

Draft Budget 2018-19

Details of funding for climate change mitigation measures

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 asterisk).

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 sectors in the *Draft Climate Change Plan - the draft Third Report on Policies and Proposals 2017-2032*.

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

	2017-18 draft budget (£m)	2018-19 draft budget (£m)	Total (£m)
Electricity	72.5	70.4	142.9
Residential	114.1	114.3	228.4
Transport	153.3	249.8	403.1
Services	23.8	25.9	49.7
Waste	20.5	20.5	40.9
Land Use (LULUCF)	53.3	56.9	110.2
Agriculture	10.3	5.6	15.9
Other	15.8	14.8	30.7
TOTAL	463.7	558.1	1021.8

Note: figures may not sum due to rounding.

Draft Budget 2018-19

Detail of funding for climate change mitigation measures

Electricity

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

Energy

	2017-18 draft budget	2018-19 draft budget	Commentary
Renewable and Community Energy (Level 4)	9.2	7.1	In recognition of the potential of wind, hydro, wave and tidal energy to curb global emissions, this budget supports renewable energy projects, including support for the Scottish Government's Community and Renewable Energy Scheme (CARES) and delivery of Energy consents. It also helps increase community ownership of renewable energy developments and supports renewables workforce development. Reduction is largely a reflection of the reclassification of some of WES Research and Development costs being reclassified as capital as per the HMT Consolidated Budgeting Guidance's new treatment of R & D related expenditure.
Energy (Capital)*	30.0	23.5	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 driving innovation in local energy projects, where there is community interest; continued innovation in marine sector technology; capital support for projects supported under district heating loans fund; and funding for the Low Carbon Infrastructure Transition Programme. Figures shown do not include funding for decommissioning of North Sea oil and gas infrastructure, which is also supported from this budget in 2018/19.
Financial Transactions (Level 4)	14.0	26.5	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 and also the Energy Investment Fund that will support our ambitions in the forthcoming Energy Strategy. Increase reflects increased funding available for the Energy Investment Fund.
Fossil Fuel Levy – Renewable Projects (capital) (Level 4)	2.5	0.0	Loan or equity support for low carbon energy solutions. Support is now provided through Financial Transactions.
Total	55.7	57.1	

Enterprise Agencies investment in renewables

Scottish Enterprise investment in renewables *	6.3	2.3	This budget is for a range of projects and programmes that will ultimately help to improve emissions performance, such as Infrastructure to support offshore renewables and other smaller renewable projects.
Highlands and Islands Enterprise investment in renewables *	10.5	11.0	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, heat and transport related projects, infrastructure and supply chain development for offshore renewables.
Total	16.8	13.3	

	2017-18 draft budget	2018-19 draft budget
TOTAL ELECTRICITY	72.5	70.4

Draft Budget 2018-19

Detail of funding for climate change mitigation measures

Residential

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

Fuel Poverty/Energy Efficiency

	2017-18 draft budget	2018-19 draft budget	Commentary
Fuel Poverty/Energy Efficiency (Level 4)	84.1	84.3	To tackle fuel poverty and improve energy efficiency of Scotland's housing, which will also support our targets on climate change. Funding primarily directed through Home Energy Efficiency Programmes for Scotland (HEEPS).
Fuel Poverty/Energy Efficiency Financial Transactions (Level 4)	30.0	30.0	To support efforts to tackle fuel poverty and climate change, specifically funding for Home Energy Efficiency Programmes for Scotland (HEEPS): Loans and Help for Homes scheme.
Total Level 3	114.1	114.3	

	2017-18 draft budget	2018-19 draft budget
TOTAL RESIDENTIAL	114.1	114.3

Draft Budget 2018-19

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)

