The Committee will meet at 10.00 am in the Chamber, to consider the following agenda items:

1. Declaration of Interests: The Committee will invite the new member of the Committee to declare any relevant interests.

2. Deputy Convener: The Committee will choose a Deputy Convener.

3. Petition PE96 on Sea Cage Fish Farming: The Committee will consider a paper setting out further arrangements for the Committee’s consideration of the petition.

4. Petition PE327 by Blairingone and Saline Action Group: The Committee will consider a paper by the Reporter on the next steps on Petition PE327 by the Blairingone and Saline Action Group, which calls for the Scottish Parliament to request that legislation be revised to ensure that public health and the environment are not at risk from the current practice of spreading sewage sludge and other non-agriculturally derived waste on land in Scotland.

5. 2002-03 Budget Process: The Committee will consider (a) the Scottish Executive’s response to the Committee's report to the Finance Committee at Stage 1 of the 2002-03 Budget Process, and (b) the draft transport and environment budget for 2002-03.
The following public papers are relevant for this meeting:

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<tr>
<th>Title</th>
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<td>Paper on further arrangements for the Committee’s consideration of Petition PE96 (Agenda item 4)</td>
<td>TE/01/24/1</td>
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<td>Paper by the Reporter on Next Steps on Petition PE327 by the Blairingone and Saline Action Group (Agenda item 5)</td>
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TRANSPORT AND THE ENVIRONMENT COMMITTEE

AGENDA ITEM
TE/01/

Subject: Petition 96 – Petition by Mr Allan Berry calling for an independent investigation into the environmental impacts of sea cage fish farming.

Meeting No: 24th Meeting

Meeting Date: 3 October 2001

Author: Note by the Senior Assistant Clerk

BACKGROUND

The Committee last considered this matter at its meeting of 19 September. At this meeting the Committee:

a) agreed to continue the appointment of reporters on the petition and further agreed that Maureen Macmillan MSP should replace Bristow Muldoon MSP as a reporter and that Robin Harper MSP should continue to act as a reporter. The Committee also approved the programme of reporters visits referred to in the paper;

b) agreed in principle to hold a rolling inquiry, and that the inquiry should use the phased approach to evidence taking and committee reporting outlined in the paper. The Committee agreed the remit of the inquiry as set out in the paper, subject to certain specific changes, and agreed to issue a call for written evidence based upon this remit;

c) agreed to pursue the creation of a post of research co-ordinator and to write to the Scottish Executive to request that it arranges for the appointment of this person. The Committee agreed to appoint an adviser on the inquiry, but to defer further consideration of the adviser’s role until a response has been received from the Executive regarding the post of research co-ordinator.

The purpose of this paper is to provide advice to the Committee on taking forward the decisions made at this meeting. The paper provides further advice on:

- the remit of reporters;
- the issuing of a call for evidence;
- the appointment of a research co-ordinator;
- the appointment of an advisor;
- the consideration of the petition.

REPORTERS REMIT

Reporters were originally appointed on 26 June, to monitor the progress being made by the Executive over the summer recess in relation to the initiatives outlined in the Minister’s evidence.
In the light of the decision to proceed with a rolling inquiry the Committee may wish to update this remit. It is suggested that the Committee may wish reporters to:

“Monitor and review the ongoing work of the Scottish Executive and other relevant bodies in relation to aquaculture, with a view to assisting the Committee to obtain a greater focus on the issues relevant to its inquiry”.

CALL FOR EVIDENCE

At the last meeting, the Committee agreed to issue a call for evidence, based upon the remit of the rolling inquiry. Members are invited to comment on the draft call for evidence, attached as Annexe A, at the meeting.

Further information regarding meeting dates and prospective witnesses for the inquiry will be provided to members in a separate paper closer to the time when evidence will be taken.

THE APPOINTMENT OF A RESEARCH CO-ORDINATOR

The Convener has written to the Executive requesting that they establish a post carrying out the functions identified by members in the paper considered on 19 June. A copy of this letter, together with the response of the Minister, is attached at Annexe B to this paper. Members will wish to note that the Minister suggests that reporters undertake further discussions with Executive officials on this matter, prior to any decision.

THE APPOINTMENT OF AN ADVISOR

At the last meeting, the Committee agreed to appoint an adviser on the inquiry, but to defer further consideration of the adviser’s role until a response has been received from the Executive regarding the post of research co-ordinator. Given that discussions regarding the appointment of a research co-ordinator are likely to be ongoing, and that the first phase of the inquiry is due to begin in November, members may now wish to take a decision on the role of an advisor.

The committee, in consultation with the appropriate SPICe researcher, is required to draw up the Adviser specification. A draft advisor specification is attached at Annexe C and members may wish to comment on this specification at the meeting.

As noted previously, the speed with which an adviser may be appointed may be dependent upon the speed with which suitable candidates can be identified, the number of candidates who are interested, and the fees that candidates are prepared to accept. It is likely that even on a fast-track approach it would take at least a month to appoint an advisor, and indeed it may take considerably longer than this, given the technically complex and contentious nature of the subject matter. It is hoped than an advisor can be in place in time for any evidence sessions in November/December, however this cannot be guaranteed.
THE CONSIDERATION OF THE PETITION

Petition PE 96 was lodged on 9 February 2000. The Petition called upon the Parliament to hold an independent and public inquiry into the adverse environmental effects of sea cage fish farming; and the regulatory failure to both recognise and prevent significant damage to our natural heritage, the environment and other interests dependent upon the integrity of our Scottish coastal waters. The petition was referred to both the Rural Development and Transport and the Environment Committees and has been subject to consideration by both Committees over the past 18 months, culminating in the Transport and the Environment Committee decision to undertake the rolling inquiry.

Given that the Committee has now agreed to undertake this rolling inquiry, with its own agreed remit, there would appear to be little other action the Committee may wish to take on the actual petition.

The Committee may therefore wish to conclude its formal consideration of the petition, and agree to take forward the issues raised by the petitioner in its rolling inquiry into aquaculture. Obviously this will not preclude the petitioner becoming involved in this inquiry by providing written or oral evidence as the Committee sees fit.

SUMMARY

It is recommended that the Committee:

a) Agree the remit of reporters;

b) Agree the attached call for evidence;

c) Agree to take forward the appointment of an adviser;

d) Agree the attached adviser specification; and

e) Agree to conclude formal consideration of Petition PE 96.

Tracey Hawe
Senior Assistant Clerk
1 October 2001
COMMITTEE TO INQUIRE INTO AQUACULTURE

The Transport and the Environment Committee has agreed to conduct a ‘rolling’ inquiry into aquaculture. The aim of the ‘rolling’ inquiry is to ensure that work by the Executive and other relevant bodies in developing a strategy for a sustainable aquaculture industry is subject to public scrutiny and that the process of policy development and review is open, transparent and responsive to the views of relevant stakeholders.

The Committee welcomes written evidence on this inquiry from interested groups and individuals. It would be appreciated if submissions could be focused on the agreed remit of the inquiry, which is to:

“…monitor and review on an ongoing basis the work of the Scottish Executive and other relevant bodies in relation to aquaculture, by scrutinising the review of the current regulatory framework and reviewing the development of a strategy for aquaculture. In doing so, the Committee intends to review:

• The extent to which the proposed strategy for aquaculture addresses the concerns of relevant bodies and the extent to which it provides incentives to encourage best environmental practices;
• The extent to which the current research programme recognises and addresses the needs of relevant bodies;
• locational guidelines for sea cage fish farming;
• voluntary codes of practice and area management agreements;
• The proposed transfer of planning controls for fish farming to local authorities;
• The extent to which current regulatory systems can be harmonised and made more effective.”

The Committee has agreed to conduct the inquiry on a phased basis. The first evidence sessions of the Committee will focus on issues associated with the regulatory framework for sea cage fish farming (eg, the last four bullet points outlined above). Evidence for these sessions should be submitted no later than Friday 2 November 2001. Late submissions will only be accepted by prior arrangement with the Committee Clerk.

The Committee will consider evidence on the development of a strategy for aquaculture early in 2001, and a further call for evidence on these issues will be issued later in the year.

The Committee will consider every response. Some of those responding may be invited to come and talk to the Committee and give more detail on their response, however, you should not assume that this will happen. Your response will be treated as a public document, unless you make it clear when you send it in, that you do not want it to be published or circulated in public. All responses will be circulated to the Committee.
HOW TO SEND YOUR RESPONSES TO US

Since written evidence may be published it would be most helpful if responses could be submitted by EMAIL to transportandenvironment@scottish.parliament.uk

If you have a computer, but no EMAIL, you can post your response to us on a 3½" disk in Word 97. If you cannot use EMAIL or a disk, your submission must be typed. Submissions should not exceed 4 sides of A4 paper. All responses become the property of the Scottish Parliament and we are unable to return documents.

Submissions also can be faxed on 0131 348 5600 or posted to the Clerk to the Transport and the Environment Committee, Room 2.01 Committee Chambers, Scottish Parliament EDINBURGH EH99 1SP.
Dear

ROLLING INQUIRY INTO FISH-FARMING

As you will be aware the Transport and the Environment Committee has been considering Petition PE 96 from Mr Allan Berry calling for an inquiry into the environmental impacts of fish farming.

At its meeting of 19 September the Committee discussed a paper outlining options for an inquiry. The paper (as amended after discussion at the meeting) is attached for your information.

The Committee agreed to continue the appointment of reporters on the petition and further agreed that Maureen Macmillan MSP should replace Bristow Muldoon MSP as a reporter and that Robin Harper MSP should continue to act as a reporter. The Committee also approved the programme of visits referred to in the paper.

The Committee agreed in principle to hold a rolling inquiry, and that the inquiry should use the phased approach to evidence taking and committee reporting outlined in the paper. The Committee agreed the remit of the inquiry as set out in the paper, subject to certain specific changes, and agreed to issue a call for written evidence based upon this remit.

