

This document summarises principal lines within the Scottish Government's draft budget and spending plans that support the delivery of measures to reduce greenhouse gas emissions. It is not part of the formal draft budget documentation, and is produced separately to inform how budget allocations support greenhouse gas emissions reductions.

The lines within this document have been identified as having a principal role in supporting the delivery of measures to reduce greenhouse gas emissions. However, most spending decisions will influence a whole range of outcomes and it is neither practical nor feasible to attribute each pound spent to a single outcome. For this reason, the spend identified within the document should be considered an indication of how budget allocations support emissions reductions, rather than representing the entirety of the Scottish Government's spend on climate change mitigation.

The figures in this document include both capital and revenue funding. Capital funding is the most common method of financing public sector infrastructure projects, while many interventions, such as behaviour change, require revenue funding. In many cases, particularly long term infrastructure projects, funding will stretch over a period beyond a single budget or spending review period and the figures within this document will represent only an element of the total expenditure.

Most figures are presented at "level 3", and at "level 4" which provides a more detailed breakdown than the "level 3" figures presented in the draft budget. There is no single definition of level 4, and indeed there is wide variation in the level 4 figures provided. However, as a general rule, level 4 figures show the principal budget lines allocated to individual Directorates within the Scottish Government. Where it is possible to do so, a further level of disaggregation has been applied (identified with an asterix).

Even at this level of disaggregation, it is not possible to make direct comparisons with the Scottish Government's policies and proposals for meeting emissions reduction targets as funding for specific policies and proposals requires a level of disaggregation that is not available through the budget process. However, for consistency, the information has been organised in line with the emissions sectors identified in *Low Carbon Scotland - Meeting the Emissions Reduction Targets 2013-2027*. Indications are provided where elements of Ministerial portfolio budgets are allocated across separate sectors.

At this level of disaggregation the information is subject to change without notice during the year, and outturn spending at this operational level may not necessarily reflect the disaggregation as recorded in budgets.

SUMMARY OF SECTORAL TOTALS

	2016-17 Draft Budget £m	2017-18 Draft Budget £m	Total
Energy	67.9	72.5	140.4
Homes and Communities	126.3	150.1	276.4
Transport	179.8	153.3	333.1
Business and the Public Sector	6.4	2.5	8.9
Rural Land Use	54.2	63.6	117.8
Zero Waste	20.5	20.5	41.0
Other	1.1	1.1	2.2
TOTAL	456.2	463.6	919.8

Draft Budget 2017-18

Detail of funding for climate change mitigation measures

Energy

(Unless stated otherwise, these budgets are held within the Economy, Jobs & Fair Work Portfolio)

Energy

	2016-17 Draft Budget £m	2017-18 Draft Budget £m	Commentary
Renewable and Community Energy (Level 4)	12.4	9.2	<p>In recognition of the potential of wind, hydro, wave and tidal energy to curb global emissions, this budget supports renewable energy and renewable heat projects, including support for the Scottish Government's Community and Renewable Energy Scheme (CARES) and the costs associated with the delivery of Wave Energy Scotland's (WES) activity. It also helps increase community ownership of renewable energy developments and supports renewables workforce development.</p> <p>Reduction is largely a reflection of the reclassification of some of WES costs being reclassified as capital as per the UK Government Consolidated Budgeting Guidance's new treatment of R & D related expenditure.</p>
Grid Enhancement (Level 4)	0.3	0.0	<p>Funds necessary for technical advice on regulatory, market design and system operability issues will now be considered on a needs basis and drawn from renewable energy budgets if required.</p>

Energy (Capital) (Level 4)	23.1	30.0	<p>The Scottish Government has an ambitious plan for the transition of the Scottish energy system to a lower carbon basis. The energy capital budget supports investment in that transition. Funds will be deployed to support our capital support for community energy projects, through the 'CARES' service; the Local Energy Challenge Fund, driving innovation in local energy projects, where there is community interest; continued innovation in offshore wind technology; capital support for projects supported under district heating loans fund; and funding for the Low Carbon Infrastructure Transition Programme.</p> <p>Reclassification of existing and planned R & D activity from RDEL to CDEL as per HMT requirements and UK consolidated budgeting guidance. Increase in funding to Local Energy Challenge Fund.</p>
Financial Transactions (Level 4)	14.0	14.0	<p>We will look to maximise the opportunity for Financial Transactions resourcing for key energy Loan and equity schemes including the District Heating Loan Scheme, The Resource Efficient Scotland SME Loans scheme, the Renewable Energy Investment Fund and also the Capital aspects of the community renewables support scheme (CARES).</p> <p>£6.5 million to be directed to Scotland's Energy Efficiency Programme (SEEP) to support energy efficiency in business, district heating and low carbon technologies for consumers.</p>
Fossil Fuel Levy – Renewable Projects (capital) (Level 4)	2.5	2.5	<p>Loan or equity support for Renewable projects including wave/tidal, district heat and community projects.</p>
Total	52.3	55.7	

