio discussions across the Scottish Government.

Equality Statement

202. In its budget report last year, the Committee stated—

“The Committee notes, with regret, that only a limited number of examples were provided by the Scottish Government on how equalities impacts have been assessed. The Committee believes that consideration of the impacts of spending across all parts of the portfolio is essential and should in future be clearly measured against each of the nine protected characteristics.”⁶¹

203. The Equality Statement for this year’s draft budget provides a number of examples of good practice such as a case study in Galloway Forest Park, which focuses on disabled issues and improved access. The Committee discussed this,

⁶⁰ Scottish Parliament Rural Affairs, Climate Change and Environment Committee, *Official Report*, 9 October 2013, Col 2744.

⁶¹ Scottish Parliament Rural Affairs, Climate Change and Environment Committee.

and other projects such as the access paths which have been laid around Loch Ore, with the Minister. He welcomed such projects and told the Committee—

“It is quite controversial for NGOs, particularly environmental ones, to consider putting in permanent path surfaces, but it is important to do what we can to provide some opportunities for people to have accessible sites [...] The Forestry Commission is already doing good things, and we encourage it and the national parks and others to continue to do good work and take those points on board.”⁶²

204. The Equality Statement states that the Scottish Government will be publishing a review of equalities groups in rural areas in winter 2013.

205. The Committee welcomes the Equality Statement that accompanies the draft budget and believes the rural affairs and environment section to be an improvement on last year’s statement. The Committee recommends that the Scottish Government continue to build on this in future statements, and provide as many practical examples as possible of how potential impacts on all equalities groups have been taken into account in preparing the draft rural affairs and environment budget.

206. The Committee asks the Scottish Government to update it on how the rural equalities review mentioned in the Equality Statement has been funded and how it will influence future spending decisions.

Design of new EU programmes

207. The Equality Statement states that there is an opportunity to design the new CAP and SRDP programs to impact positively on equalities groups and that the new SRDP in particular will carefully consider equalities issues when being developed.

208. When questioned on how this would be done, the Cabinet Secretary told the Committee that it would be taken into account as part of future consultations on the new SRDP and that he would write to the Committee with further information on the issue.

209. On 1 November 2013, the Cabinet Secretary wrote to the Committee on this issue, stating—

“In December we will be launching a public consultation on future direct payments and we will be promoting this in advance to try and ensure as wide a response rate as possible.

As part of the development of the next Scotland Rural Development Programme (SRDP) we are carrying out a full Equalities Impact Assessment. We have already taken the opportunity of the first consultation to gather initial views on equalities issues - feedback raised the potential role for the SRDP in tackling inequalities and social exclusion.

⁶² Scottish Parliament Rural Affairs, Climate Change and Environment Committee, *Official Report*, 9 October 2013, Col 2811.

While the award of contracts will be based on certain eligibility criteria being met and the strength of the proposal it should not discriminate against equality groups. The EQIA will consider how the SRDP can positively include equalities groups e.g. through the Local Action Groups. In particular LEADER has actively supported equality groups under the current SRDP which is something we want to build upon.

In addition the Scottish National Rural Network has a role in supporting equality groups through their networking activities and events. Again, we wish to build on this in the next SRDP. Finally, another key issue to be tackled is improved data capture and monitoring to allow better assessment of the impact of the SRDP on equalities groups. The EQIA will give greater detail on these issues and opportunities and this will form part of the next SRDP consultation and I will be keen to hear from interested parties and equalities groups at that time.”⁶³

210. The Committee is keen to ensure that the new CAP and SRDP programmes are designed from the outset with potential positive impacts on equalities groups built into them. The Committee notes the Cabinet Secretary’s comments on this issue and will monitor the forthcoming consultations and the accompanying Equalities Impact Assessment and will return to this issue as part of its planned scrutiny of the implementation of the new CAP and SRDP in 2014.

Performance indicators

211. The Committee looked at the NPF performance indicators from an equalities perspective. One NPF indicator that is “worsening” is to “increase people’s use of the outdoors”. The Equality Statement states that 64% of disabled people visit the outdoors compared with 80% non-disabled adults.

212. The Equality Statement states that the work of SNH, Forestry Commission Scotland and the NPA has continued to promote visits to the outdoors by everyone, but with specific initiatives and programmes targeting equality groups.