As you will note from the attached paper, the timeframes for the inquiry are to some extent dependent upon the timeframe for Executive policy development in relation to the regulatory review, aquaculture strategy and the forthcoming Water Environment and Water Services Bill. I would therefore request that Executive officials keep in close touch with the Clerks to the Committee regarding the progress of these matters, and alert Clerks to any possible difficulties in relation to time-tableing.

I would also note that the inquiry is being conducted on the basis that legislative proposals arising from the regulatory review and development of the aquaculture
strategy will be contained within the Water Environment and Water Services Bill. Should this not prove to be the case then the Committee may wish to review its approach to this inquiry to ensure that the issues identified receive sufficient scrutiny within an appropriate time-scale. Again, I would be grateful if officials could liaise with Clerks regarding any changes to the Executive’s position.

External Research Co-ordinator

You will recall that when you gave evidence to the Committee prior to the summer recess, there was some discussion about the extent of research into the environmental impact of sea cage fish farming. In the meetings since the recess the Committee has considered in more detail the need for an independent assessment of the research in this field.

In light of the proposed introduction of the Water Environment and Water Services Bill in the spring of next year, the Committee agreed at our last meeting to recommend that the Scottish Executive appoints, as a matter of urgency, an independent research co-ordinator, with the following role:

- drawing together the available science, both government and industry sponsored, and national and international;
- identifying any gaps in the SERAD research programme
- ensuring sufficient emphasis is placed on environmentally based research;
- working with the Committee and the Executive to ensure that the Water Environment and Water Services Bill proposals and the development of the Executive aquaculture strategy are based on the best available scientific information.

From the official report of the Committee’s meetings, you will see that the Committee is keen that any appointee should come from a scientific background, have knowledge of the industry, and be of sufficient standing to command the respect of all interested parties. The Committee is also concerned that the appointee should be seen as being independent of the Scottish Executive and be able to report to this Committee as well as Scottish Ministers. The Committee has also expressed its desire to be involved in the appointment process.

On a related matter, the Committee agreed to appoint an adviser to its inquiry, but to defer further consideration of the scope of the adviser’s role until it is clear whether the Scottish Executive is willing to appoint a research co-ordinator. Given the imminent need to make progress on the inquiry - including the appointment of a committee adviser - I would be grateful to receive a response from on the question of whether the Executive is willing to appoint a research co-ordinator by Monday, 1 October.
I hope this letter outlines the position of the Committee adequately. Should you or your officials wish to discuss this matter, please contact either myself or a member of the Transport and the Environment Committee clerking team.

Yours sincerely

Andy Kerr
Convener

CC: Jinny Hutchison, Scottish Executive, Fisheries Division
    Michael Kellett, Scottish Executive Water Environment Unit
Thank you for your letter of 24 September outlining how your Committee proposes to take forward the rolling inquiry it has decided to mount.

I do of course recall the Committee’s concerns about the Executive’s existing programme of research into the environmental impact of sea cage fish farming. Your suggestion that an external research co-ordinator be appointed is an interesting one and one which I am sure would repay further consideration. My officials (Jinny Hutchison and Gordon Brown) discussed informally with Tracey Hawe when they met last week, but I think we probably need to consider in detail with the Committee Reporters how the matter might best be progressed. I certainly want to afford the Committee whatever assistance I can – as I undertook to do before the Recess.

Might I suggest that Maureen Macmillan (who I note has replaced Bristow Muldoon in the role) and Robin Harper take a meeting with my officials? I am sure that something could be arranged quickly to fit in with the Committee’s own timetable. If this seems like a useful way of proceeding, perhaps Ms Hawe would arrange.
TRANSPORT AND THE ENVIRONMENT COMMITTEE

ADVISER TO AQUACULTURE INQUIRY: SPECIFICATION

Background and Process

The Transport and Environment Committee has agreed to appoint an adviser to assist it in a ‘rolling’ inquiry into fish farming. The aim of the ‘rolling’ inquiry is to ensure that work by the Executive and other relevant bodies in developing a strategy for a sustainable aquaculture industry is subject to public scrutiny and that the process of policy development and review is open, transparent and responsive to the views of relevant stakeholders.

It is currently envisaged that 15 days will be adequate to advise the Committee on this inquiry. It is currently not known whether it will be possible to identify a suitable adviser at the rate of £140 per day.

Remit

The adviser will take instruction from the Transport and Environment Committee and will be accountable to that Committee. Day to day, the adviser will report to the Convener and the Clerk of the Committee.

The adviser will have the following main functions in relation to the committee’s inquiry into fish farming:

• providing the Committee with initial oral and written briefing. This will focus on the current review by the Scottish Executive of the regulatory framework for fish farming, the development by the Executive of a strategy for fish farming,

• providing briefing to the Committee in relation to the Executive’s legislative proposals for the forthcoming Water Environment and Water Services Bill;

• briefing members prior to Committee meetings on the most fruitful lines of questioning for witnesses;

• attending committee meetings to advise and engage with members and assist in the subsequent assessment and interpretation of oral evidence;

• drafting of the inquiry report and recommendations;

• providing any additional advice to committee clerks and SPICe researchers.

It is planned to conduct the inquiry in several phases. The Committee plans to take oral evidence on the regulatory framework for sea cage fish farming in October/November 2001, followed by further sessions on the development of a strategy for aquaculture in early 2002. The Committee will also be engaged in scrutinising the Water Environment and Water Services (Scotland) Bill in Spring 2002, which is likely to contain legislative proposals relevant to these issues.

Person specification

The key requirements are for the adviser to
• Have an understanding of the sea cage fish farming industry and the potential impacts of the industry on the environment;

• Be able to analyse and interpret views and evidence from a wide range of sources, and synthesise these to produce understandable and meaningful analysis for the benefit of the committee. The adviser must be able to communicate with non-specialists;

• Have an understanding of the relevant legislative and policy context (both European and domestic) and regulatory framework for sea cage fish farming;

• Have an understanding of the current policy debate surrounding aquaculture and the drivers for change in this area.

In addition the adviser must:

• Be able to demonstrate that they have the time and resources to undertake the work within the timescales set by the committee;

• Be able to understand and analyse technically complex information. Given that some of the evidence presented to the Committee will be scientifically based, a scientific background would be a distinct advantage.

Conditions of Appointment

The duties of the adviser will involve handling confidential and sensitive material. The adviser will be required to maintain absolute confidentiality about the matters under consideration or which come before them.

It is important that the adviser is impartial. The adviser will be required to declare interests, pecuniary or otherwise, in advance of commencing employment.

Timescale

It is initially proposed that the adviser be appointed for 15 days. The following gives an indication of how that time may be allocated, but the committee may reserve the right to allocate the days as it believes appropriate:

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<td>6</td>
</tr>
<tr>
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</tbody>
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It is envisaged that the work of the adviser will be undertaken from November 2001 to June 2002.

Reporting Arrangements

The adviser would report to the Committee through the Clerk.
Subject: Next Steps on Petition PE327 by the Blairingone and Saline Action Group

Meeting No: 24th Meeting

Date: 3 October 2001

Author: Note by the Reporter on the Petition

Introduction

1. This paper sets out possible next steps for the Transport and the Environment Committee’s consideration of Petition PE327. The paper details the current status of the Committee’s work on the petition, and highlights some key issues raised by the evidence taken so far. It does not at this stage present a detailed analysis of the issues raised in the petition, or make recommendations for action. Instead, it invites the Committee to agree its next course of action on the petition.

Background

2. Petition PE327 asks the Scottish Parliament to request that legislation be revised to ensure that public health and the environment are not at risk from the current practice of spreading sewage sludge and other non-agriculturally derived waste on land in Scotland. Andy Kerr MSP was chosen by the Transport and the Environment Committee to be a Reporter on the petition.

3. On 18 June 2001, the Committee agreed the following terms of reference for the Committee’s work on the petition:

   The Committee will examine—

   - the issues raised in Petition PE327 from the Blairingone and Saline Action Group;
   - the Scottish Executive’s response to SEPA’s Strategic Review of Organic Waste Spread on Land;
   - whether, and to what extent, the Executive’s response addresses the issues raised in Petition PE327; and
   - whether the Blairingone and Saline petition raises any broader questions about the adequacy of the current regulatory and legislative framework for waste disposal in Scotland.

   The inquiry will seek to determine whether, either at a local or national level, further action is required to meet the petitioner’s goal of “establishing a safe, sustainable and enforceable strategy for waste disposal in Scotland.”

4. At a meeting on 18 June 2001, the Committee agreed to invite written evidence from a number of organisations, and that the Convener should conduct a site visit to Blairingone and Saline and any other relevant location and that other members would be invited to join such visits. The Committee agreed to give further consideration to the issue of whether to hold a formal evidence taking session.
and where such a session might be held. The Committee further agreed to write to the Health and Community Care Committee to inform its members of the Transport and the Environment Committee’s proposed action on the petition.

**Action During the Summer**

**Site Visits**

5. As mandated by the Committee, the Reporter has conducted a number of site visits during the Summer Recess in relation to the petition. The Reporter first met a number of residents living in Blairingone and the surrounding area, and discussed their concerns relating to the spread of waste on land near their homes. The residents’ complaints related to the possible health consequences of the waste-spreading, as well as concerns about the odour pollution created by the waste-spreading. The residents indicated their frustration at what they perceived was an inadequate regulatory framework governing the spreading of organic waste, which they felt was difficult to enforce effectively.

6. The Reporter also met with residents of Argaty, near Doune, who had contacted the Reporter raising similar concerns about the spread of waste on land to those expressed by the Blairingone residents. Problems cited by residents included the odour nuisance of the waste-spreading and the noise pollution created by spreading of waste on the land at night. Like the Blairingone residents, the Argaty residents felt that the current regulatory framework was not protecting their interests.