Enterprise Agencies investment in renewables

Scottish Enterprise investment in renewables*	6.1	6.3	This budget is for a range of projects and programmes that will ultimately help us to improve our emissions performance, such as the WATERS fund (for Wave and Tidal Energy Technology Development), Infrastructure to support offshore renewables, Investment at Scotland's International Technology and Renewable Energy Zone (ITREZ), International support and other smaller renewable projects. Indicative budget subject to change according to how projects progress throughout the year.
Highlands and Islands Enterprise investment in renewables*	9.5	10.5	This budget will fund a whole range of infrastructure developments that will support the transition to a low carbon economy, including: Test & Demonstration in Marine, Offshore Wind and Energy Systems, Water & waste water Innovation, Infrastructure and supply chain development for Offshore Renewables. Indicative budget subject to change according to how projects progress throughout the year.
Total	15.6	16.8	

	2016-17 Draft Budget £m	2017-18 Draft Budget £m
TOTAL ENERGY	67.9	72.5

Draft Budget 2017-18

Detail of funding for climate change mitigation measures

Homes and Communities

(Unless stated otherwise, these budgets are held within the Communities, Social Security & Equalities portfolio)

Fuel Poverty/Energy Efficiency

	2016-17 Draft Budget £m	2017-18 Draft Budget £m	Commentary
Fuel Poverty/Energy Efficiency (Level 4)	79.3	84.1	<p>To tackle fuel poverty and improve energy efficiency, and support our targets on climate change, in particular, funding for Home Energy Efficiency Programme Scotland (HEEPS).</p> <p>Increased to enable greater activity in tackling fuel poverty in light of sustained calls from stakeholders and to enable further roll-out of pilot activity to develop Scotland's Energy Efficiency Programme.</p>
Fuel Poverty/Energy Efficiency Financial Transactions (Level 4)	24.0	30.0	<p>To tackle fuel poverty and improve energy efficiency, and support our targets on climate change, specifically funding for Home Energy Efficiency Programmes for Scotland (HEEPS): Loans and Help for Homes scheme.</p> <p>Increased to help tackle fuel poverty, provide loan offering to able-to-pay households and meet the Energy Efficiency Standard for Social Housing by offering expanded loan programme to registered social landlords.</p>
Total Level 3	103.3	114.1	

Energy Efficiency Promotion & Policy Implementation (Budget held within Economy, Jobs & Fair Work Portfolio)

	2016-17 Draft Budget £m	2017-18 Draft Budget £m	Commentary
Energy Efficiency & Policy Implementation (Level 4)	9.3	21.3	<p>This budget supports the promotion of energy efficiency and the development of Scotland's Energy Efficiency Programme (SEEP). Including support to encourage the use of low carbon and renewable heat sector; provision of programmes of advice and support to encourage Industrial competitiveness through increased resource efficiency and support to encourage the continued uptake of home renewables.</p> <p>Increase is due to re-organisation of existing programmes to support co-ordinated SEEP programme including capital funding of district heating and non-domestic energy efficiency measures.</p>

Sustainable Action Fund (Budget held within Environment, Climate Change & Land Reform portfolio)

	2016-17 Draft Budget £m	2017-18 Draft Budget £m	Commentary
Sustainable Action Fund*	13.7	14.7	<p>The Sustainable Action Fund (SAF) funds a wide range of activities to support the Scottish Government's Greener Scotland strategic objective and deliver essential progress towards sustainability and climate change outcomes. This includes: empowering local communities to lead action on climate change; supporting wider engagement across Scotland on climate change and the actions people can take; and supporting the public sector with the implementation of the Public Bodies Duties provisions of the Climate Change Act.</p> <p>Budget has increased to reflect commitment to deliver on climate change with this budget line playing an important role in supporting climate change action.</p> <p>Figures shown do not include funding for the Climate Justice Fund which is also supported from this budget.</p>

	2016-17 Draft Budget £m	2017-18 Draft Budget £m
TOTAL HOMES & COMMUNITIES	126.3	150.1

Note: The Energy Efficiency Promotion & Policy Implementation and Sustainable Action Fund budgets also help to deliver measures that will support emissions reduction in businesses and the public sector.

