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John Scott MSP,
Deputy Convener,
Environment, Climate Change and Land Reform
Committee,
The Scottish Parliament,
Edinburgh,
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30 July 2018

Dear John,

Thank you for your letter of 3 July regarding the Environment Climate Change and Land Reform (ECCLR) Committee scrutiny of the Scottish Government draft budget 2019/20.

Your letter asks for information on any assessment made by the Scottish Government on the extent to which funding within the ECCLR portfolio contributes to the delivery of the National Outcomes, particularly on health and the economy, and the Scottish Government's purpose along with evidence of cost savings on other parts of the Budget. The Committee has also asked me to provide information to assist its analysis of the carbon impact of the capital budget.

A response is provided at the Annex. I am aware that a number of my portfolio public bodies are responding to the Committee with further details of the portfolio's contribution.

I trust that the Committee will find this information helpful in its scrutiny of the 2019/20 Budget and I look forward to engaging further with the Committee after the draft 2019/20 budget has been published.

Yours,

ROSEANNA CUNNINGHAM

ECCLR portfolio contribution to the delivery of the National Outcomes and the Scottish Governments purpose

The new National Performance Framework (NPF), launched on 11 June 2018, refreshes the NPF which has been in place for many years, sets out a revised purpose to focus on creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing and sustainable inclusive growth, and provides a link to the Sustainable Development Goals.

The overarching aim of my portfolio is to protect and value Scotland's environment and to build a strong and sustainable low carbon economy. Currently it is estimated that Scotland's natural environment is worth more than £20 billion per annum and it supports more than 60,000 jobs.

Funding within my portfolio primarily addresses the important issues of tackling climate change, protecting our iconic landscapes, investing in biodiversity and natural capital, improving the quality of our air, land, seas and fresh water, and continuing to drive forward land reform. In so doing, my portfolio (through direct funding as well as the contributions of my portfolio public bodies working in collaboration with partners in the public, private and third sectors), plays a key role in supporting the Scottish Government's overall Purpose and ambition.

In addition to delivering the National Outcome on valuing, enjoying, protecting and enhancing our environment, with which the committee is very familiar, my portfolio supports a number of other National Outcomes including those set out below.

National Outcome "We have a globally competitive, entrepreneurial, inclusive and sustainable economy"

The provision of water and wastewater services is a key enabler of economic growth as well as being fundamental to sustaining **good health**. Scottish Water's investment in the current regulatory period, supported this year by £210m of Scottish Government lending by my portfolio, will fund projects in every part of the country providing water and sewerage services for new housing and business as well as **improving the environment**, drinking water and customer service standards.

Marine Scotland as the primary body responsible for marine planning and licensing of activities in the marine environment enable the sustainable growth of the marine renewables industry, sea fisheries, aquaculture and recreational fisheries. In 2015, Scotland's marine economy, (excluding oil and gas extraction), generated £5.1bn in GVA and employed 79,000 people, accounting for 4.1% of total Scottish GVA and 3.1% of total Scottish employment.

The Scottish Government has placed the transition to a low carbon economy at the heart of our economic strategy and is a key example of investing now to avoid even costlier action in later years. Significant budgets in other portfolios support the delivery of cross Government policies designed to reduce greenhouse gas emissions and stimulate investment in low carbon technology. Investment by my portfolio provides for developing and implementing policy that drives that cross-government approach including this year the introduction of the new Climate Change Bill.

Through our support for Zero Waste Scotland (ZWS), which receives over £19m in SG funding, we are building the circular economy, including opportunities for investment and entrepreneurial

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solutions. ZWS also operates the Resource Efficient Scotland Service, supporting businesses to reduce waste, water and energy. We are committed to reducing waste, increasing recycling and sustainability. Our Expert Panel, chaired by Dame Sue Bruce, will provide advice to Ministers on a range of issues including single-use items such as disposable cups and plastic straws. We are implementing our commitment to introduce a Deposit Return Scheme for Scotland by holding a public consultation, and ZWS is engaging with the public over the summer to help them understand the possible components of the scheme and to give their views.

SEPA is working directly with businesses to develop sustainable growth agreements. Working with glass wool manufacturer Superglass, gave the company confidence to move from a position of non-compliance to £36m investment in new technology and develop innovative products. SEPA is also working with sectors as a whole to develop plans that help Scotland to take full advantage of the economic opportunities through focus on high environmental performance, such as the decommissioning of oil and gas infrastructure, which is estimated to be worth £60 billion. Sector Plans for sixteen sectors are currently being prepared and SEPA will develop such plans for every sector that it regulates, transforming the way it regulates.

Our two National Parks are amongst Scotland's most important rural tourism destinations attracting around 7 million visitors each year. Loch Lomond and The Trossachs National Park Authority has invested significantly over a number of years, along with many partners, in a range of projects to improve the area as a visitor destination while preventing some of the negative pressures that can come with high visitor numbers. This year approximately £900K (plus partner funding) will be spent improving visitor facilities at popular locations and extending the network of recreational and active travel routes alongside delivering innovative visitor management measures. These projects are aimed at delivering sustainable and inclusive economic growth through increased tourism benefits and business growth balanced with protecting and improving the environment.