7. The Reporter concluded his series of site visits by meeting with representatives from SEPA to discuss, among other issues, their views on the adequacy of the current regulatory and legislative framework on organic waste-spreading. The Reporter also met with members of the Institute of Wastes Management to discuss their views on the petition, and in particular their views on the recommendations in SEPA’s Strategic Review of Organic Waste Spread on Land.

**Written Evidence**

8. The Reporter wrote to a number of specific organisations seeking their written views on the issues raised by the petition, as well as issuing a general call for written evidence. The Health and Community Care Committee was also informed of the Transport and the Environment Committee’s actions on the petition during the Summer Recess, and members of that Committee have been given the opportunity to comment on those aspects of the petition which fall within its remit.

9. The list below sets out those organisations which the Reporter wrote to seeking written evidence—

- The petitioners
- The Scottish Executive*
- SEPA*
- National Farmers’ Union of Scotland
- Institute of Wastes Management*
- Scottish Agricultural College
Friends of the Earth Scotland*
Snowie Ltd* (the spreader of organic waste on land in Blairingone)
Beneagles Ltd* (the spreader of organic waste on land in Argaty)

10. An asterisk next to a name in the list indicates that a response has been received from that organisation. Copies of the responses are being circulated to members separately. A submission was also received from some of the residents of Argaty and this is also being circulated to members.

11. The submission from Beneagles Ltd has not been circulated to members at this stage, as a significant portion of the submission refers to continuing court action between Beneagles Ltd and SEPA relating to restrictions on waste-spreading during the recent foot and mouth outbreak. This is sub judice. Rule 7.8 of the Standing Orders means that a member may not in the proceedings of a committee meeting refer to any matter in relation to which legal proceedings are active except to the extent permitted by the Presiding Officer.

**Issues Arising from the Evidence Received**

12. At this stage the Reporter has not sought to draw any conclusions or make any recommendations based on the evidence received, as the process of examining the written submissions, and reviewing the information obtained on the site visits is currently underway. Nevertheless, even at this stage, a number of important issues can be identified from the evidence taken, which the Reporter and the Committee may wish to return to when considering a full Report on the issues raised by the petition.

13. These issues include—

- The context for the disposal of sewerage sludge on land – the Urban Waste Water Treatment Directive banning dumping of sewerage sludge at sea.
- The limitations of non-statutory codes of practice, such as the Prevention of Environmental Pollution From Agricultural Activity (PEPFAA) Code of Good Practice.
- The problems of enforcing current regulations: for example, determining that a particular odour is creating a ‘nuisance’ within the terms of the regulations.
- The merits of ‘audit trail’ being built into the regulatory system, which would enable waste to be tracked from producer to application on the land.
- The Executive’s proposals to amend the Sludge (Use in Agriculture) Regulations 1989 – and whether these will address the petitioner’s concerns and whether change is likely within a reasonable timescale.
- The reasons for certain proposals recommended by SEPA’s Strategic Review of Organic Waste Spread on Land not being taken forward by the Executive, and the merits of these proposals.

**Options for Action**

14. The Committee is invited to decide how to take forward consideration of the petition.
Further Written Evidence
15. It is suggested that, as a first step, written evidence is sought from the petitioners and SEPA to establish their responses to the Executive’s submission to the Committee. This would allow the Committee to obtain the views of the petitioners and SEPA on the Executive’s current position on organic waste spread on land.

Oral Evidence
16. At the meeting of the Committee on 18 June 2001, the Committee agreed to give further consideration to whether to hold a formal evidence-taking session on the issues raised by the petition. It was anticipated that the Committee’s decision would be informed by the work undertaken during the Summer Recess by the Reporter. In this context, there appear to be both advantages and disadvantages to holding an oral evidence-taking session on the issues raised by the petition.

17. On one hand, an oral evidence-taking session would enable the petitioners to put their concerns on record at a public meeting, and would allow the Committee the opportunity to question bodies such as SEPA and the Executive on their written submissions, and elaborate further on their positions. A possible set of witnesses at an evidence-taking session could include representatives from the Blairingone and Saline Action Group, the Executive, SEPA, and the Institute of Wastes Management.

18. On the other hand, it is not clear whether an evidence-taking session would elicit a significant amount of new information. The evidence gathered during the Summer Recess, in writing and during the site visits, was comprehensive, and is capable of informing a report to the Committee by the Reporter which could reach conclusions and make specific recommendations. In addition, the views of organisations such as the Scottish Executive, SEPA, and the Institute of Wastes Management are clearly set out in their submissions to the Committee, and oral evidence may risk simply replicating this written evidence.

19. There are also timetabling issues to consider if the Committee wished to schedule oral evidence taking on the petition. The Committee’s work schedule already includes Stage 1 consideration of the Water Industry (Scotland) Bill, work on the Budget Process at Stage 2 and the rolling inquiry into sea cage fish-farming. Realistically, it might not be possible to schedule evidence-taking on the issues raised by the petition until mid-November, and members might feel that this represents too much of a delay to the Committee’s consideration of the petition.

Drafting a Report
20. If the Committee decided not to take oral evidence on the petition, the Reporter would begin the process of reviewing the evidence received during the Summer and drafting a Report, which would reach conclusions and make recommendations for action. This Report would then be considered by the Committee as a whole, and, if necessary, amended on the basis of members’ comments. If the Committee made recommendations directed towards any particular organisation, that organisation would then be invited to respond to the recommendations.
21. If the Committee decided to take oral evidence on the petition, the process of drafting a Report would begin following this evidence-taking session.

Recommendations

22. The Committee is invited to consider its next steps on Petition PE327, taking into account the work undertaken by the Reporter during the Summer Recess, and the Committee’s other work commitments in the period before Christmas. In particular, the Committee is invited to—

- note the evidence received by the Committee during the Summer,
- agree to seek written evidence from the petitioners and SEPA to establish their responses to the Executive’s submission to the Committee.
- consider whether to take oral evidence on the issues raised by the petition, or to mandate the Reporter to begin drafting a Report on the issues raised by the petition.

Andy Kerr MSP
Reporter
TRANSPORT AND THE ENVIRONMENT COMMITTEE

SUBMISSIONS ON PETITION PE327 BY THE BLAIRINGONE AND SALINE ACTION GROUP

Submissions to the Committee on the issues raised by the Petition are attached from the following organisations —

- The Scottish Executive
- SEPA
- Institute of Wastes Management
- Friends of the Earth Scotland
- Snowie Ltd
- Lynn and Neil Bowser, Argaty
Thank you for your letter of 3 August requesting the Scottish Executive’s view and information on the issues raised in the above petition. In particular you requested information on the Executive’s proposals for taking forward its response to the Scottish Environment Protection Agency (SEPA) review of Organic Waste Spread on Land, and for addressing the concerns of the petitioner identified in points 5 to 9 of the petitioner’s supplementary submission.

EXECUTIVE RESPONSE

The petition from the Action Group seeks redress from environmental pollution and noxious odours caused by the current practice of spreading sewage sludge and other non-agriculturally derived waste in Scotland.

The Executive is aware of long standing concerns about the practice of spreading organic wastes to land and a review of the legislation is already under way.

SEPA Review of Organic Waste Spread on Land

In January 1998, following widespread public concerns about potential health effects and malodour nuisance created by spreading organic wastes to land, Lord Sewel, the then Scottish Office Environment Minister, asked SEPA to carry out a strategic review and report on the practice. SEPA published their report “Strategic Review of Organic Waste to Land” (OWL) in October 1998. The Scottish Office carried out a public consultation on the SEPA recommendations in April 1999 and Mr Galbraith, the then Environment Minister, responded to the SEPA recommendations in his answer to a Parliamentary Question by Maureen Macmillan on 22 December 2000.

Mr Galbraith said that although there was general support in the consultation for the SEPA recommendations some did not receive overall support. He also said that the Executive was already carrying out a wide-ranging review of the Waste Management Licensing Regulations (WMLR) 1994 and that he intended to include many of the SEPA recommendations in the proposed amendments to the regulations. In response to the recommendations, the following would be proposed:

- the introduction of a consistent legislative framework for all organic wastes spread on land;
- a requirement for those intending to spread organic wastes to demonstrate to SEPA the agricultural benefit or improvement for animal and plant communities;
- restrictions on land utilisation following the application of wastes to prevent harm to health;
- wastes to be analysed for chemical and microbiological parameters prior to spreading;
- a prohibition on spreading of septic tank sludge on land;
- a requirement for a waste producer who wishes to recycle organic waste to land to provide an audit trail which SEPA can assess; and
• a charging scheme to be developed by SEPA to recover the cost of inspections from those seeking the exemption.

However, Mr Galbraith specifically delayed responding to SEPA’s recommendation that blood and gut contents from abattoirs should not be spread on land until the joint Executive/Food Standards Agency E.Coli O157 Task Force had considered this issue. The report by the Task Force was published on 4 July this year and included several recommendations and comments in relation to spreading of organic wastes to land. The Executive is considering these recommendations and intends to respond in the near future.

In the meantime, the Executive is continuing to prepare draft amendments to the WMLR and an accompanying consultation paper and it is planned that the consultation will now be issued in early 2002. The amendments to the regulations will cover many topics, not solely the issue of waste spreading to land (including blood and gut contents) and addresses the interests of many areas of the community including farming, construction industry, composters, abattoirs and the retail trade as well as that of the petitioners. These interests deserve, and must be given, equal consideration.

The WMLR amendments in conjunction with proposed amendments to the Sludge (Use in Agriculture) Regulations 1989 and Animal By-Products legislation (see below) will ensure a reduction in noxious odours and environmental pollution.

EXECUTIVE RESPONSE TO THE PETITIONER'S SPECIFIC POINTS 5-9

Petition Point 5
There is no mention of sewage sludge in the Minister’s statement. Whilst treatment plants are being built, it is not clear when they will be available, or what further precautions will be necessary to ensure that the output material can be safely recycled on land.

