

Cabinet Secretary TNZJT - Appearance at NZET Committee 27th June – Further Information

Funding for flooding

- In 2016 agreement was reached between Scottish Ministers and COSLA on a new strategic funding plan for flood protection schemes. This guaranteed that, until 2026, the level of flooding capital grant within the local government settlement would be set at a minimum of £42m per annum.
- 80% of the grant is allocated to large scale projects and distributed according to the prioritisation of flooding schemes in the 14 Flood Risk Management Strategies published in December 2015. 20% is allocated to all 32 councils to contribute to the other elements contained in the Strategies.
- The 2020 PfG committed an additional £150 million for flood risk management and this was allocated in the capital spending review (CSR) from 2021-22 until the end of the CSR period (2025-26).
- The rising cost of the committed flood protections schemes has meant demand for funding is outstripping available funding.
- Proposals for the Grangemouth Flood Protection scheme (GFPS) have been flagged as a significant pressure going forward. Latest cost projections are in the region of £600m over 10 years. This scheme is currently outside the pipeline of flood protection projects.
- The Economy and Fair Work Committee has taken an interest in funding for GFPS following its inquiry into a Just Transition to net zero for the Grangemouth area, report published 21 Jun. 23.
- A **Flood Risk Management Working Group** has been set up with COSLA and LAs to discuss funding arrangements for flood risk management actions going forward.

Funding on water scarcity

- We have allocated £20 million in grant funding to enable extensions to the public water mains to enable properties dependent on Private Water Supplies which are drying up to connect.
- We have invested in resilience measures – for example in the £100m Ayrshire resilience scheme.
- Scottish Water is investing up to £4.5bn during the 2021-27 period to ensure that our water and sewerage services are maintained.
- We are supporting the investment programme with up to £1.03bn of lending across the period.

Environment strategy

- We are progressing work on the Environment Strategy, developing pathways for the outcomes of the strategy presented with the Vision when the Vision was published.
- We are focusing work on the economy, global footprint and society outcomes, where there is the greatest potential for new policy thinking.
- We have commissioned research on the economy and global footprint outcomes and have worked with experts and academics in managing the

research. We are seeking to commission further research into the society outcome.

- We will work with a wider range of stakeholders as we develop the strategy, leading up to a full public consultation on the strategy and Strategic Environmental Assessment.

Natural Environment Bill

- The Scottish Government is committed to introducing a Natural Environment Bill this parliamentary session.
- A public consultation is planned this summer on the final draft of Scottish Biodiversity Strategy, the Strategy's first five-year Delivery Plan, and elements of the Natural Environment Bill, including statutory targets for nature restoration and proposed changes to National Parks legislation.
- The summer consultation is being set out in two parts, Part A on the Strategy and Delivery Plan, and Part B on elements of the Natural Environment Bill, in order to streamline the asks of stakeholders and make it easier for delivery partners, stakeholders and the public. This will also provide a clear line of sight between the Strategy, Delivery plan and statutory targets that are part of the proposed Natural Environment Bill.
- The Bute House Agreement and 2021-22 Programme for Government include commitments to introduce a Natural Environment Bill that includes provisions to put in place statutory targets for nature restoration.
- Nature restoration targets will form part of a new accountability framework that will drive action across Government.
- Targets will be based on the overarching goal of the new Scottish Biodiversity Strategy of halting biodiversity loss by 2030, and restoring Scotland's natural environment by 2045.
- The targets will be achievable and challenging, developed in consideration of available evidence and through consultation.

Biodiversity

- This government has overseen a substantial increase in the amount of funding available for nature restoration and regeneration, alongside nature-based funding to support climate adaptation.
- The Scottish Government is committed to investing an additional £500 million in our natural economy over the course of this parliament.
- Our new Nature Restoration Fund provides £65 million for the sort of large-scale multi-year projects which will help make a difference for nature.
- Our commitment to delivering for the environment is demonstrated by our additional funding package of £2.9 million for biodiversity projects last year.
- In the new Scottish Biodiversity Strategy we are committed to developing a Biodiversity Investment Plan, to mobilise public, private and philanthropic finance.
- Responsible private investment in Scotland's natural capital will be essential to tackle the twin biodiversity and climate crises.
- The Green Finance Institute estimates that the finance gap for restoring Biodiversity in Scotland is £8 billion over the next decade

- That is why we have committed to produce a Biodiversity Investment Plan which will set out our assessment of the investment required for a nature-positive future, and actions needed to mobilise public, private and philanthropic finance.
- Our Interim Principles for Responsible Investment in Natural Capital set out our ambitions for developing markets that also deliver benefits for local communities and wider society, in line with Scotland's Just Transition principles and land reform objectives.
- We will consult on the final Biodiversity Strategy and Delivery Plan in late summer 2023, with consultation on the Biodiversity Investment Plan to follow shortly thereafter.

Environmental governance

- The report into the governance arrangements introduced by the Continuity Act and related issues in access to justice on environmental matters was laid on June 1, and a consultation on the report will run until the end of September.
- Following the end of the consultation on the report on governance arrangements, we shall present a further report to Parliament on the results of the consultation exercise and our conclusions. This can be expected in early 2024.
- Separately, we shall shortly bring forward the final steps to bring the duties on the guiding principles on the environment contained in the Continuity Act into force. We expect to be able to publish the statutory guidance during summer recess, with the 40 sitting days for Parliament to consider the guidance taking place after recess. If Parliament is content, we would expect to be able to bring the duty into force before the end of this year.
- There have been some delays in bringing the principles duties into force, although we will end up with a similar timescale for the statutory duties as the equivalent UK duty. We have been able to use the time to prepare internal guidance, training and systems to ensure an effective implementation of the duties.