213. The Minister told the Committee of work that has taken place between the Forestry Commission and NHS Scotland, to create paths to enable access to parts of forest estates by patients and the wider community, for general health and wellbeing benefits. He added—

“We need to ensure that such paths are designed in such a way that they are useful for people who are wheelchair bound or have other disabilities. We try to do what we can. The national parks are very proactive. When they are designing measures such as visitor facilities or investing in trails, they try to make them as accessible as possible.”⁶⁴

⁶³ Scottish Parliament Rural Affairs, Climate Change and Environment Committee. Supplementary written submission from the Cabinet Secretary for Rural Affairs and the Environment. Available at: http://www.scottish.parliament.uk/S4_RuralAffairsClimateChangeandEnvironmentCommittee/General%20Documents/2013.11.01_-_Cab_Sec_Budget_follow_up_to_Oct_9_session.pdf.

⁶⁴ Scottish Parliament Rural Affairs, Climate Change and Environment Committee, *Official Report*, 10 October 2013, Col 2809.

214. The Committee highlighted the work of the Highland Disabled Ramblers group to the Cabinet Secretary. The group uses mobility scooters to help enable disabled people to access the outdoors. The Cabinet Secretary told the Committee in response—

“Thank you for the information. I cannot profess to be familiar with the organisation, so it is interesting to hear your comments. There is an initiative that is funded through the climate challenge fund, through which electric bikes have been introduced in areas around Scotland, including Aviemore, to enable people to get out who might not otherwise be able to cycle long distances [...] we are keen to help in any way we can. We build in support for the national parks authorities and the Forestry Commission to ensure that there is access for people of all abilities.”⁶⁵

215. The Committee notes with concern that performance against the indicator which measures people’s use of the outdoors is currently worsening, and that, within that, the number of disabled people accessing the outdoors is only 64%, compared with 80% of non-disabled adults.

216. The Committee welcomes initiatives, such as the work highlighted by the Minister between the Forestry Commission and NHS Scotland to enable access to forest estates for use by hospital patients and the wider community, and emphasises the need for such projects to also ensure access is possible for disabled groups. The Committee recommends that the Scottish Government encourage further projects and does all it can to promote the use of access initiatives.

217. The Committee recommends that the Scottish Government familiarise itself with the work of the Highland Disabled Ramblers group, and other such groups and projects working across Scotland to improve access to the outdoors for disabled groups, with a view to including details of such work in future draft budget equality statements.

218. The Committee recommends that the Scottish Government, as part of its work to provide more transparent links between the National Performance Framework and the budget in future, also provides a more explicit link between the National Performance Framework and equalities issues.

Contingency funds

219. The Committee asked the Cabinet Secretary whether there was a contingency fund available within the RAE budget; e.g. if there were to be an outbreak of foot and mouth disease, where would the money would come from to deal with the issue.

220. The Cabinet Secretary confirmed that he did not hold any contingency funding within the RAE budget and that that was not the Scottish Government’s

⁶⁵ Scottish Parliament Rural Affairs, Climate Change and Environment Committee, *Official Report*, 9 October 2013, Cols 2746-2747.

practice to retain such funds within specific portfolios. He added that if a situation were to arise that required additional funding, it would be a matter for consideration by the Scottish Government as a whole and that access to any contingency funds held by the UK treasury would also be a matter for consideration.

221. The Committee notes that the Cabinet Secretary does not hold any contingency funds within the Rural Affairs and Environment portfolio for dealing with any unexpected required expenditure. The Committee will pursue the issue of access to any contingency funds held by the UK Government when it next takes evidence from the Secretary of State for Environment, Food and Rural Affairs in the UK Government.

**ANNEXE A: EXTRACT FROM THE MINUTES OF THE RURAL AFFAIRS,
CLIMATE CHANGE AND ENVIRONMENT COMMITTEE**

RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE

MINUTES

25th Meeting, 2013 (Session 4)

Wednesday 11 September 2013

Decision on taking business in private: The Committee agreed to take items 4 [Draft Budget Scrutiny 2014-15] and 5 in private.

Draft Budget Scrutiny 2014-15 (in private): The Committee agreed its approach to its scrutiny of the draft budget 2014-15.

RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE

MINUTES

28th Meeting, 2013 (Session 4)

Wednesday 2 October 2013

Draft Budget Scrutiny 2014-15: The Committee took evidence on the Scottish Government's Draft Budget 2014-15 from—

Gavin Stevenson, Chief Executive, Dumfries and Galloway Council, South of Scotland Alliance;
Brendan Dick, Managing Director, BT Regions and Director, BT Scotland, BT;
Alex Paterson, Chief Executive, Highlands and Islands Enterprise;
Paul Hendy, Director, Scottish Flood Forum;
Philip McKay, Head of Service (Roads & Landscape), Aberdeenshire Council;
Lisa Webb, Land Use Policy Officer (Water), RSPB Scotland;
Dr David Pirie, Executive Director, Scottish Environment Protection Agency.

RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE

MINUTES

29th Meeting, 2013 (Session 4)

Wednesday 9 October 2013

Draft Budget Scrutiny 2014-15: The Committee took evidence on the Draft Budget 2014-15 from—

Richard Lochhead, Cabinet Secretary for Rural Affairs and the Environment, Jonathan Pryce, Director Rural and Environment, Colin Cook,

Deputy Director, Digital Strategy and Programmes, and Linda Rosborough,
Director, Marine Scotland, Scottish Government.

RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE

MINUTES

30th Meeting, 2013 (Session 4)

Thursday 10 October 2013

Draft Budget Scrutiny 2014-15: The Committee took evidence on the Scottish Government's Draft Budget 2014-15 from—

Paul Wheelhouse, Minister for Environment and Climate Change, Dr Bob McIntosh, Director for Environment and Forestry, Bob Irvine, Deputy Director for Climate Change and Water Industry, and Neil Ritchie, Head of Natural Assets and Flooding, Scottish Government.

RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE

MINUTES

31st Meeting, 2013 (Session 4)

Wednesday 30 October 2013

Decision on taking business in private: The Committee agreed to take consideration of its Report on the Scottish Government's Draft Budget 2014-15 in private at future meetings.

RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE

MINUTES

32nd Meeting, 2013 (Session 4)

Wednesday 6 November 2013

Draft Budget Scrutiny 2014-15 (in private): The Committee considered a draft report to the Finance Committee and agreed to consider a revised draft at its next meeting.

RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE

MINUTES

33rd Meeting, 2013 (Session 4)

Wednesday 13 November 2013

Draft Budget Scrutiny 2014-15 (in private): The Committee agreed its report to the Finance Committee.

ANNEXE B: ORAL EVIDENCE AND ASSOCIATED WRITTEN EVIDENCE

27th Meeting 2012 (Session 4), Wednesday 02 October 2013

ORAL EVIDENCE.....

Gavin Stevenson, Chief Executive, Dumfries and Galloway Council, South of Scotland Alliance

Brendan Dick, Managing Director, BT Regions and Director, BT Scotland, BT

Alex Paterson, Chief Executive, Highlands and Islands Enterprise

Paul Hendy, Director, Scottish Flood Forum

Philip McKay, Head of Service (Roads & Landscape), Aberdeenshire Council

Lisa Webb, Land Use Policy Officer (Water), RSPB Scotland

Dr David Pirie, Executive Director, Scottish Environment Protection Agency

29th Meeting 2012 (Session 4), Wednesday 09 October 2013

ORAL EVIDENCE.....

Richard Lochhead, Cabinet Secretary for Rural Affairs and the Environment,

Jonathan Pryce, Director Rural and Environment, Scottish Government

Colin Cook, Deputy Director, Digital Strategy and Programmes, Scottish Government

Linda Rosborough, Director, Marine Scotland, Scottish Government

30th Meeting 2012 (Session 4), Wednesday 10 October 2013

ORAL EVIDENCE.....

Paul Wheelhouse, Minister for Environment and Climate Change

Dr Bob McIntosh, Director for Environment and Forestry, Scottish Government

Bob Irvine, Deputy Director for Climate Change and Water Industry, Scottish Government

Neil Ritchie, Head of Natural Assets and Flooding, Scottish Government

SUPPLEMENTARY WRITTEN EVIDENCE.....

Paul Wheelhouse, Minister for Environment and Climate Change

ANNEXE C: LIST OF OTHER WRITTEN EVIDENCE

SUBMISSIONS RECEIVED IN RESPONSE TO CALL FOR VIEWS

- [BT Scotland \(168KB pdf\)](#)
- [Confor \(242KB pdf\)](#)
- [EcoideaM Ltd and Binn Eco Park Ltd \(135KB pdf\)](#)
- [Highlands and Islands Enterprise \(HIE\) \(264KB pdf\)](#)
- [Ofcom \(99KB pdf\)](#)
- [Royal Society for the Protection of Birds Scotland \(132KB pdf\)](#)
- [Scottish Council for Voluntary Organisations \(SCVO\) \(94KB pdf\)](#)
- [Scottish Land & Estates \(84KB pdf\)](#)
- [South Lanarkshire Council \(70KB pdf\)](#)

OTHER WRITTEN EVIDENCE

- [Paul Wheelhouse, Minister for Environment and Climate Change \(489KB pdf\)](#)