

## Marine Scotland – 2022/23 Scottish Government Budget

### Annex E: RAI Budget Overview

- We are increasing marine resources by almost £10 million to enable delivery of key policy priorities to protect and enhance our marine environment and increase offshore renewable energy generation

### Marine/Fisheries & Aquaculture

- There is an increase of almost £10m in funding for Marine Scotland which underlines our commitment towards net zero and biodiversity through expansion of offshore renewables, climate-related research and environmental protection.
- We will maintain funding of £14.5m for the Marine Fund Scotland to support Marine Scotland in delivering net zero, marine biodiversity and blue economy objectives.
- We will develop an SG-led vision and strategy for aquaculture that places an enhanced emphasis on environmental protection and community benefits alongside sustainable growth.
- We will enhance delivery of fisheries management measures to ensure protection of some of the most vulnerable species and habitats, geology and undersea landforms in Scottish waters.

### PfG/SPP Commitments

- £1.9m for implementing Fisheries Management Measures for **Marine Protected Areas** to protect our marine biodiversity
- £0.3m for a **Marine Litter Strategy** to prevent marine litter and support removal of plastic pollution in our seas
- £6.7m to develop a resourcing strategy to support **Planning & Consenting Offshore Renewable Energy**
- £0.2m to produce a new **Sectoral Marine Plan** for identifying and assessing areas for future Offshore Wind development

<b>3. Fisheries and Aquaculture</b>	<b>16.0</b>	<b>4.4</b>	<b>-</b>	<b>20.4</b>
Marine Fund Scotland	14.5	-	-	14.5
EU Fisheries Grants	4.5	9.6	-	14.1
Fisheries Harbour Grants	-	1.0	-	1.0
Marine EU Income	(3.0)	(6.2)	-	(9.2)
<b>4. Marine</b>	<b>81.8</b>	<b>9.1</b>	<b>5.1</b>	<b>96.0</b>
Marine Scotland	81.8	9.1	5.1	96.0

<b>3. Fisheries and Aquaculture</b>		<b>20.4</b>	<b>20.4</b>	<b>-</b>	
<b>Marine Fund Scotland - £14.5 million</b>	Marine Fund Scotland	14.5	14.5	-	<ul style="list-style-type: none"> <li>Replaces the European Maritime and Fisheries Fund (EMFF)</li> <li>Supports delivery of net zero, marine biodiversity and blue economy objectives.</li> </ul>
<b>EU Fisheries Grants - £4.9 million</b>	EU Fisheries Grants Resource	4.5	4.5	-	<ul style="list-style-type: none"> <li>Applications for EMFF ended on 31 December 2020 however legacy commitments continue for a further three years.</li> </ul>
	EU Fisheries Grants Capital	9.6	9.6	-	
	Marine EU Income	-9.2	-9.2	-	
<b>Fisheries Harbour Grants - £1 million</b>	Fisheries Harbour Grants	1.0	1.0	-	<ul style="list-style-type: none"> <li>Grant scheme to aid emergency repair works at fishery harbours.</li> </ul>
<b>4. Marine</b>		<b>86.1</b>	<b>96.0</b>	<b>+9.9</b>	
<b>Marine Scotland - £95.9 million</b>	Marine Scotland	86.1	96.0	+9.9	<ul style="list-style-type: none"> <li>Covers resource and capital requirements of Marine Scotland.</li> <li>The increased budget will enable delivery of key policy priorities to protect and enhance our marine environment and increase offshore renewable energy generation.</li> <li>Increased allocation also shown for corporate running costs</li> </ul>

## Summary of Budget Movements

	21-22 £'m	22-23 £'m	Change %	What it buys	Explanation
Marine Scotland	86.143	95.940	+11.4	<p>This budget covers the net resource and capital requirements of Marine Scotland.</p> <p>Marine Scotland is the primary body responsible for the integrated management of Scotland's seas, with a responsibility for marine planning and the licensing of activities in the marine environment - crucially marine renewables, sea fisheries, aquaculture, wild freshwater fisheries and the scientific evidence base and compliance and enforcement capability required to support these sectors.</p>	<p>The increased budget relates to additional staffing and research capability required to deliver a successful planning and consenting regime for offshore renewables and an increased focus on marine conservation activity.</p> <p>An increase is also included for the central Corporate Running Cost allocation.</p>

### 1. EU Replacement Funding Shortfall

#### Marine Funding

**Issue:** Replacement of European Maritime and Fisheries Fund (EMFF) after the UK left the EU

#### Background

The UKG committed to replacing the EMFF after the UK left the EU and we, along with the other devolved administrations, worked with Defra on a business case to HMT to set out the case for funding.