Draft Budget 2017-18

Detail of funding for climate change mitigation measures

Transport

(Unless stated otherwise, these budgets are held within the Rural Economy & Connectivity portfolio)

Support for Sustainable & Active Travel (SSAT)

	2016-17 Draft Budget £m	2017-18 Draft Budget £m	Commentary
Total SSAT budget line (Level 3)	35.9	33.9	The Support for Sustainable and Active Travel budget contributes, together with budgets within the Future Transport Fund and Cycling, Walking and Safer Routes to the funding allocated to active travel. In line with our Programme for Government commitment we will maintain our record level of investment in active travel of £39.2 million across these three budget headings.
Support for Sustainable and Active Travel - capital (Level 4)	20.9	20.4	Investment in the infrastructure which will allow the use of electric and low carbon vehicles across Scotland; delivers the actions in the Cycling Action Plan for Scotland and facilitates active travel choices; includes funding for next phase of the Low Carbon Vehicle Procurement Scheme. The net movement reflects additional support in the form of capital for Sustainable and Active Travel together with a decrease in Financial Transaction loan support.
Support for Sustainable and Active Travel – current grant (Level 4)	15.0	13.5	Support for promotion of active travel and smarter measures, including travel-planning, fuel-efficient driving and car clubs, and supporting actions contained in the Cycling Action Plan. Movement reflects the addition of capital support to the Sustainable and Active Travel Capital budget.

Local Authority grants for Active Travel (Cycling, Walking and Safer Streets)

	2016-17 Draft Budget £m	2017-18 Draft Budget £m	Commentary
Cycling, Walking & Safer Streets (Level 3)	5.9	7.4	Local Government capital grant to support sustainable and active travel. The capital grant has now been reinstated.

Scottish Futures Fund - Future Transport Fund

	2016-17 Draft Budget £m	2017-18 Draft Budget £m	Commentary
Future Transport Fund (Level 3)	20.3	25.3	Supports projects to enable us to reduce the impact of transport on our environment. Additional budget to support investment in a range of initiatives.

Support for Freight Industry

	2016-17 Draft Budget £m	2017-18 Draft Budget £m	Commentary
Support for freight Industry (Level 3)	0.8	1.3	Supports measures which encourage the freight industry to reduce emissions by improving the efficiency of its operations and by transferring freight from road to rail and water. Additional budget to support measures to transfer freight from road.

Vessels and Piers - Alternative Fuel Ferries

	2016-17 Draft Budget £m	2017-18 Draft Budget £m	Commentary
New Ferries*	36.0	11.5	Emission savings from ferry services to be achieved through investment in modern, fuel-efficient vessels, including two new ferries that will be 'dual-fuel' vessels so they can operate on liquefied natural gas (LNG) and marine diesel. LNG is significantly cleaner, future-proofing them for the advent of tighter regulations around sulphur emissions. From an efficiency and emissions perspective they are designed to operate on either marine diesel or LNG, where benefit will be gained by a marked reduction in CO ₂ and sulphur and nitrous oxides emissions. The movement between 2016-17 and 2017-18 reflects the level of profiled loan investment in two new vessels.

Intelligent Transport Systems (ITS)

	2016-17 Draft Budget £m	2017-18 Draft Budget £m	Commentary
ITS Maintenance*	6.0	6.0	Annual costs of running and operating the Traffic Scotland service and supporting systems, supporting congestion management and efficient network usage, in particular in respect of the maintenance, renewal and replacement of existing infrastructure.
ITS New Works*	3.9	3.9	Improving Traffic Scotland roadside infrastructure and Traffic Scotland control systems and services, supporting congestion management and efficient network usage, with particular focus on providing our customers with accurate and relevant traffic and travel information, incident response and enhanced transport resilience.
Total	9.9	9.9	