Sewage sludge is a by-product of sewage treatment. The amount produced in 1990 was about 80,000 tonnes of dry solids per annum which is expected to rise to about 200,000 tonnes dry solids in 2005 mainly as a result of the higher sewage treatment standards being provided to comply with the Urban Waste Water Treatment (Scotland) Regulations 1994. These regulations require sewage sludge to be re-used whenever appropriate and for disposal routes to minimise adverse effects on the environment. The Regulations banned the disposal of sewage sludge at sea from the end of 1998.

Recovering value from sewage sludge through recycling on agricultural land is the best practicable environmental option for sludge in most circumstances. Agricultural use of sewage sludge brings savings of several millions of pounds in fertiliser (Phosphorus and Nitrogen) costs and the organic matter improves soil structure, its workability and its water holding capacity. The recycling of sewage sludge on agricultural land is encouraged where scientific evidence confirms it is safe for human and animal health and for soil and vegetation. However, only 2% of UK agricultural land uses sewage sludge as a fertiliser or soil conditioner.

Land reclamation, forestry, incineration (including energy generation) and landfilling are the other main options for reuse/disposal of sewage sludge, and these options can form part of a sustainable sludge strategy, provided a proper analysis of the options has been made.
The recycling of sewage sludge to agricultural land is regulated by SEPA under the Sludge (Use in Agriculture) Regulations 1989 (as amended in 1990), which are complemented by the “Code of Practice for Agricultural Use of Sewage Sludge 1996”. The Code is designed to ensure that when sludge is used in agriculture:

(a) there is no conflict with good agricultural practice;
(b) the long term viability of agricultural activities is maintained;
(c) public nuisance and water pollution are avoided; and
(d) human, plant and animal health is not put at risk.

There is guidance for livestock farmers, arable farmers and growers in “The Safe Sludge Matrix”, which was agreed in December 1998 between Water UK representing the UK water and sewerage operators and the British Retail Consortium (BRC) representing the food industry. It phased out the use of untreated sewage sludge used on food crops from the end of December 1999, banned the use of untreated sewage sludge for agricultural use from the end of 2001 and introduced a range of cropping and grazing restrictions for the use of two levels of treated sludge. The three Scottish water authorities have confirmed that sewage sludge treatment plants will be in place to meet the end of 2001 deadline for sludge being recycled to farmland.

The Scottish Executive is currently revising the Sludge (Use in Agriculture) Regulations 1989 to introduce the “Matrix” on a statutory basis and to define the two levels of sludge treatment processes - “treated” and “enhanced treated” sludges. The latter are capable of eliminating pathogens, which may be present in raw (untreated) sludge and in general the treatment processes significantly reduce pathogens and malodours. In addition the revised Regulations will include septic tank sludge which will require to be treated to the same high standards before being used for agriculture. The Code of Practice will also be updated at the same time as the Regulations. It is expected that the revised Regulations and Code of Practice will be introduced in Scotland in early 2002. A consultation paper is planned to be issued in the near future.

Petition Point 6

The way forward for blood and guts remains unclear. Abuse of the PEPFAA code for this material is currently widespread. We look forward to the joint report on this issue in the spring.

In his response to a Parliamentary Question on 22 December 2000 on the spreading of blood and gut contents from abattoirs, Mr Galbraith said that the Executive proposed to consider how this issue should be dealt with in the light of the report due to be published by the E-Coli Task Force. The Task Force Report was published on 4 July and the Executive is considering its recommendations and intends to respond in the near future.

The legislation covering the treatment and disposal of animal by-products is also currently under review. An EU Animal By-Products Regulation, due to be implemented by summer 2002, will cover how to deal with blood and gut contents from abattoirs and will require treatment of blood, or mixtures of blood and gut contents (by either rendering, incineration, a biogas process or composting) before spreading on land. The Regulations do not require treatment of gut contents from animals passed fit for human consumption, but requires that
the gut contents be spread only to non-pasture land. Obviously any gut contents mixed with blood would also have to be treated.

It is interesting to note that the E.Coli Task Force concluded that there is only a very small risk of contamination from the spreading of gut contents from abattoirs, especially in relation to the overall quantity of this waste spread compared to the amount of excreta applied directly from animals themselves. In general gut contents probably do not pose a risk of nuisance odours in the same way as untreated blood. Hence, the new Animal By-Products requirements coupled with proposed changes to the WMLR should provide adequate future controls on the spreading of blood and gut contents to land.

The Executive has commissioned research to establish the efficiency of existing treatment processes in dealing with blood and gut contents in relation to malodour/pathogen reduction and costs. The results of this research should be available by the end of the year.

The Executive has also funded research to determine the risks of pollution from agriculture in river catchment areas. A number of pollution risks have been identified (including handling, storage and spreading of slurries and manures). It is believed that there are low cost measures that farmers and their contractors can adopt to reduce pollution risks significantly. These measures include:

- **Nutrient budgeting** - Maximising the use of slurries and manures for crop requirements.
- **Farm waste management** - Risk assessment to reduce pollution from slurry and manure spreading and assessment of storage requirements.
- **Water margin management** - Bank protection measures to keep livestock and faecal materials away from watercourses.
- **Farm yard audit** - Assessment method to identify structural and operational pollution risks to reduce pollution from the steading.

The Executive intends to work with the farming industry, the environmental voluntary sector, SEPA and others to implement these measures. For example, a steering group (including the National Farmers Union Scotland, Scottish Agricultural College, Scottish Natural Heritage, SEPA, WWF and the Executive) has been established to oversee and jointly fund a specialist advisor who will develop new guidance for farmers on protecting and enhancing the environment.

**Petition Point 7&9**

7. **No change to the injection of material to land with field drains.** What we seek is a means to prevent the spreading of wastes on water logged land, leading to run off from the surface or through field drains. This is widely prevalent at present. Again the PEPFAA code is routinely ignored, (since operators have no incentive to follow it, indeed it is frequently inconvenient for them to do so).

9. **No action on spreading material at night.** Heavy traffic through villages at night has caused a nuisance. Delivery of material to site should be a daytime activity.

Mr Galbraith said in his response to Parliamentary Question of 22 December 2000 that the prohibition of certain practices including injecting wastes on land with field drains and spreading waste outwith daylight hours would not be taken forward at present. Responses to the consultation were mixed on these matters and it was considered impracticable to prohibit injecting on agricultural land with field drains since nearly all fields used for agriculture
contain field drains. It should however be borne in mind that it is an offence to cause environmental pollution under the Environmental Protection Act 1990, and any operator spreading wastes to land must therefore take action to prevent it. SEPA as the waste regulators will of course act to prevent environmental pollution occurring.

Whilst the PEPFA Code provides good practice guidance to help operators avoid pollution, there is no legal requirement to comply with it. However, farmers receiving payments under the Less Favoured Area (LFA) support scheme and agri-environment schemes are required to observe published standards of good farming practice, including compliance with the PEPFAA Code. Breaches of any of the requirements of good farming practice could result in a financial penalty being imposed on the farmer.

On spreading material at night, Mr Galbraith also said that prohibiting spreading outwith daylight hours would not be taken forward at present since it could be a practical disadvantage to Scottish farmers because of the shorter winter daylight hours in Scotland.

The petitioners note that heavy traffic at night may cause a nuisance and that delivery of material should be restricted to daytimes. This is a matter for the Road Traffic Authority, in this instance the local authority, to form an initial view on. The Road Traffic Regulations Act 1984 has a provision for the prohibition or restriction of use of vehicles on roads of certain classes.

**Petition Point 8**

**There is no mention of odour nuisance. This remains a regular concern in many communities.**

The changes proposed to the controls over spreading waste on land are intended to ensure that the activities can only be carried out without harming the environment and health. Whilst it is hoped that these controls will also ensure that the activities do not produce unacceptable odours, separate controls already exist to address this. Local authorities have responsibility for statutory control of nuisance, including odours. A local authority has powers to serve a notice to abate malodours when it is satisfied that a statutory nuisance occurs.

Many of the complaints about odours from spreading waste on land appear to stem from activities involving the spreading or injecting of blood or sewage sludge. However, the proposed improvements to the controls should ensure that the risk of malodours from such operations is much reduced. This is because treatment of these wastes will have to take place before spreading on land.

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3 September 2001
Written submission from the
Scottish Environment Protection Agency
in respect of petition PE327
concerning organic waste to land.

5th September 2001
Introduction

This response introduces the main regulatory provisions relating to the spreading and injection of organic waste to land, and then concentrates on addressing the issues that the Reporter is interested to hear SEPA’s view on.

The response is divided into five parts:

Part 1  **Current regulatory and control mechanisms.** This part summarises the main regulatory provisions relating to the spreading and injection of organic waste to land.

Part 2  **How best to address the specific concerns of the petitioner.** This part concentrates on the specific concerns listed in Appendix 1 of Petition PE327 and provides SEPA’s view on how best to address them.

Part 3  **The reasons for the recommendations contained in the Strategic Review of Organic Waste Spread on Land.** This part lists each of the recommendations and explains the reasons behind each one.

Part 4  **Whether a change to the regulatory and legislative framework for waste disposal would be desirable.** This part describes aspects of the Organic Waste to Land Report that the Scottish Executive is taking forward, and discusses further changes to the regulatory and legislative framework that would, in SEPA’s view, be desirable.

Part 5  **Conclusions.** A summary of the key concerns remaining to be addressed.

A copy of SEPA's 1998, “Strategic Review of Organic Waste Spread on Land Report” is also provided in **Annex 3**. This report provides an insight into current practices, an explanation and overview of the regulatory and non-regulatory controls, and provides detailed recommendations on changes to the current regulatory and legislative framework, and forms an integral part of SEPA’s submission.
Part 1 Current regulatory and control mechanisms

1.1 The main aspects of petition “PE327” from the Blairingone and Saline Action Group which relate to SEPA’s statutory duties and responsibilities are covered in this part of SEPA’s evidence.