The Scottish case was based on the fact that Scotland generates 14% of EU aquaculture production, 9% of EU sea fisheries landings and is responsible for 10.92% of European sea area to manage. Based on the % sea area Scotland manages, 10.92% of the new EMFF programme (2021-27) is worth 481.7 million euros which equates to an annual figure of £62m.

The UKG awarded £14m as a one year settlement in 2021-22 and this formed the budget for Marine Fund Scotland. At this October's Spending Review a further £14.1m was awarded for the next three years. This is significantly lower than the £62m per year EMFF comparative.

The UKG has also announced that a further £100m will be made available to support the "fisheries" sector to be delivered on a UK basis. To date the first of the three "pillars", Science and Innovation, has been launched. The further two pillars, Infrastructure (pillar 2) and Skills & Training (pillar 3) were both due to be launched on 10 December, however this was cancelled at the last minute and at present we have no further details. Officials are engaging with Defra on the planning, in an attempt to ensure that Scottish priorities are adequately represented.

This funding is clearly for devolved powers and it should be for Scottish Ministers to make the appropriate spending decisions. We are clearly best placed to provide the necessary governance and deliver meaningful benefits for any additional marine and fisheries funding. Given the agreement on the size of Scotland's share of funding under the EMFF, and the size of the UK waters in Scotland, we would seek the appropriate share of this new funding.

UKG deciding public investment in devolved policy areas risks policy incoherence, spending inefficiency and stakeholder confusion. There is also a risk that this will have an impact on Scotland's overall budget, as it is not being done via consequential funding as should be the case in public spend. This is not an isolated occurrence – it is part of a number of examples of UKG spending in devolved policy areas.

## **Q&A**

### **Q. Why does Scotland deserve £62 million per year to replace EU (EMFF) funding?**

**A.** The basis for our calculations is that Scotland generates 14% of EU aquaculture production, 9% of EU sea fisheries landings and is responsible for 10.92% of European sea area to manage. Based on the % sea area Scotland manages, 10.92% of the new EMFF programme (2021-27) is worth 481.7 million euros. That would equate to some £62m a year in a normal 7 year EU programming period.

### **Q. What would be the benefits of the extra funding?**

**A.** A reduced pot will reduce the realisation of benefits for coastal communities, marine businesses and the marine environment in Scotland. Greater funding would mean we would be able to support more projects of varying scales, including multi-year projects. This funding is key to supporting development of a sustainable Blue Economy in Scotland, and the future of our coastal communities and a just transition to green jobs of the future where that is needed. Internal analysis (unpublished) suggests that a fund of £14 million compared to £62 million **could miss out on over £160 million of additional benefits.**

### **Q. What are the plans for the £14m funding?**

**A.** Plans are underway to develop a future marine funding and investment strategy for Scotland within the new context of EU Exit to help maximise the opportunities and address the challenges for the marine sectors and marine environment now and in the coming years. The £14m funding will form the basis for a further year of Marine Fund Scotland, albeit the fund will have refreshed outcomes and criteria to reflect the funding strategy, which will be focused around supporting the development of a sustainable Blue Economy.

### **Q. How much money did Scotland get for the EMFF programme?**

**A.** Roughly £98m over the 7 year programme, depending on exchange rates.

### **Q. What have we/you spent it on?**

**A.** Support for sea fisheries aquaculture and coastal community projects. Also projects which protected and enhanced the marine environment and investment in the seafood processing sectors, as well as promotion of Scottish seafood.

**Q. Scotland received £14m 2022-2025, which is in line with the EMFF yearly allocation, so what's the problem?**

**A.** We've always identified that the EMFF allocation in 2014, given the size of our marine economy and environment was insufficient and we have set out a clear basis of why the funding should have been increased.

Additionally if we were still in the EU we would have the certainty and flexibility of a funding programme covering several years, allowing for long-term planning and investment – rather than the 3 years of the UK Spending Review.