Innovation is also key to driving economic growth and my portfolio funds a significant amount of research and development. While the research and monitoring undertaken by the Royal Botanic Garden Edinburgh, SEPA and SNH are in direct support of ECCLR, just under half of the investment in the programmes of research supports directly the interests of the Cabinet Secretary Rural Economy and circa £3m supports research of most relevance to the interests of the health portfolio.

National Outcome "We are healthy and active"

Scotland's natural environment is a valuable health-promoting asset, but it is currently underused. To help change this SNH and the National Parks are helping to deliver the Scottish Government's commitment in the National Planning Framework 3 to develop a National Long Distance Cycling and Walking Network that builds on existing path and trail networks such as [Scotland's Great Trails](#), the [National Walking and Cycle Network](#) and [canal towpaths](#). Some £5.5m has been invested in the National Walking and Cycling Network. The project will close key gaps, upgrade connecting routes, link to public transport and promote shared use of paths. Active travel and recreation will be easier and more accessible as a result. This brings health and well-being benefits, improves landscapes and, as better routes attract more visitors and tourism, it is good for local businesses and the wider economy too.

SNH is also working with a range of public sector partners on developing Our Natural Health Service. An ageing population, more people with multiple conditions, widespread chronic illness and medical advances – all put increasing pressure on the health sector. Our Natural

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Health Service is responding to these pressures, and will show how Scotland's natural environment is a resource that can be used to help tackle some of our key health issues. The initiative aims to bring about a step change in the use of nature-based solutions to deliver health outcomes. Studies suggest that environment and health-based interventions are cost effective and can also contribute significantly to preventative spend:

- If just 1% of the sedentary population moves to a healthy pathway, 1,063 lives and £1.44 billion will be saved each year across the UK. The earlier this shift occurs during life, the greater the impact in health and society (UK National Ecosystem Assessment, Technical report 2011)
- Having good quality local greenspace, which people regularly use would contribute to saving the NHS in Scotland £94 million a year it currently spends on health treatment as a result of physical inactivity (NHS Health Scotland - Costing the burden of ill health related to Physical Inactivity for Scotland - 2013). The Green Infrastructure Fund run by SNH has committed £5.5m of funding to seven green infrastructure projects to be completed by the end of this year.
- Our National Parks play a nationally important role in providing opportunities for millions of people each year to enjoy the health and well-being benefits of these beautiful landscapes. In Loch Lomond & The Trossachs National Park, its Countryside Trust runs the innovative, yet simple 'Walk in the Park' programme, which has reached out to many previously inactive local people, giving them the opportunity and confidence to bring outdoor exercise into their lives.
- An analysis of the 8 week wildlife and nature activity programme in Perth & Kinross for patients with a variety of mental health problems produced as a social benefit £12.43 for each £1 spent ([Tayside Woods for Health](#), 2012).

Contribution to other outcomes

We are open, connected and make a positive contribution internationally

- In 2017, the Royal Botanic Garden Edinburgh (RBGE) attracted 904,956 people, the largest number of visits since the previous peak period of the 1930s. The global reach, profile and impact of research by RBGE includes cooperation agreements with China, Qatar and Italy; developing research programmes in Colombia, Peru, the Middle East, China, Indonesia and South Africa; and the publication of peer reviewed papers across Europe, South Africa, USA and India. In addition, they have over 600 students across the globe who currently study online.
- The Cairngorms National Park has been recognised at a European level as internationally accredited sustainable tourism destination, the only place in Scotland to hold this award.
- Scotland contributes to international efforts to tackle climate change, with the Climate Change Bill setting new targets in response to the aims of the UN Paris Agreement. The Sustainable Action Fund within my portfolio supports people in communities both in Scotland and in some of our African partner countries to take action on climate change.