1.2 A considerable amount of both national and European legislation exists in relation to the application of organic wastes to land. Further background to such legislation is provided in SEPA’s “Strategic Review of Organic Waste Spread on Land” report (“OWL report”).

1.3 Sewage sludge

1.3.1 The quantity of sludge produced in Scotland has increased significantly in recent years. This is mainly as a consequence of investment by water authorities in improved sewage treatment in order to meet the treatment standards and target dates within the EC Urban Waste Water Treatment Directive (“UWWTD”, 91/271/EEC). This Directive is transposed into Scot’s law by The Urban Waste Water Treatment (Scotland) Regulations 1994. SEPA is the enforcement authority for these Regulations. The UWWTD also banned the dumping of sewage sludge at sea with effect from the 31st December 1998. This ban, in combination with the requirement to improve the overall standard of sewage treatment, has led to increased volumes of sludge requiring to be recovered, used for the generation of energy or, alternatively, to be disposed of.

1.3.2 Sewage sludge is used in a wide variety of situations. Most commonly it is spread on forestry and agricultural land in view of its ability to act as a soil conditioner and source of plant nutrients. It is recognised that sewage sludge can also be a source of pathogenic organisms, heavy metals and other organic compounds which can harm the environment, as well as human and animal health, if not suitably treated and controlled. In this regard, the use of sewage sludge on farmland is regulated by SEPA under The Sludge (Use in Agriculture) Regulations 1989 (“the 1989 Regulations”). Sewage sludge is also used in land reclamation projects and as a source of energy via digestion or incineration. These activities are covered separately by other legislation enforced by SEPA.

1.3.3 The 1989 Regulations were subject to minor amendments in 1990 and have not been updated since. Under the amended Regulations, certain requirements are placed on the sludge producer, contractor, farmer or landowner to ensure that sewage sludges are recycled to land in an environmentally sound and sustainable manner. The Regulations apply specifically to sludges from public and private sewage treatment works and have the overall purpose of implementing the requirements of Council Directive No. 86/278/EEC on the protection of the environment, and in particular of the soil, when sewage sludge is used in agriculture.

1.3.4 The 1989 Regulations are based on the best available knowledge dating from the 1970’s and 1980’s, and were introduced primarily to control the rate of accumulation of potentially toxic elements (PTEs) in soil following the application of sludge to land, and to prevent the transmission of pathogens into the food chain. The impact associated with the loss of nutrients to the environment was not of principal concern when the Regulations were made.
1.3.5 Under the Regulations, SEPA audits registers maintained by sludge producers on the amount of sludge produced and supplied for use in agriculture, including details of where such spreading activity has taken place and the analysis of the sludge and the soil. A number of field inspections are also undertaken by SEPA for enforcement purposes.

1.3.6 The Regulations are supplemented by a non-statutory UK Code of Practice issued by the Department of the Environment, Transport and the Regions (DETR): Code of Practice for Agricultural Use of Sewage Sludge, 2nd Edition, May 1996. Guidance on storage and spreading is also given in the Prevention of Environmental Pollution From Agricultural Activity (PEPFAA) Code of Good Practice (Scottish Office Agriculture, Environment and Fisheries Department, SOAEFD, July 1997).

1.3.7 A highly significant development occurred in December 1998 in relation to sewage sludge use when the British Retail Consortium (BRC), in conjunction with ADAS and Water UK, produced the ‘Safe Sludge Matrix’ (‘the Matrix’). This agreement was published as a series of leaflets which set out clear guidance on the minimum level of treatment for any sewage sludge applied to a crop or as part of a rotation. The Matrix has been agreed between Water UK (represents all water companies and water authorities) and the BRC (represents major retailers) and there has been a clear commitment by signatories in meeting its provisions.

1.3.8 In some respects, the Matrix provides more of a contemporary benchmark for the safe spreading of sewage sludge on land than the statutory provisions contained in the 1989 Regulations. Consequently, there are now firm proposals by Government to revise the 1989 Regulations so as to reflect the contents of the Matrix. This has resulted in the Scottish Executive consulting SEPA on draft proposals. It is anticipated that the safeguards provided by the Matrix will shortly be given statutory force in Scotland. Indeed, the Scottish Executive “Water Quality and Standards, 2002-2006” consultation paper refers to the amended Regulations being introduced sometime in 2001.

1.3.9 The amended Regulations are therefore likely to require sewage sludge to be treated and this may include the following methods:

- thermal drying (heat treatment);
- advanced lime stabilisation (chemical treatment); or,
- sludge digestion (biological treatment).

1.3.10 In line with the Matrix, the amended Regulations are likely to prohibit the spreading of untreated septic tank sludge on land.

1.3.11 SEPA considers that the revision of the Regulations also provides an opportunity to set out a framework for investment for the water authorities, possibly by establishing target dates for the installation and operation of sludge treatment plant. There can be quite strong public opposition to the construction of sludge treatment plant and it is considered that such opposition might be minimised by providing a legislative framework for investment to take place.

1.3.12 The Department of Environment Food and Rural Affairs (DEFRA, formerly DETR and MAFF) normally takes the lead on the development of legislation, principally on the grounds of best value and efficient use of resources. In this instance, there
appears to be little reason why the amendments to the 1989 Regulations could not be taken forward earlier in Scotland. There would clearly be a need for the Scottish Executive to ensure that this is done in close collaboration with SEPA, the Scottish Agricultural College (SAC), water authorities and other interested organisations.

1.3.13 There is little doubt that there is a case for the 1989 Regulations to be amended in view of the purely voluntary nature of the provisions of the Matrix. Without such amendment, SEPA would be concerned that the level of commitment to the voluntary provisions of the Matrix might decrease, thereby threatening the overall confidence in sewage sludge use in agriculture.

1.3.14 SEPA supports the recycling of sewage sludge to farmland where this is carried out in accordance with statutory requirements. The potential fertiliser and soil conditioning properties of sewage sludge are well known. Adherence by sludge producers to the guidelines for the safe application of sewage sludge to agricultural land, known as the ‘Safe Sludge Matrix’, is also strongly supported by SEPA but this agreement now needs to be reflected in amended regulatory provisions. Without this the public will not have confidence that such operations are being subject to adequate statutory control by SEPA.

1.3.15 Finally, the European Commission has circulated proposals for a new Directive on sludge and is expected to adopt such a proposal towards the end of 2001. This proposal is being put forward in order to:

- ensure a high level of environmental protection in relation to sludge used in agriculture;
- promote confidence in the quality of sludge;
- introduce a framework for sludge management in view of the increased quantity of sludge requiring to be recycled on land.

1.3.16 The proposed Directive is expected to introduce more stringent controls over the way sludge is managed together with extended requirements for the analysis of chemical and microbiological components of sludge.

1.4 Certain non-agricultural wastes

1.4.1 The Waste Management Licensing Regulations 1994 (“WML Regulations”) are made under the Environmental Protection Act 1990 (EPA 1990). Under these Regulations it is possible to register as exempt the application of certain non-agricultural wastes to agricultural land from the need to have a waste management licence.

1.4.2 Exemptions are required to be undertaken in a manner that is consistent with meeting certain ‘relevant objectives’ that are specified in paragraph 4(1)(a) of Part I of Schedule 4 to the WML Regulations. These objectives are relevant to the disposal or recovery of waste and are intended to ensure that human health is not endangered. Furthermore, processes or methods which could harm the environment should not be used. In particular, the Regulations state that the disposal or recovery of waste should be without:

(i) risk to water, air, soil, plants or animals; or
(ii) causing nuisance through noise or odours; or
(iii) adversely affecting the countryside or places of special interest.
1.4.3 One of the most commonly used exemptions is the spreading of wastes on land which is used for agriculture under paragraph 7 of Schedule 3 of the WML Regulations. The landspreading of wastes specified in Table 2 of paragraph 7 are exempt from licensing only if (amongst other things) the activity in question results in, ‘benefit to agriculture or ecological improvement’.

1.4.4 The WML Regulations are reactive in that SEPA has to be able to prove that the spreading of waste does not provide a ‘benefit to agriculture or ecological improvement’ in order to consider it not exempt. This is especially difficult because there is no definition of, ‘benefit to agriculture or ecological improvement’ in the WML Regulations and no requirement on the person carrying on the activity to prove this before spreading the waste.

1.4.5 In the event that waste is spread on land without benefit to agriculture or ecological improvement, SEPA's only recourse is to send a report to the Procurator Fiscal recommending prosecution for carrying on the activity without a waste management licence. SEPA has therefore recommended that those involved must be made to demonstrate that it is beneficial before proceeding with the activity. SEPA is concerned that contractors continue to claim benefit to agriculture or ecological improvement, when there is no definition of what this means and no duty to demonstrate it.

1.4.6 It should not necessarily be for the producer to prove there is benefit to agriculture or ecological improvement. The water industry, for example, paid for its own research and there is no reason why the waste industry (i.e. the waste producers or contractors) could not do the same, although inevitably the costs would be passed on. SEPA does however want the burden of proof to be placed on the waste producer or the contractor to show there is benefit to agriculture or ecological improvement.

1.4.7 Paragraph 8 of Schedule 3 of the WML Regulations exempts the spreading of sludge on non-agricultural land only if it results in ecological improvement and does not cause levels of PTEs in the soil in excess of those given in Schedule 2 of the Sludge (Use in Agriculture) Regulations 1989 (as amended). However, there is no such requirement for levels of PTEs to be considered when paragraph 7 wastes are applied to agricultural land. In addition, there is no definition of what constitutes ‘ecological improvement’. This causes difficulties in determining whether or not the activity is exempt and in taking any enforcement action. Davis and Rudd (1998) provide useful definitions in their report but these obviously have no statutory basis.

1.5 Agricultural wastes

1.5.1 Currently, all organic wastes produced on a agricultural premises such as, for example, livestock slurries and animal manures, are excluded from the definition of ‘controlled waste’. The spreading of such material on farmland is not therefore subject to the provisions of the WML Regulations.

