



Scottish
Environment
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Shona Robison MSP
Cabinet Secretary for Finance and Local Government
Scottish Government

1 October 2024

Dear Cabinet Secretary,

Upcoming budget – funding for nature

As leaders of conservation organisations working in Scotland, we welcome the First Minister's commitment in the Programme for Government that tackling the climate and nature emergencies remain a priority. We share your government's determination to reduce emissions, restore our natural environment across land, freshwater, and sea, protect species and adapt to climate change.

We are however deeply concerned about the in-year cuts made to the Nature Restoration Fund. The Nature Restoration Fund is a crucial commitment that supports vital restoration work in communities across Scotland. While we recognise that the government faces a difficult fiscal outlook, the decisions made by Ministers must ultimately reflect their political priorities.

Environmental funding is already too low. There is a significant gap between current levels of investment and the levels required to meet the ambitions of the Scottish Biodiversity Strategy and the objective, to be enshrined in law through the Natural Environment Bill, to halt and reverse biodiversity loss.

In the upcoming budget we call on you to:

- Deliver in full the Nature Restoration Fund, replacing money cut in this financial year, and protect other key budget lines including for peatland restoration
- Increase investment in native woodland creation following large cuts in 2023-24
- Fully protect the budgets of the environmental agencies

Longer term approach to delivery

While we emphasise the urgent need to protect existing budgets in the upcoming financial year, there is also a need to consider how to deliver public funding sustainably and efficiently in the longer term.

Existing public spending on land management does too little to secure environmental outcomes, particularly in agriculture. We are concerned that the new farm funding scheme will be a missed opportunity to move away from a system which disproportionately supports the wealthiest landowners and which the Scottish Government's own analysis shows is ineffective. The Scottish

Government's evaluation of the existing system found that most agricultural spending "did not deliver the intended benefits or value for public money" and "direct payments had little environmental benefit, and in some cases may have had a negative impact". The Agri-Environment-Climate Scheme is currently the only effective mechanism supporting nature-friendly farming yet it has faced budget cuts in successive years. Funding for it must be increased in the forthcoming budget, returning it to at least 2020-2021 budget levels.

Current public support for forestry also has the potential to do much more for positive environmental outcomes through support for schemes that boost biodiversity as well as carbon sequestration, through mixed forestry planting and natural regeneration schemes for example. In the context of strained public finances, as well as the climate and nature emergencies, we urge you to look carefully at the effectiveness of existing subsidies and ensure that public funding does more to support environmental outcomes.

It is also essential that we consider other fiscal mechanisms to encourage behaviour change or to raise revenue for environmental action. Biodiversity Enhancement and Biodiversity Net Gain funding from development on and offshore has the potential to bring in significant additional investment into nature restoration but currently lacks ambition and coordination. We urge you to address this urgently, with a clear mechanism established to capture and direct this investment to where it is most needed for nature's recovery.

Scottish Environment LINK recently produced a position paper¹ outlining a range of options which we urge you and colleagues in local government to consider, including:

- The hypothecation of revenue raised through the Visitor Levy and Air Departure Tax for investment in nature restoration, including in projects with a high carbon benefit
- The use of an Infrastructure Levy to support green and blue infrastructure, such as nature-based flood prevention schemes
- The issuing of Green Bonds by the Scottish Government or local authorities, or Blue Bonds to deliver Scotland's Blue Economy Vision
- The potential for land-based taxes such as a Carbon Emissions Land Tax

Best wishes,

Deborah Long, Chief Officer, Scottish Environment LINK

Kat Jones, Action to Protect Rural Scotland

Tony Gent, Amphibian & Reptile Conservation

Gus Jones, Badenoch & Strathspey Conservation Group

Kit Stoner, Bat Conservation Trust

Craig Macadam, Buglife - The Invertebrate Conservation Trust

Kathy Wormald, The Froglife Trust

Barry Fisher, CEO, Keep Scotland Beautiful

Calum Duncan, Head of Policy & Advocacy, Marine Conservation Society

¹ <https://www.scotlink.org/publication/paying-for-nature-options-for-fiscal-reform/>

Dave Windle (Chair of the Trustees), North East Mountain Trust
Alistair Whyte, Head of Plantlife Scotland
Anne McCall, RSPB Scotland
Jo Pike, Scottish Wildlife Trust
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