We live in communities that are inclusive, empowered, resilient and safe

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- Our £10m pa Scottish Land Fund is aimed at increasing the amount of land in community ownership in support of this National Outcome
- The Central Scotland Green Network (CSGN) is Europe's largest greenspace project. Stretching from Ayrshire, Inverclyde and Dunbartonshire in the west, to Fife and the Lothians in the east, it encompasses 19 local authorities across 10,000sq km and has the potential to benefit 3.5 million people, equating to 70 per cent of Scotland's population. The CSGN is a long-term project up to 2050 and estimates suggest that it will bring over £6bn in benefits through a range of areas such as improved physical and mental health, carbon sequestration and reduced flood damage.
- Scottish Water, Scottish Canals and Glasgow City Council, all entered into an agreement to transform North Glasgow into Scotland's first dynamic canal-based urban surface water management system. The project has been underway since 2009 and will see the creation of an urban space that absorbs and manages water in a controlled way. Using predictive weather techniques, the system will provide advance warning of heavy rainfall that will trigger an automatic lowering of the water level in the canal in order to create capacity for excess surface water when the rain falls. This innovative agreement also enables land to be developed for approximately 2,500 homes.
- Loch Lomond & The Trossachs National Park (LLTNPA) have adopted a place-based approach to planning to deliver a community led vision by running Planning Charrettes alongside facilitating Community Action Plans. Together with other public bodies, this has helped to deliver consensus and co-ordinate delivery of sustainable development and community empowerment opportunities to support rural communities. A notable example of community led planning has been southern expansion of Callander, which is now included as a Stirling Regional Deal project; the community led Callander Landscape Partnership delivering £2m worth of projects and the Callander Youth Project creating training opportunities for young people.
- As a planning authority, Loch Lomond and the Trossachs National Park has heavily promoted microhydro energy projects leading to 35 sensitively developed new schemes becoming operational in the last few years providing 22MW, enough energy to meet the needs of every household in the National Park.

Carbon impact of the capital budget

The Scottish Government is committed to supporting the delivery of low-carbon infrastructure as a vital part of our long-term transition to a carbon-neutral Scotland. Our current Infrastructure Investment Plan, published in December 2015, supports Scotland's climate change goals by making low carbon considerations one of the guiding principles upon which investments are prioritised. The current Plan includes a range of long-term low carbon commitments, such as; energy efficiency as a national infrastructure priority, broadband coverage and rail electrification. Future refreshes of the Plan will take into account the requirements of Scotland's climate change legislation at that point in time.

A range of information is available to assist scrutiny of how spend from capital budgets supports Scotland's low carbon transition.

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The statutory Carbon Assessment of the Budget ² provides a high-level estimate of the consumption-based carbon emissions associated with planned Scottish Government budget expenditure. Based on the scenarios for total capital spend set out in the Scottish Government's Five Year Financial Strategy ³, the Carbon Assessment model can be used to provide provisional estimates of emissions impacts of that spend of: 894 thousand tonnes of carbon dioxide equivalent (ktCO₂e) in 2018-19, 997 ktCO₂e in 2019-20, 918 ktCO₂e in 2020-21, 900 ktCO₂e in 2021-22 and 914 ktCO₂e in 2022-23. By way of context, these figures represent 2 - 3% of Scotland's current total greenhouse gas emissions (2016 statistics). It is important to note that the Carbon Assessment model covers only the initial impact of emissions associated with the construction of capital assets and not any longer term or wider impacts, which could include either reductions or increases in overall emissions. For example, infrastructure spend on active travel projects will generate construction phase emissions in the short term but will also contribute to overall emissions reductions in the longer term, as well as to health co-benefits. For specific infrastructure projects that are likely to have significant impacts on climatic factors, Strategic Environmental Assessment and Environmental Impact Assessment provide a means to define their short, medium and long term impacts on emissions.

The Scottish Government has committed to increasing the proportion of the capital budget that is spent on low carbon projects in each year of this Parliament. In January 2018, we launched the £60 million Low Carbon Innovation Fund to accelerate the delivery of low carbon energy infrastructure solutions. Scottish Government analysis using the Low Carbon Taskforce's categorisation of "low", "neutral" and "high" carbon infrastructure shows that the proportion of the 2018-19 capital budget spent on low carbon is 29%. Figures for future capital budgets can be made available to the Committee at the time when those budgets are set. It is important to note that the Low Carbon Taskforce categorisation is at a very high level and will not necessarily capture all low carbon spend. For example, efforts to maximise energy efficiency in schools or hospitals would not be reflected in the low carbon proportion, as these high-level categories are deemed "neutral".

The Scottish Government has also made available in recent years a "Details of Funding for Climate Change Mitigation Measures" document ⁴ summarising the principal lines within its draft budget that support the delivery of measures to reduce greenhouse gas emissions. It is not possible to produce a provisional forecast of the figures from this document for future budgets, as the analysis is based upon the most detailed levels (level 4) of budget information, which become available at the time each budget is set.

Following my letter to the Committee in response to its scrutiny of the 2018-19 budget, my officials have met with the Committee Clerks to explore the relationship between the current sources of climate change budget information, the monitoring framework being developed for the Climate Change Plan and the Committee's engagement with the new budget process.

Footnotes

1 Infrastructure Investment Plan:

<http://www.gov.scot/Topics/Government/Finance/18232/IIP>

2 Carbon Assessment of the 2018-19 draft budget:

<https://beta.gov.scot/publications/carbon-assessment-2018-19-draft-budget/pages/5/>

3 Scotland's Fiscal Outlook: The Scottish Government's Five Year Financial Strategy: <http://www.gov.scot/Publications/2018/05/1497>

4 Details of funding for climate change mitigation measures in the 2018-19 draft budget: <http://www.gov.scot/Resource/0052/00529343.pdf>

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