1.5.2 The position with respect to organic wastes produced on-farm is likely to be the subject of public consultation in light of the requirements of the Waste Framework Directive (75/442/EEC, as amended). In the meantime, farmers are being encouraged to follow the recommendations contained in the PEPFAA Code with respect to the collection, storage and subsequent utilisation of such wastes on land.
Part 2 How best to address the specific concerns of the petitioner

This Part of SEPA’s evidence is set out in the order of the bullet points presented in Appendix I (“Summary of concerns raised by the Blairingone Action Group”) attached to petition “PE327”.

General

2.1. **Uncertainty as to what is contained in the waste.**

2.1.1 Paragraph 6.17 of the OWL report recommends that the waste producer be responsible for the characterisation of waste including analysis and for providing information on the nature of waste to the contractor and the land owner/occupier. The contractor would also be responsible for forwarding information on the nature of the waste and application details to the land owner/occupier.

2.1.2 Paragraph 6.21 of the OWL report recommends that waste producers who wish to recycle organic waste to land should be required to provide analysis of waste and keeps records. Under current regulation the onus is on SEPA to request this information in order to assess the activity in respect of the relevant objectives.

2.1.3 As a general observation, it appears that routine analysis of individual wastes is most commonly undertaken whereas analysis of combinations of such wastes is less frequently carried out.

2.2. **Greater inspection facilities required.**

2.2.1 Paragraph 6.17 of the OWL report recommends that SEPA would be responsible for auditing of records held by the waste producer, contractor and landowner. This would require inspection visits to be undertaken that are related to the degree of risk posed to the environment.

2.2.2 SEPA’s power to inspect premises are detailed in section 108 of the Environment Act 1995. These powers are considered to be adequate.

2.3. **Better liaison required between those involved in transportation, application of materials, Local Authorities, water authorities, inspection and environmental control groups, contractors, landowners, farmers and local communities.**

2.3.1 Paragraph 6.17 of the OWL report recommends a control system to ensure that the responsibility for specific actions rests with the correct person and that it is carried out. This system also forces improved communication between the waste producer, contractor, land owner/occupier and SEPA on the types of waste and suitability of sites for spreading on land.

2.3.2 Environmental Health departments in local authorities are already working closely with SEPA. This involves regular meetings to share information and discuss joint interests. SEPA has also contacted SCIEH and area Health Boards with a view to forming an investigation team to address the specific concerns of the residents of Blairingone. The findings of this group should assist in determining whether public health has been affected by the spreading activities in the area.
Public, animal and plant health

2.4. **Immediate response required to public concerns relative to health, contamination of land, water or air (including odour).**

2.4.1 In common with every other complaint received by SEPA, a complaint regarding the spreading of waste on land would trigger an investigation by SEPA. SEPA’s Service Charter states that:

“All reported pollution incidents will be assessed immediately and responded to as soon as possible, but in any case by the end of the following day. We will attempt to contact anyone who reports an incident and wishes to receive a response, to inform them of the outcome.”

2.4.2 Proactive visits to sites are also undertaken by SEPA. At Blairingone, a programme of inspections was established and implemented. SEPA has an ‘out of hours service’ which involves dealing with complaints reported at night, including site visits.

2.5. **Proximity to human settlements should be considered in detail.**

2.5.1 Exemptions under the WML Regulations are subject to the provision that the activity meets the ‘relevant objectives’. The objectives are to ensure that the waste is recovered without endangering human health as outlined in paragraph 1.4.2.

2.5.2 Further to the recommendations made in the OWL report, it may be advisable to extend the onus on the waste producer or contractor such that they must also satisfy SEPA, in advance, that the proposed activity will meet the relevant objectives. This would ensure that the proximity of these activities to human settlement is taken into account. SEPA should have the power to prevent any such proposed activity if there is insufficient evidence to show that these objectives will be met.

2.6. **Night-time application should cease.**

2.6.1 Paragraph 6.20 of the OWL report recommends that the spreading of waste outwith daylight hours is prohibited. It is envisaged that this could be included within a new and consistent legislative framework.

2.7. **Information required on application of waste to land and subsequent use of land for grazing, crops, public access and recreation.**

2.7.1 Paragraph 6.15 of the OWL report recommends restrictions on land utilisation following the application of farm wastes and exempt wastes similar to those relating to sewage sludge.

2.8. **Exempt wastes should be certified as free of harmful substances by independent analysis, at the expense of waste producer.**

2.8.1 Paragraph 6.13 of the OWL report recommends minimum standards of treatment for all wastes to be spread on land. The purpose of such treatment would be to minimise any health or environmental risks associated with the spreading of such wastes. A definition of the term “free from harmful substances” will be required in order to clarify what level of treatment is required, however.
2.8.2 SEPA has recently been made aware by DEFRA and the Scottish Executive that common position has recently been reached in relation to a European Union (EU) Animal By-Products Regulation (2000/0259 (COD)). This Regulation will require certain exempt wastes to be subject to treatment prior to their disposal or recovery.

2.8.3 It appears that, with effect from mid-2002, operators will no longer be able to spread untreated blood from abattoirs to land. The blood will require to be treated in an 'approved' rendering, biogas or composting plant before it can be landspread. SEPA understands that the same provisions will apply to mixed wastes containing blood and gut contents. Gut contents from healthy animals will apparently not require treatment but will only be permitted to be spread on land to which grazing animals do not have access (i.e. spreading on non-pasture land only).

2.8.4 With this being an EU Regulation, little in the way of transposing legislation will be required to bring it fully into effect within Member States. This development is very welcome and will deal with two of the most contentious wastes applied to agricultural land under exemption in Scotland, namely, blood and mixed blood and gut contents.

2.9. More attention should be given to odour control.

2.9.1 What constitutes “nuisance through odours” in terms of the relevant objectives? Activities such as the application of condensed molasses or blood to land can produce what might generally be perceived to be offensive odours by the public, and thus not be in accordance with the relevant objectives. The legal position is not as clear cut.

2.9.2 Unlike section 79 of EPA 1990 which clearly defines statutory nuisances for regulation by the Local Authority, the term “nuisance” where it appears in the relevant objectives is not defined in the WML Regulations.

2.9.3 The local authorities and SEPA both apply the generally accepted ‘three test criteria’ in order to assess nuisance: persistence, intensity and durability. In carrying out its investigations, SEPA would always seek to have corroboration from two SEPA witnesses, or other independent witnesses, if at all possible. This is in view of the doubt which could be thrown upon the evidence by using a witness who had perhaps been exposed to a perceived nuisance for some time.

2.9.4 Taking all of the above considerations into account means that it is not often that SEPA is able to substantiate an odour complaint and find that a nuisance has occurred with respect to the satisfying of the relevant objectives. It should also be noted that when it comes to assessing odour, although there are artificial detectors on the market, the best detector is still widely considered to be the human nose, although this method is prone to the accusation of subjectivity.

2.10. Prosecution should follow if pollution occurs.

2.10.1 Should pollution of the environment occur as a result of spreading activities and a failure to comply with the relevant objectives be able to be proved, SEPA has the option of reporting the incident to the Procurator Fiscal recommending prosecution. Any decision to do so would be in line with SEPA’s enforcement policy.
2.11. **Penalties to be set at a level to act as a substantial deterrent.**

2.11.1 The maximum fine for a summary conviction for spreading of waste outwith the terms of the exemption and without a licence is £20,000. There is no maximum fine for conviction on indictment. The amount of fine imposed upon conviction is a matter for the courts.

**Protection of the soil**

2.12. **No untreated waste should be applied unless rigorous analysis establishes the waste as being safe for human health and the environment.**

2.12.1 Paragraph 6.13 of the OWL report recommends minimum levels of treatment for wastes to be spread, except for the majority of agricultural wastes. Paragraph 6.15 further recommends that all exempt wastes should be analysed for chemical and microbiological parameters prior to disposal. The purpose of this being to ensure that the waste is safe for human health and the environment.

2.12.2 SEPA’s State of the Environment “Soil Quality Report” was published in 2001. The application of organic wastes to land, from which the input of contaminants and their impact is largely unknown, is identified as one of the principal threats to soil quality and the long-term sustainable use of soils.

2.12.3 The above report concludes that that information needs to be gathered on the inputs and accumulation of potential contaminants present in organic wastes, such as heavy metals, organic compounds and pathogens together with further assessment of the impacts of such wastes on soil quality.

2.12.4 SEPA identified the need to ensure that the wider environmental benefits of soil protection are recognised in developing future legislation.

2.12.5 A Soil Protection Strategy for Scotland is recommended by SEPA in order to address the key pressures and impacts on soil identified in the report. This matter is under consideration by the Scottish Executive.

2.13. **National and local registers should be publicly available (including at the site) during application.**

2.13.1 It is the duty of SEPA to maintain a register of establishments or undertakings carrying on exempt activities involving the recovery or disposal of waste. The register contains (a) the name and address of the establishment or undertaking (b) the activity which constitutes the exempt activity (c) the place where the activity is carried on.

2.14. **Spot checks should be conducted by regulators on the nature of material and rate of application.**

2.14.1 Checks are undertaken by SEPA staff to assess whether the activity in question meets the requirements of the WML Regulations. In addition action plans are in place to sample some of the materials being spread.
2.15. **Code required detailing qualities of wastes and active constituents.**

2.15.1 A requirement to have all wastes analysed prior to their application, and the further requirement to match the application of waste with nutrient requirements of the growing crop will help to address this concern.

2.16. **Scientific proof required that wastes applied result in land improvement, without detriment to adjacent land with existing organic status.**

2.16.1 This is not an issue solely for SEPA to consider. An activity being undertaken adjacent to land with organic status, whether it be agricultural or industrial land, might have the potential to affect the status of such land, however.