	2017-18 draft budget	2018-19 draft budget	Commentary
Total Support for Sustainable and Active Travel budget line (Level 3)	33.9	79.0	The SSAT budget contributes, together with the budgets within the Future Transport Fund and Cycling, Walking and Safer Streets to the funding allocated to active travel. As announced in the Programme for Government, we will double our active travel budget in 2018-19 from 2017-18 levels. This is a significant increase in our commitment to active travel and will be used to create safer and friendlier spaces for cyclists and pedestrians in our towns and cities. The SSAT budget also funds sustainable travel programmes which are not exclusively active travel such as Smarter Choices Smarter Places.
Support for Sustainable & Active Travel - capital (Level 4)	20.4	65.4	Delivers the improvements to infrastructure, facilities and public realm to make our towns and cities friendlier and safer and deliver the Vision for Active Travel in Scotland, the actions in the Cycling Action Plan for Scotland, and the transport aspects of the National Walking Strategy.
Support for Sustainable and Active Travel – current grant (Level 4)	13.5	13.6	Support for promotion of sustainable and active travel and smarter measures, via the Smarter Choices Smarter Places Programme and including travel-planning, fuel-efficient driving and shared transport via public transport and car clubs, increasing access to low-cost, low carbon modes of transport. Supports delivery of the Active Travel Vision, Cycling Action Plans and the Walking Strategy.

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

	2017-18 draft budget	2018-19 draft budget	Commentary
Cycling, Walking & Safer Streets Level 3)	7.4	7.4	Local Government capital grant to support sustainable and active travel.

Future Transport Fund

	2017-18 draft budget	2018-19 draft budget	Commentary
Future Transport Fund (Level 3)	25.3	60.3	Supports projects to enable us to reduce the impact of transport on our environment. The movement between 2017-18 and 2018-19 reflects Investment in the infrastructure which will support increased uptake of electric and ultra low emission vehicles across Scotland in line with our ambitions to end the need to purchase a petrol or diesel car or van by 2032; includes pilots to address complex issues such as tenement areas, the development of the 'electric A9' and the funding of large scale pilots and incentives.

Low Emission Zones

	2017-18 draft budget	2018-19 draft budget	Commentary
Low Emission Zones - Resource*	0.0	0.8	With local authorities, we will introduce Low Emission Zones (LEZs) into our four biggest cities between 2018 and 2020 and into all other Air Quality Management Areas by 2023 where the National Low Emission Framework (NLEF) appraisals advocate such mitigation. We will also establish an Air Quality Fund to support local authorities with Air Quality Management Areas to deliver transport-based mitigation as identified by the NLEF. We will work with the commercial and bus sectors, the Energy Saving Trust and the Low Carbon Vehicle Partnership to establish an Engine Retrofitting Centre in Scotland to support the delivery of LEZs, creating new jobs and with the goal of winning business from outwith Scotland.
Low Emission Zones - Capital*	0.0	10.0	
Total	0.0	10.8	

Support for Freight Industry

	2017-18 draft budget	2018-19 draft budget	Commentary
Support for Freight Industry (Level 3)	1.3	1.0	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. The budget reflects profile of grant support for 2018-19.

Vessels and Piers - Hybrid Ferries

	2017-18 draft budget	2018-19 draft budget	Commentary
New Ferries*	11.5	17.2	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 CO2 and sulphur and nitrous oxides emissions. The movement between 2017-18 and 2018-19 reflects the level of profiled loan investment in the two new vessels.

Intelligent Transport Systems (ITS)

	2017-18 draft budget	2018-19 draft budget	Commentary
ITS Maintenance*	6.0	8.0	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	2.6	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.
LED Lighting Replacement Works*	0.0	2.0	The replacement of older road lighting technology across the motorway and trunk road network with energy efficient Light Emitting Diode, LED, luminaires. This will deliver a reduction in annual electricity consumption compared to the old luminaires and support the future possibility of being able to reduce the lighting levels of specific sections of road based on the amount of vehicles using that road section.
Total	9.9	12.6	

Rail projects

	2017-18 draft budget	2018-19 draft budget	Commentary - Rail
Rail Infrastructure*	64.0	61.5	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.

	2017-18 draft budget	2018-19 draft budget
TOTAL TRANSPORT	153.3	249.8

NOTE - The total low-carbon transport spend includes the budget allocation for the Future Transport Fund. Allocations within the Future Transport Fund have yet to be determined.