Rail projects

	2016-17 Draft Budget £m	2017-18 Draft Budget £m	Commentary
Rail Infrastructure*	71.0	64.0	Core RAB financing costs for Control Period 5 Rail Enhancements programme in Scotland including Edinburgh-Glasgow Improvement Programme, Rolling Programme of Network Electrification, and Aberdeen to Inverness Improvements project. Costs set in accordance with Office of Rail and Road (ORR) Determination for CP5 in October 2013 and capital expenditure assumptions for enhancement projects made at that time. All projects support improvements to the capacity and capability of the rail network to meet growing passenger demand, supporting move from diesel to electric services, supporting modal shift, and reducing the carbon footprint of rail. The reduction in rail infrastructure contributions reflects the original investment profile for the major rail infrastructure enhancements programme in Scotland as set by the Office of Rail and Road (ORR) at the time of their regulatory determination in October 2013. This determination assumed a lower enhancements spend in 2017/18 compared to 2016/17 and funding requirements were set accordingly.

	2016-17 Draft Budget £m	2017-18 Draft Budget £m
Total low-carbon transport spend	179.8	153.3

Draft Budget 2017-18

Detail of funding for climate change mitigation measures

Business and the Public Sector

(Unless stated otherwise, these budgets are held within the Economy, Jobs & Fair Work Portfolio)

Low Carbon Economy

	2016-17 Draft Budget £m	2017-18 Draft Budget £m	Commentary
Low Carbon Economy (Level 4)	6.4	2.5	<p>This budget is aimed at supporting the development of low carbon infrastructure projects including non-domestic energy efficiency and district heating. The development of innovative financial mechanisms to encourage investment into the low carbon infrastructure. This budget also continues to support the delivery of the Low Carbon Infrastructure Transition Programme with the collaborative project development unit actively engaged in collaboration on project development supported from the European Operational programme from 2014-2020.</p> <p>Funding for advice and support programmes to encourage non-domestic energy efficiency has been reassigned to the energy efficiency budgets as part of the integrated approach to the development of the Scottish Energy Efficiency Programme.</p>

	2016-17 Draft Budget £m	2017-18 Draft Budget £m
TOTAL BUSINESS AND THE PUBLIC SECTOR	6.4	2.5

Draft Budget 2017-18

Detail of funding for climate change mitigation measures

Rural Land Use

(Unless stated otherwise, these budgets are held within the Rural Economy & Connectivity portfolio)

Agriculture

	2016-17 Draft Budget £m	2017-18 Draft Budget £m	Commentary
Farming for a Better Climate*	0.4	0.4	<p>Farming for a Better Climate is a targeted communication strategy delivered by the Scotland's Rural College encouraging farmers to adopt efficiency measures that reduce emissions while having a positive impact on business performance. It promotes action that can be taken in five key areas that are flexible to individual farm businesses:</p> <ul style="list-style-type: none">- improving efficiency in the use of energy and fuels;- developing renewable energy;- locking carbon into the soil and vegetation;- optimising fertiliser and manure application; and- optimising livestock management and storage of waste. <p>The funding also supports eight Climate Change Focus Farms to demonstrate the practical application of emission reduction measures.</p>

Future Proofing Scotland's Farming and Scottish Farming Innovation Network*	0.1	0.0	<p>Soil Association Scotland - Future Proofing Scotland's Farming was a three-year project funded through the Scotland Rural Development Programme Skills Development Scheme and Quality Meat Scotland. The aims were to prepare agricultural businesses for the impacts, opportunities and risks that both climate and economic change bring. This programme has reached the end of its life and no future funding is required.</p> <p>Soil Association Scotland - Scottish Farming Innovation Network was a three year project funded through the Scotland Rural Development Programme Skills Development Scheme with additional industry funding. The aims were to encourage farmers to implement low carbon practices. This programme has reached the end of its life and no future funding is required.</p>
Public Good Advice*	0.0	6.5	The budget reflects additional support for Climate Change initiatives to reduce greenhouse gases. The Climate Change Plan will be published in draft in January 2017 providing more details on this.
Farm Woodland Schemes (Level 3)	1.6	1.4	This is a combination of three schemes: the Farm Woodland Scheme which closed to new applicants in 1992; the Farm Woodland Premium Scheme which closed to new applicants in 2002; and the Farmland Premium Scheme which closed to new applicants in 2006. However these three schemes continue to support commitments to over 1000 participants. The purpose of these schemes was to encourage farmers to convert agricultural land to woodlands with annual payments of up to 40 years to compensate for the loss of agricultural income. An annual decrease in funding can be accounted for through support coming to the end of its lifetime.
Total	2.1	8.3	