2.17. **Research required into long-term use of such materials.**

2.17.1 SEPA identifies some of the research needs in relation to the protection of soil on page 61 of its ‘Soil Quality Report’. In particular, SEPA acknowledges the gap in information in relation to the long term use of agricultural and non agricultural wastes on land.

2.18. **Better knowledge required concerning how land and water tables react to application and injection of wastes, including multiple wastes.**

2.18.1 These issues would be beneficially considered as part of commissioned research work and by deploying the expertise of British Geological Survey (BGS), MLURI and SAC, amongst others, in doing so.

2.18.2 More rigorous assessment of the suitability of land prior to receiving an application of organic wastes is of fundamental importance and guidance in relation to this is set out in the PEPFAA Code. Incorporating such guidance into training courses for contractors would be a valuable first step to make, as has been done in the WaSTES courses operated by SAC.

2.19. **Knowledge of farm drainage systems should be improved.**

2.19.1 The prohibition of injection to land with field drains in line with paragraph 6.2 of the OWL report would reduce considerably the threat to the aqueous environment from spreading activities.

2.19.2 The production of a farm waste management plan for each farm would also necessitate a detailed assessment of the suitability of land for spreading to take place. This is required in order to in the determination of slurry storage capacity for each farm. The production of such a plan will require the active participation of the farmer concerned and the gathering of information as to the drainage systems serving each field.

2.19.3 Particular attention needs to be paid to recently drained fields where permeable (gravel) backfill overlays the field drains. This type of drainage system provides the most potential for rapid transfer of pollutants, especially from liquid wastes, to drains and to watercourses.
2.20. Statutory testing of farmland required to determine nutrient requirements

2.20.1 Maintaining soil fertility and nutrient status are fundamental to growing crops successfully. Each crop type has different requirements for nutrients which can be met by inorganic and organic sources. It is important to establish how best to satisfy the demands of the growing crop by referring to technical literature, seeking independent professional advice and by reference to the PEPFAA Code etc. By adopting good practice, the unnecessary loss of nutrients, for example, nitrates to ground and surface waters, can be avoided and financial returns be optimised.

2.21. Specific rules should apply to exempt wastes that include mixtures of wastes and their interaction.

2.21.1 Paragraph 6.12 of the OWL report recommends that the Regulations cover mixed waste streams and set minimum standards for safe acceptance loadings for different wastes on a range of soil types.

Legislation

2.22. Application methods, rates and monitoring of application currently inadequate.

2.22.1 With the exception of subsoil injection into land with field drains, SEPA do not consider that application methods are necessarily inadequate. It is important to establish the suitability of the land to receive the application, paying particular attention to the soil type, soil condition, degree of slopes, existence of field drains, proximity to watercourses and to domestic dwellings etc., Rates of application should not be based on a standard minimum or maximum volume per hectare. Instead they should be calculated on a site-by-site basis and be influenced by local environmental factors taking account the type of waste to be applied and the crop being grown. It is important that spreading equipment is well maintained, calibrated and suitable operated by suitably trained and competent staff.

2.22.1 The preparation of farm waste management plans, their subsequent implementation and audit would help to address both the issue of rates of application and monitoring.

2.23. Clear distinctions should be made in legislation regarding types of sewage treatment.

2.23.1 Revisions to the Sludge (Use In Agriculture Regulations) 1989 will include definitions of treatment for sewage sludge. The approach which is being adopted is not to specify individual processes, as this could stifle initiative, but to specify reductions in pathogens required before sludge can be said to be satisfactorily treated.

2.24. Contractors should make public the nature and content of the material being disposed of to land.

2.24.1 As the registration authority identified within the WML Regulations, SEPA receives certain details relating to proposed exempt activities. This includes the names and addresses of the establishment or undertaking, the activity which constitutes the exempt activity and the place where the activity is carried on. This information is all placed on the public register.
2.24.2 There is no legal obligation on the person wishing to register an exemption to provide any additional information relating to the nature and content of the material to be disposed of to land. SEPA may request that such information be provided and will retain this information when it is submitted. In general, access to this information should be permitted.

2.25. **Increased powers of enforcement required for relevant authorities, principally SEPA.**

2.25.1 SEPA is of the view that the implementation of the recommendations in the OWL report would provide an appropriate level of regulatory power. The issue of how legislative powers are implemented, and by which organisation, is a matter for the Scottish Executive to consider.

2.26. **Consideration should be given to the possibility of regulators suffering a penalty for failing in their duty to regulate.**

2.26.1 SEPA will endeavour to resolve complaints against it through an established complaint procedure. Should this not be possible then the final route of complaint is through the complainant’s MSP to the Parliamentary Commissioner for Administration (i.e. the Scottish Commissioner). The Commissioner can investigate complaints relating to all procedures, except statutory procedures, carried out by SEPA.

2.27. **Records should be kept by farmers and landowners of materials used on land including on-farm wastes (including inorganic fertilisers)**

2.27.1 Implementation of paragraph 6.16 of the OWL report would make it a requirement of the farmer or landowner to operate to a plan which encompasses all organic wastes being spread on farmland.

2.27.2 In SEPA’s view, it is essential that the nutrient value of organic wastes is fully taken account of when planning inorganic fertiliser use. By doing so, there is the potential to reduce fertiliser bills for the farmer and to avoid harm to the environment from unnecessary inputs of potential pollutants.

2.28. **Substantial penalties required for those failing to adhere to regulations.**

2.28.1 The level of fine available to the courts for breaches of the regulations is a matter for the Scottish Executive and not SEPA.

2.29. **Recommendations of good practice in the PEPFAA code often not applied or enforced, as this Code is not statutory.**

2.29.1 With the exception of chapters 10, 13 (excluding 13.1,13.4,13.6), 14, 16 (excluding 16.4) and 17 the PEPFAA Code has a statutory base under the Control of Pollution Act 1974 and EC Nitrates Directive (91/676/EEC). However, although contravention of the Code may be taken into account in any legal proceedings involving a water pollution offence, contravention of the Code itself does not give rise to any criminal or civil liability. Furthermore, the Code does not have any statutory base under the EPA 1990.
2.29.2 SEPA is seeking to address the concerns relating to application of organic waste to agricultural land through the implementation of the OWL report and not necessarily via changes made to the PEPFAA code, although an updated and improved Code will assist in encouraging the adoption of good farming practices.

2.29.3 SEPA is aware that the PEPFAA Code is due to be revised by the end of March 2002. As one of the members of the Scottish Agricultural Pollution Group (SAPG) which assists the Scottish Executive in writing the Code, SEPA will play a positive role in ensuring that environmental protection advice is actively promoted to farmers by the Code.

2.29.4 The development of cross-compliance measures to bind farmers to meeting the recommendations in the Code is also of considerable interest to SEPA. It is hoped that the Code will continue to underpin the ‘minimum environmental standards’ identified in the operation of agri-environment schemes, such as the Rural Stewardship Scheme and also, be made central to the operation of farm quality assurance schemes, as appropriate.
Part 3 Reasons for the recommendations contained in SEPA’s Strategic Review of Organic Waste Spread on Land

3.1 This Part of SEPA’s evidence provides a brief explanation of why each recommendation in the OWL report was made. Each of the recommendations is quoted in italics and is then followed by the explanatory text which gives reasons for its inclusion.


OWL Recommendations (with reasons)

3.3 Recommendation 6.10 - It is recommended that a consistent legislative framework for all organic wastes spread on land is developed incorporating relevant Codes of Practice as necessary, with statutory status and clear definitions of agricultural benefit and ecological improvement.

3.3.1 The overall conclusion from the OWL report was that the approach to the regulation and management of organic waste spread on land was inadequate and inconsistent, leading to practices which pose a risk to the environment and have potential public, animal and plant health risks. SEPA considers that, whilst the situation is improving, this remains the case.

3.3.2 In addition, the Sludge (Use in Agriculture) Regulations 1989 are largely out-of-date and have been overtaken by the voluntary ‘Safe Sludge Matrix’ agreement reached between Water UK and BRC. However, there is still understandable public concern that the regulatory regime is inadequate by modern standards. For other organic wastes, the presumption in the system of exemptions from the WML Regulations was that the activities are inherently low risk. As a result the regulatory system is permissive and it is up to SEPA to demonstrate that there will not be agricultural benefit or ecological improvement from the activities.

3.3.3 There is therefore a lack of public confidence in landspreading which is putting at risk activities which have the potential to produce environmental and economic benefits.

3.3.4 The various Codes of Practice in existence contain sound practical advice but are not all statutory. This is a substantial weakness and there is also confusion over the status of some aspects of the Codes which require to be clarified.

3.4 Recommendation 6.11 - It is recommended that there should be a need to demonstrate beneficial recycling using a specified definition of agricultural benefit or ecological improvement. The philosophy of matching application of waste with nutrient requirements should be incorporated for all wastes, not just sewage sludge.

3.4.1 Application of organic waste to land is often not seen as a recycling activity but as a route of disposal of potentially problematic waste products. This is unacceptable and it should be a requirement on the waste producer to demonstrate agricultural or ecological value prior to any application of the material to land, rather than a reactive regime with SEPA having to demonstrate the negative.
3.5 **Recommendation 6.12** - It is recommended that the Regulations cover mixed waste streams and set minimum standards for safe acceptance loadings for different wastes on a range of soil types. Consideration should be given to utilising current databases such as the Macualay Land Use Research Institute (MLURI) land classification survey etc..

3.5.1 The current lack of integration of the various regimes can result in the legal application of sewage sludge, exempt organic waste, livestock slurries and artificial fertiliser to the same land, without a comprehensive assessment of acceptable loading or crop nutrient requirements. This is clearly unsatisfactory.

3.6 **Recommendation 6.13** - It is recommended that minimum standards of treatment for all wastes spread on land are stipulated, except for the majority of agricultural wastes. Minimum storage capacity at the producer’s site should be stipulated.