Draft Budget 2018-19

Detail of funding for climate change mitigation measures

Services

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Low Carbon Economy

	2017-18 draft budget	2018-19 draft budget	Commentary
Low Carbon Economy (Level 4)	2.5	2.5	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.

Energy Efficiency Promotion & Policy Implementation

	2017-18 draft budget	2018-19 draft budget	Commentary
Energy Efficiency & Policy Implementation (Level 4)	21.3	23.4	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. 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.

	2017-18 draft budget	2018-19 draft budget
TOTAL SERVICES	23.8	25.9

Note: The budget for Scotland's Energy Efficiency Programme is drawn from budget lines in the Residential and Services sectors.

Draft Budget 2018-19

Detail of funding for climate change mitigation measures

Waste

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Zero Waste

	2017-18 draft budget	2018-19 draft budget	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

	2017-18 draft budget	2018-19 draft budget
TOTAL WASTE	20.5	20.5

Draft Budget 2018-19

Detail of funding for climate change mitigation measures

Land Use (LULUCF)

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Forestry - Woodland Creation

	2017-18 draft budget	2018-19 draft budget	Commentary
Woodland Grants (Level 3)	40.0	46.0	The Budget enables Forestry Commission Scotland 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*	3.3	4.9	Forest Enterprise budget for Woodland Creation has increased due to additional area being factored into the programme.
Total	43.3	50.9	

Peatland Restoration

	2017-18 draft budget	2018-19 draft budget	Commentary
Peatland Restoration*	10.0	6.0	To support peatland restoration £2m is identified in the Scottish Rural Development Programme. An additional £4m funding will be made available, including through the Sustainable Action Fund (budget held within Environment, Climate Change and Land Reform portfolio) and Land Managers' Renewable Fund, to the SNH Peatland Action initiative to deliver restoration projects and it is intended that additional resource will be identified in year to support the ambitions that will be included in the final Climate Change Plan.

	2017-18 draft budget	2018-19 draft budget
TOTAL LAND USE (LULUCF)	53.3	56.9

Draft Budget 2018-19

Detail of funding for climate change mitigation measures

Agriculture

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Agriculture

	2017-18 draft budget	2018-19 draft budget	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>
Public Good Advice*	6.5	3.2	<p>The figure for 2018/19 reflects the total budget that supports the Public Good Advisory Service of which climate change is a key priority. Upon the publication of the final Climate Change Plan and in conjunction with stakeholders year one delivery priorities will be agreed therefore a specific element for climate change initiatives has yet to be determined</p>
Farm Woodland Schemes (Level 3)	1.4	1.0	<p>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.</p>
Total	8.3	4.6	

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

	2017-18 draft budget	2018-19 draft budget	Commentary
Land Managers Renewable Fund*	2.0	1.0	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. This budget is also supporting peatland restoration and, for the purposes of this document, this element of funding is shown against the peatland restoration line.

	2017-18 draft budget	2018-19 draft budget
TOTAL AGRICULTURE	10.3	5.6

Draft Budget 2018-19

Detail of funding for climate change mitigation measures

Other

(Unless stated otherwise, budget held within Environment, Climate Change & Land Reform portfolio)

Climate Change Policy

	2017-18 draft budget	2018-19 draft budget	Commentary
Climate Change Policy	1.1	1.1	Climate Change Policy line supports both the policy development and implementation work needed to take forward our responsibilities under Scotland's existing climate change legislation and the forthcoming Climate Change Bill. In 2018/19 this will include establishing a Just Transition Commission to advise on adjusting to a more resource-efficient and sustainable economic model in a fair way.
Total Level 3	1.1	1.1	

Sustainable Action Fund

	2017-18 draft budget	2018-19 draft budget	Commentary
Sustainable Action Fund*	14.7	13.7	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; and supporting research on blue carbon. Figures shown do not include funding for the Climate Justice Fund which is also supported from this budget. This budget is also supporting peatland restoration and, for the purposes of this document, this element of funding is shown against the peatland restoration line.
Total Level 3	14.7	13.7	

	2017-18 draft budget	2018-19 draft budget
TOTAL OTHER	15.8	14.8