**Q. Why don't you welcome the UKG plans to provide a further £100m to the fisheries sector?**

**A.** Additional spending for businesses and initiatives in Scotland is always welcomed. However, this isn't simply additional funding. First and foremost this is UKG spending in an area devolved to the Scottish Government. This is UKG taking power away from the Scottish Parliament and Government to decide how money is spent in this devolved area of crucial importance for Scotland. It is for Scottish Ministers, accountable to Scottish Parliament, to make decisions about how marine and fisheries funding is spent in line with our priorities.

Democratically elected representatives and government in Scotland, in collaboration with our stakeholders, are best placed to scrutinise bids and select those projects which will deliver the greatest benefit to Scotland. Critically, we are also already providing funding in the same areas as the UK Seafood Fund, through the Marine Fund Scotland (as are Wales and Northern Ireland through their equivalent domestic funding schemes). This new funding will therefore simply cause duplication and confusion for the sector, and ineffective use of public money.

UKG deciding public investment in devolved policy areas risks policy incoherence, spending inefficiency and stakeholder confusion. There is also a risk that this will have an impact on Scotland's overall budget, as it is not being done via consequential funding as should be the case in public spend.

## Annex AA: Marine

### Top Lines:

- The budget provides additional funding to the planning and consenting of Offshore Renewable Energy in support of the ScotWind leasing round.
- The increased budget will support the delivery of fisheries management measures for the existing Marine Protected Areas network and work towards meeting our ground breaking commitments on Highly Protected Marine Areas.
- We will develop an SG led vision and strategy for aquaculture that places an enhanced emphasis on environmental protection and community benefits alongside sustainable growth.
- The £14.5 million Marine Fund Scotland will support Marine Scotland to deliver our net zero, marine biodiversity and blue economy objectives.

- We continue to develop our staffing requirement in response to the new 86 powers in relation to marine policy, and around 499 obligations that were previously undertaken by the European Commission or Member States which have now been transferred to Scottish Ministers whilst managing the seafood supply chain issues arising from EU exit.
- The Marine Scotland capital budget has increased by a further £1.4 million, recognising the increased importance being given to climate related research activities, the maintenance of capital infrastructure and environmental protection.

Level 3	2020-21	2021-22	2022-23	Change
	Budget	Budget	Budget	
	£m	£m	£m	
Marine Scotland-	65.5	86.1	95.9	9.8
<b>Total Marine</b>	<b>65.5</b>	<b>86.1</b>	<b>95.9</b>	<b>9.8</b>
<i>of which</i> Fiscal Resource	57.3	72.9	81.7	8.8
Non cash	5.2	5.5	5.1	(0.4)
Capital	3.0	7.7	9.1	1.4

Key Marine Scotland delivery includes:

- Action to safeguard our marine biodiversity, species and habitats, including the development of management measures necessary for the Marine Protected Areas network.
- Support efforts to reduce, reuse and recycle waste to minimise its impact on the marine environment, including working with the fishing sector and coastal communities on the issue of fishing litter and lost gear.
- Monitoring the status of the marine environment to inform future management and aid sustainable development and use, building on the findings of Scotland's Marine Assessment 2020.
- Understanding of Scottish marine ecosystems, species and habitats in order to underpin marine management that avoids environmental degradation and which promotes protection and improvement both now and in a future of climate change.
- Representing Scottish interests in relation to the international fisheries negotiations.
- Administering all marine consents required for a variety of activities including depositing substances at sea, coast protection and offshore renewables.
- Supporting the development of large-scale offshore wind developments flowing from the Sectoral Marine Plan for Offshore Wind and the ScotWind leasing round, taking due account of impact on the environment and other users and continue to facilitate research that will help address challenges with the sustainability of offshore renewables in line with the National Marine Plan's commitments.
- Developing a Blue Economy Vision and Action Plan. The Blue Economy action plan will deliver economic, social and environmental benefits by making the connections across

marine sectors and identifying opportunities in areas such as skills, science, innovation, infrastructure and regulation.

## Q&A

**Q. Why has the Marine Scotland budget grown so significantly since 2020- 21?**

**A.** The growth in the Marine Scotland budget has been in part due to EU exit and the increased staffing required to meet the 86 new powers and 499 new obligations as well as providing budget cover to core areas which previously benefited from EU funding. It is also representative of the Scottish Government's commitment towards net zero and biodiversity through the expansion of offshore renewables, climate-related research and environmental protection.

**Q. The Marine Scotland budget has increased by almost £10 million since 2021-22, grateful if you could provide the reasons for this increase?**

**A.** The increase in Marine Scotland's budget is representative of the Scottish Government's commitment towards net zero and biodiversity through the expansion of offshore renewables, climate-related research and environmental protection.