Deposit return/IMA

- The problem at the heart of this issue is the UK Government's hugely damaging Internal Market Act.
- The Internal Market Act radically undermines the powers of the Scottish Parliament, which is why this Parliament voted to withhold consent in 2020.
- Scottish Government is engaging with UK Government and the other devolved governments on how to ensure that the Common Frameworks process, including the IMA exclusion process operates as agreed and is represented accurately. This is essential to ensure proper transparency, functioning of Common Frameworks and respect for devolution.
- Scottish Government is also in discussion with the Parliament to consider how best to operate in the new scrutiny landscape following developments since the Brexit referendum, including timely and accurate updates on the operation of Common Frameworks and related exclusions processes, and the impact of the IMA at the both the Scottish Parliament and Westminster.

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- Air quality is included in schedule 1 [Redacted]

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- The main issue for transport is the need to consider the vast swathes of transport legislation which is within the reserved space and consider if and how this will impact on both devolved competency and on transport operational matters. SG officials are engaging with UKG officials on this but it is taking up a considerable amount of time and resources.

Air Quality - What will be the impact of revocation of these regulations?

The UK Government is proposing to revoke these crucial provisions without a plan in place to replace them. This is likely to mean a significant gap until an alternative approach to reporting has been implemented, leading to a lack of transparency and accountability around the UK's emission reduction pathway for several important air pollutants. This approach is being taken despite clear opposition from the Scottish Government and other Devolved Administrations in policy discussions on this issue.

[Redacted]

My officials are also following up with Defra to seek more detail on its proposals for alternative reporting arrangements as a matter of urgency.

Given UK Labour's commitment to public energy agency last week, lines on progress on heat and energy efficiency agency

- Heat & Energy Efficiency Scotland will have a key role in co-ordinating and leading delivery of heat & energy efficiency measures across Scotland, working with partners including local government. It will have a for role in raising public awareness.
- Heat & Energy Efficiency Scotland was established in virtual form in October 2022 with a commitment to establish a permanent body by September 2025. In virtual form it is being operated in-house within the Scottish Government's Directorate for Energy & Climate Change.

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- To help support the development of the Agency, we have established an independent Strategic Board, chaired by Professor Lorne Crerar. The Board's remit is to offer advice, scrutiny, and constructive challenge.

Alignment of Just transition plans and CCP

Background

At his last committee appearance, the then Minister for Just Transition noted the need for alignment between the documents but did not explicitly say they would be published before the CCP.

The Minister also noted that outlines for the Plans would be published in Spring '23 and the discussion papers published last week meet that commitment.

We are developing Just Transition Plans for Agriculture and Land Use, Built Environment and Construction, and Transport alongside our next Climate Change Plan.

As set out in the National Just Transition Planning Framework published in 2021, our Just Transition Plans will be reviewed alongside each Climate Change Plan (every five years), to enable those delivering Plans to respond to changes in technology, costs, global markets, and policy, and to account for the latest available evidence on the distribution of costs and benefits of the transition.

[For Info]

The **National Strategy for Economic Transformation** stated that our regional Just Transition plans are already underway, and will identify green industrial opportunities and set priorities, whilst also making a meaningful contribution to tackling child poverty. It also stated that Fair Work principles and conditionality will form the foundation of our approach to just transition planning.

The 2021-2022 Programme for Government stated that we would consult with the Fair Work Convention regarding development of a monitoring framework for just transition ahead of the next Climate Change Plan.

• **Just Transition Fund**

We have stated in the Child Poverty Delivery Action Plan that a just transition to net zero must create new opportunities for low income families. As part of our £500 million investment in the North East and Moray through the Just Transition Fund, we are supporting a variety of projects to enhance the social and economic outcomes of the region. For instance, HydroGlen, which aims to address long standing issues of rural and remote rural fuel poverty, dependence on increasingly costly fossil fuels and on functioning electricity grid connections.

• **Budget section - budget summary and path to balance**

Summary budget 2023-24

TNZJT	2022-23 allocation	2023-24 allocation	Difference
	£m	£m	£m

Resource	1,551.6	1,649.2	97.6
Capital	2,286.3	2,383.2	96.9
FTs	59.3	61.0	1.7
Total	3,897.2	4,093.4	196.2
Non-cash	191.6	192.3	0.7
Grand total	4,088.8	4,285.7	196.9

TNZJT Portfolio	Resource	Non-cash	Capital	FTs	Total
Budget by Directorate	£m	£m	£m	£m	£m
Directorate of Energy and Climate Change (DECC) (Net of Scottish Water Income)	94.6	0.0	309.4	61.0	465.0
Scottish Water	(99.1)	0.0	175.0	0.0	75.9
Environment & Forestry (ENFOR)	145.2	7.0	64.4	0.0	216.6
Environmental Standards Scotland (ESS)	2.9	0.0	0.0	0.0	2.9
Transport Scotland (TS)	1,505.6	185.3	1,829.3	0.0	3,520.2
Economic Development	0.0	0.0	5.1	0.0	5.1
Total budget	1,649.2	192.3	2,383.2	61.0	4,285.7

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