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## **The role of local government and its cross-sectoral partners in financing and delivering a net-zero Scotland**

Dear Edward,

Thank you for your letter of 6 October requesting information on a number of matters that I agreed to write to the Committee on, following the evidence session that I attended on local government on 27 September.

I have provided responses below to each of the points outlined in your letter:

### **1. Statistics on the percentage of funding for local authorities currently ringfenced by the Scottish Government**

I can confirm that of the total local government finance settlement of almost £12.7 billion, only £924.1 million or 7.3% is formally ring-fenced. This amount includes £785 million of Specific Revenue Grants and £139.1 million of Specific Capital Grants. Each Specific Grant has its own terms and conditions and the funding is only provided for the individual year in question.

This leaves over £11.7 billion or 92.7% of the total funding provided by the Scottish Government which is provided as a block grant. The block grant provides individual local authorities the discretion to allocate this funding on the basis of their statutory responsibilities plus any agreed national and local needs and priorities. Any underspends in their block grant allocations at the financial year-end can be placed in local authorities reserves to be used in future years.

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A breakdown of the 2022-23 local government finance settlement is included in the following table:

	2022-23
	£m
General Revenue Grant	8,449.650
Non-Domestic Rates	2,766.000
Specific Resource Grants	784.983
Support for Capital	545.537
Specific Capital Grants	139.104
<b>Total LG Finance Settlement</b>	<b>12,685.274</b>
Specific Resource Grants	784.983
Specific Capital Grants	139.104
<b>Total</b>	<b>924.087</b>
<b>Total Block Grant</b>	<b>11,761.187</b>
<b>% Ring-Fenced (Specific) Grants</b>	<b>7.3%</b>

**2. Relevant examples of public sector, council-led investable propositions that are part of the Green Investment Portfolio and outline how the Scottish Government intends to support the de-risking of investable propositions being put forward by local authorities.**

Advanced Manufacturing Innovation District Scotland is underpinned by £39.1m investment of Glasgow City Region Deal funding to help deliver the enabling infrastructure. This significantly helped Renfrewshire Council take this to market to find a development partner to deliver the development as part of the Joint Venture (JV).

Clyde Gateway has had significant financial backing from the Government and Glasgow City Council over the years and we are continuing to promote it through the Green Investment Portfolio (GIP).

The Aberdeen Hydrogen Hub received £4.65m funding through the Government’s Energy Transition Fund. Aberdeen City Council (ACC) announced BP as their JV partner in early 2022.

**3. Confirmation of whether there is currently any work being undertaken within government to align the circular economy agenda with that of community wealth building.**

The Scottish Government recently consulted on a Circular Economy Bill and Waste Route Map which will help advance a zero waste and circular economy. Not only does a more circular economy benefit the environment, it can also strengthen communities, and community wealth building, by providing local employment opportunities and lower cost, more sustainable access to the goods we need. This is also more self-sufficient as it reduces our reliance on imported goods and materials, and provides increased economic resilience.

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The Programme for Government includes a commitment to bring forward Community Wealth Building legislation which will take account of the links between Community Wealth Building and the circular economy.

Community Wealth Building will also build on existing legislation such as the Community Empowerment (Scotland) Act 2015. The Community Empowerment (Scotland) Act 2015 has provided a legal framework to promote and encourage community empowerment and participation, creating new rights for community bodies and placing new duties on public authorities. The current review of that Act will explore if the legislation is doing what it set out to do and if any changes are required with a particular focus on community ownership and strengthening decision-making to improve outcomes for local communities, including a focus on community right to buy and asset transfer.

#### **4. Details of what specific incentives the Scottish Government are planning to encourage more brownfield development sites**

The National Planning Framework 4 (NPF4) will change the way we plan for places and support Scotland's journey to becoming a net zero nation. The draft NPF4, published in November 2021, proposed strengthening national planning policy to prioritise the reuse of brownfield land, including vacant and derelict land and buildings, seeking to proactively enable its reuse and limit greenfield expansion. Reuse of brownfield land has multiple benefits, including helping to address the challenges of climate change and the nature crisis, and also support improved health and wellbeing outcomes for local communities. We are giving careful consideration to the wealth of views on the draft NPF4 from both the public and Parliament, to inform the final version. The finalised draft Framework will be laid in Parliament later this autumn.

The £50 million low carbon Vacant and Derelict Land Investment Programme (VDLIP) is a capital programme scheduled over five years to help with tackling vacant and derelict land, supporting place based approaches to delivering regeneration and sustainable inclusive growth, as part of a just transition to net-zero. The VDLIP is being delivered around four main pillars of action: urban green space; community-led regeneration; low carbon developments and renewables; and multiyear, sustained investment to tackle the most problematic sites.

This is in addition to the Vacant and Derelict Land Fund, which is provided as part of the local government finance settlement to the 5 local authorities where there is the greatest amount of long-term vacant and derelict land alongside deprivation.

I hope this is helpful.

**MICHAEL MATHESON**

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