## Annex AB: ScotWind

### Top Lines

- We will ensure that revenues from ScotWind, due to be confirmed early in 2022, are used to support Scotland's transition to Net Zero and create a legacy for the future.
- We are providing additional resources to the planning and consenting of offshore renewable energy in support of the ScotWind leasing round.

### Further information

Programme for Government 2021/22 states: 'We will...invest some of the [ScotWind] lease income in actions which tackle the twin crises of biodiversity and climate change, creating a legacy for the future.'

We are expecting Crown Estate Scotland to announce ScotWind lease options early next year and once we have clarity on the level of revenues we will examine options for their investment. PfG has already made clear that one priority for these revenues will be actions to tackle the biodiversity and climate crises.

We have provided £6.7m of additional resource within Government and associated bodies such as NatureScot to ensure that our planning, consenting and statutory consultee functions are fit for purpose for delivering on the major developments which we expect to arise from ScotWind.

These monies will enable us to expand our teams in these areas while also providing much-needed core funding for research required to develop the evidence base, allowing us to take well-grounded regulatory decisions on future offshore wind developments.

### Background/context

- Officials are currently developing a Cabinet Paper looking at options for investing ScotWind monies. This is expected to come to Cabinet next spring, following the announcement of ScotWind lease options, which is expected to be made mid-January 2022.
- We understand FM has been considering the assignment of the revenues to climate-related projects.

With regard to the £6.7m additional resource for ScotWind delivery, this is split between the planning and consenting functions in Marine Scotland, marine colleagues in NatureScot, who provide a statutory consultee role in relation to offshore wind developments, and legal and terrestrial planning teams in SG, which will require to expand to provide the necessary support in the wake of ScotWind.

## EU Alignment and Marine

### **The Scottish Government's policy is for Scotland to re-join the European Union at the earliest opportunity; in line with the clear preferences of people in Scotland.**

- Until we re-join the EU, however, Scotland will remain firmly committed to respecting and promoting EU values and the principles of the *acquis*, including those of the Common Fisheries Policy.
- We will also continue to meet - and where possible, exceed - our international obligations relating to the marine environment and climate change, a great many of which are shared with the EU.
- In stark contrast, the UK Government have delivered the worst of all worlds – losing any ability to influence the future shape and development of the CFP, agreeing to costly trade barriers to our seafood exports, whilst also breaking clear promises made to the Scottish fishing industry.
- As the Scottish Fisherman's Federation wrote to the Prime Minister:
- *"You and your government have spun a line about a 25% uplift in quota for the UK, but you know this is not true and your deal does not deliver that"* - (Elspeth Macdonald, Scottish Fishermen's Federation, Letter to PM, 15 Jan 2021)

### **Our approach to alignment must take account of technical adjustments to reflect our third country status, the limitations of current constitutional arrangements, and the appropriateness of EU measures to Scottish circumstances.**

- An example could be the multiannual plans (MAP) that the EU establishes to provide tailored management and stock conservation measures for specific fisheries or marine areas – such as the MAP for demersal stocks in the Western Mediterranean.
- Clearly we would not wish to take a "one-size fits all" approach and automatically apply measures tailored to a very specific set of EU waters if they are not appropriate for - or may even cause harm to - significantly different Scottish waters.
- We would, however, seek to align to the same overarching outcomes of the Common Fisheries Policy that the MAP sought to deliver
- That includes, for example, ensuring that fishing and aquaculture activities are environmentally, socially and economically sustainable in the long term and applying the precautionary approach.

### **We share the EU's goal of ensuring the long-term conservation and sustainable exploitation of marine biological resources.**

- To deliver that, Scotland will continue to champion science-based approaches that:
  - take account of the shared challenges we face, such as climate change;
  - are tailored to the needs of specific regions and ecosystems; and
  - are supported by robust yet proportionate management measures.

- It is a matter of regret that Scotland will not be able to contribute our expertise to delivery of the EU's goals directly, although we remain committed to working in partnership with the EU, wherever possible.
- And wherever possible, we will not simply match EU standards, but will seek to exceed them; showing our leadership and ambition.
- Marine policy is, by its nature, a heavily regulated and complex legislative area. Where we can simplify and streamline measures without impacting on outcomes, we will do so.