Land Managers Renewables Fund (Budget held within Environment, Climate Change & Land Reform portfolio)

	2016-17 Draft Budget £m	2017-18 Draft Budget £m	Commentary
Land Managers Renewables Fund (Level 3)	3.0	2.0	<p>CARES (Communities and Renewable Energy Scheme) supports the development of community and locally-owned renewable energy projects which provide wider community benefits. the LMRF is a component of CARES and aims to enable farmers and rural SMES to benefit from the scheme, helping them to contribute to Scottish Government targets for renewable energy and climate change and diversify their business.</p> <p>Reducing capability to reflect the pressures on local and/or community energy projects is reflective of the changes in UK renewables policy. Scotland has retained the capability to support farmers and rural businesses. In addition some loans repayments are estimated to be received during 2017/18 which will help reduce demand on the core budget.</p>

Forestry - Woodland Creation

	2016-17 Draft Budget £m	2017-18 Draft Budget £m	Commentary
Woodland Grants (Level 3)	36.0	40.0	The Budget enables FCS to support the private forestry sector's contribution to the expansion and sustainable management of Scotland's woodlands and is part of the CAP Reform for the Scottish Rural Development Programme. The budget includes additional support for woodland creation Programme for Government commitment.
Forest Enterprise*	3.1	3.3	Forest Enterprise budget for Woodland Creation has increased due to additional area being factored into the programme.
Total	39.1	43.3	

Peatland Restoration

	2016-17 Draft Budget £m	2017-18 Draft Budget £m	Commentary
Peatland Restoration*	10.0	10.0	In 2016/17 peatland restoration was available through the SRDP. As this was a 5 year commitment for individual land managers within the SRDP programme this meant that the spend was profiled on the basis of capitalisation of the £10m DEL contribution within the EU programme. This SRDP support remains available but in 2017/18 additional domestic funding has been identified which will be managed by SNH to continue to deliver the previous Peatland Action support to individual projects. This allocation of domestic funding will significantly enhance the level of restoration that can be undertaken.

	2016-17 Draft Budget £m	2017-18 Draft Budget £m
TOTAL RURAL LAND USE	54.2	63.6

Note: In addition to the agriculture lines above, a range of projects are being funded through the Knowledge Transfer and Innovation Fund (KTIF) of the Scotland Rural Development Programme 2014-2020. These projects include Future Farming Scotland and Farming with Nature run by the Soil Association Scotland, and build on the work done through the previous Future Proofing Scotland's farming and Scottish Farming Innovation Network, as well as supporting a range of other projects that contain elements that can be of benefit to climate change. Funding granted through KTIF is based on applications made during the application windows and £2.2m was granted in 2016/17. An estimate of the level of 2017/18 funding is not currently available.

Draft Budget 2017-18

Detail of funding for climate change mitigation measures

Zero Waste

(Unless stated otherwise, these budgets are held within the Environment, Climate Change and Land Reform portfolio)

Zero Waste

	2016-17 Draft Budget £m	2017-18 Draft Budget £m	Commentary
Zero Waste (Level 3)	20.5	20.5	Action to improve recycling, reduce emissions from waste, tackle litter and deliver our circular economy strategy, including funding for Zero Waste Scotland.

	2016-17 Draft Budget £m	2017-18 Draft Budget £m
TOTAL ZERO WASTE	20.5	20.5

Draft Budget 2017-18

Detail of funding for climate change mitigation measures

Other Environment, Climate Change and Land Reform Portfolio Budgets

Climate Change Policy

	2016-17 Draft Budget £m	2017-18 Draft Budget £m	Commentary
Climate Change Policy (Level 3)	1.1	1.1	Climate Policy line supports both the policy development and implementation work needed to take forward our responsibilities under Scotland's climate change legislation. This budget supports both climate change mitigation and adaptation activity, although it is not possible at this stage to identify the proportional split between these activities.

	2016-17 Draft Budget £m	2017-18 Draft Budget £m
TOTAL CLIMATE CHANGE POLICY	1.1	1.1