3.6.1 The ‘Safe Sludge Matrix’ provides a model for minimising environmental risk, by stipulating minimum treatment standards, which should also be applied to exempt waste.

3.6.2 There are seldom storage facilities at the producer’s site, particularly for exempt wastes which results in pressure on contractors to spread waste when conditions may not be appropriate or to store in an uncontrolled manner elsewhere (i.e. on-farm) with the attendant risk of odour problems and run-off to watercourses.

3.7 **Recommendation 6.14** - There is a need for Properly Qualified Advice (PQA) to be readily available which will take account of nutrient requirements, inputs and adverse components of the waste. What constitutes ‘PQA’ needs to be defined. It is recommended that sources of PQA are identified.

3.7.1 Again, if organic waste to land is to be a beneficial activity, as opposed to a waste disposal operation, then PQA is essential. An independent source of advice and guidance is preferable so as to maximise confidence.

3.8 **Recommendation 6.15** - In order to minimise the risk from pathogens, restrictions on land utilisation following the application of farm wastes and exempt wastes similar to those applied to sewage sludge are recommended. This could be partially achieved through requiring the waste producer to prove benefit and provide proper analysis of the waste. There should be a statutory requirement for exempt wastes to be analysed for chemical and microbiological parameters prior to disposal.

3.8.1 There are gaps in the scientific knowledge which must underpin the activity, mainly relating to the pathogenic content of wastes, the fate of pathogens and organic contaminants in soil and the changes in soil processes brought about by continued application of organic wastes.

3.8.2 The scientific understanding and regulatory requirements for exempt waste to land need to be brought up to the same level as that for sewage sludge.

3.9 **Recommendation 6.16** - It is recommended that the concept of land management plans is introduced. The term is deliberately wider than a farm nutrient plan or farm waste plan. The plan would encompass the beneficial and detrimental aspects of all wastes going to the farmland as well as incorporating inorganic fertiliser inputs. The responsibility for the land management plan would rest with the landowner/occupier. It is understood that some farms already operate a variety of management systems
which would permit the introduction of this plan as an evolution of existing practice.

3.9.1 As noted in 6.12, there is no integrated regulatory regime to protect the land quality or the wider environment.

3.9.2 With the exception of sewage sludge, the input of nutrients to land is not recorded. Records of different wastes going to land are not collated for specific farms and links are not usually made between the organic waste nutrient input and inorganic fertiliser application.

3.9.3 SEPA’s recommendation for land management plans was also intended to allow a greater degree of awareness, on behalf of land users and contractors, as to what wastes, and bought in sources of nutrients, have been applied to land. The evidence suggests that the preparation and implementation of such plans can result in financial savings rather than act as an unwelcome additional burden on the farming sector.

3.9.4 In response to SEPA’s recommendation for the introduction of land management plans, however, the then Minister for the Environment, Sam Galbraith MSP, referred to the fact that the PEPFAA Code of Good Practice already provides farmers with advice on safe methods of collection, storage and spreading of organic wastes. Nevertheless, the Minister indicated that the Executive would continue to work to promote better planning of farming activities to prevent adverse impacts on the environment.

3.9.5 The findings from of the Scottish Executive sponsored study into farming practices in two river catchments in Ayrshire make such a voluntary approach questionable. It might be desirable to provide initial financial support for the preparation of such plans and to give assistance to farmers in terms of the provision of advice. Further development of cross-compliance measures in relation to the operation of agri-environment and farm quality assurance schemes would also be of assistance to promoting the integration of good practice into day-to-day farm management.

3.10 Recommendation 6.17- The key requirement of any control system is to ensure that the responsibility for specific actions rests with the correct person and that it is carried out.

3.10.1 The proposed mechanism in Table 9 places the responsibilities in the appropriate place, consistent with other current legislation or regulations. It is recommended that this proposal is considered further and it, or a similar system, is adopted.

**Table 9 - Proposed mechanism for regulating organic wastes to land.**

<table>
<thead>
<tr>
<th>Responsible body</th>
<th>Responsible for</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Producer</td>
<td>Characterisation of waste including analysis</td>
<td>PTEs, nutrients, pathogen content (risk assessment, routine monitoring for high risk wastes etc.)</td>
</tr>
<tr>
<td></td>
<td>Providing information on nature of waste to contractor</td>
<td>Only accredited laboratories used in waste analysis</td>
</tr>
<tr>
<td></td>
<td>Forwarding information on nature of waste to land owner/occupier</td>
<td></td>
</tr>
</tbody>
</table>

Scottish Environment Protection Agency

SEPA Petition Evidence (PE327) 17 5th September 2001
3.11 **Recommendation 6.18** - It is recommended that a competency scheme for contractors is introduced, similar to the WAMITAB qualification for waste management licence operators.

3.11.1 There are no vocational qualifications required for operating a waste spreading business, unlike waste management which requires vocational training.

3.11.2 An example of the lack of formal training and awareness of good practice is the finding that of the agricultural contractors surveyed as part of Ayrshire study, only 18% actually followed the Code. Furthermore, none of the contractors had any formal training in the practice of recycling of organic wastes to land.

3.12 **Recommendation 6.19** - It is recommended that the following wastes are not spread on land: *Blood and gut contents from abattoirs.*

3.12.1 SEPA recommended that no blood and gut contents should be spread on land. This recommendation has subsequently been qualified by SEPA as referring to the spreading of ‘untreated’ blood and gut contents, as treatment has the potential to reduce risks to an acceptably low level. SEPA acknowledges that blood, in particular, has been perceived as a good source of nutrients. More recently, concerns have been raised about the potential transmission of disease, especially from gut contents and mixed wastes containing blood and gut contents. A considerable amount of public and political interest has been expressed in relation to the landspreading of such wastes. SEPA too has expressed its concern over the acceptability of spreading untreated blood and gut contents to land.

3.12.2 In December 2000, Scottish Executive said it proposed to consider how blood and gut contents from abattoirs should be dealt with in the light of the report of the joint Scottish Executive and Food Standards Agency Task Force on E Coli O157. This Task Force submitted its report to the Minister for Health in June 2001 and the
mechanism for delivering upon the recommendations is now awaited by SEPA. It is recognized in the report that the principal route of exposure to this organism is via the environment. A key role is foreseen for the PEPFAA Code which will need to be updated in light of the Task Force report. In the meantime, the Minister has stated that the Executive will continue its dialogue with the industry to promote improved practices. SEPA has continued to call for the earliest possible reconsideration of this issue by the Executive. It is also an area where SEPA receives a considerable number of ongoing complaints from the public.

3.12.3 The implementation of the EU Animal By-Products Regulation (2000/0259 (COD)), on which common position was reached in June 2000, by mid-2002 is expected to deal with SEPA’s principal concerns regarding blood and gut contents in that no untreated blood or any mixture of any such wastes, is likely to be permitted to be spread on land without treatment in an ‘approved’ plant taking place first (paragraphs 2.8.2, 2.8.3 and 2.8.4 refer). SEPA understands that gut contents from animals passed fit for human consumption is not proposed for treatment under the Regulation but will be required to be spread on arable land (i.e. not on pasture to which grazing livestock have access).

3.13 **Recommendation 6.19** - It is recommended that the following wastes are not spread on land: *Septic tank sludge.*

3.13.1 Septic tank sludge poses similar hazards to spreading untreated sewage sludge, in terms of a vector for disease transmission, as well as being aesthetically unacceptable in terms of gross solids and odour nuisance.

3.14 **Recommendation 6.20** - It is recommended that the following practices are prohibited: *Injecting wastes in land with field drains.*

3.14.1 Field drainage systems provide a potentially rapid means of transfer of pollutants to the aquatic environment. This is especially the case for recently drained land where permeable (gravel) backfill has been used above the installed drains. Too often, inadequate assessment is made by contractors of the risks associated with subsoil injecting liquid wastes directly over field drains. For instance, a freely draining soil which overlies a main drain serving the lowest lying part of a field would not present the most ideal location to commence spreading activities and yet, this has happened in practice, resulting in the downgrading of previously excellent quality rivers, resulting in a successful prosecution. Further reasons for this recommendation are given in Part 4 of SEPA’s evidence.

3.15 **Recommendation 6.20** - It is recommended that the following practices are prohibited: *Spreading outwith daylight hours.*

3.15.1 The reasons for this recommendation are also covered in Part 4 of this document. These relate mainly to the inability of contractors to properly control their operations at night or to be able monitor any off-site impacts that might arise through spreading activities, for example, causing pollution of local watercourses due to damage to field drains and promoting entry of wastes into drainage systems etc. There are also potential noise and nuisance implications from undertaking such activities in hours of darkness due to the operation of machinery etc.

3.15.2 SEPA notes that the Scottish Executive indicated in December 2002 that any restriction on spreading outwith daylight hours would put Scottish farmers at an unfair disadvantage in view of the shorter daylight hours in Scotland. The Executive
advised that they didn’t want to constrain Scottish Agriculture unnecessarily. SEPA has pointed out that the reason for making the recommendation (i.e. the adoption of a more precautionary approach) and reaffirms its initial recommendation made in the OWL report. It might be argued that in the summer months Scottish farmers have more daylight hours available to them than their English and Welsh counterparts and that this could increase the potential for landspreading activities taking place at this time of year. As more limited daylight hours are associated with the winter months, when spreading is likely to be far less justifiable in terms of crop requirements, Scottish farmers would be more likely to be meeting the guidance contained in the PEPFAA Code about the timing and suitability of organic waste applications being made if a ban was introduced on spreading outwith daylight hours. The fact that winter applications are less acceptable environmentally is supported by the requirement established in The Control of Pollution (Silage, Slurry and Agricultural Fuel Oil) (Scotland) Regulations 2001 to provide six months slurry storage capacity so as to avoid the need to spread in the winter months.

3.16 Recommendation 6.20 - It is recommended that the following practices are prohibited: **Spreading in designated heritage sites.**

3.16.1 Landspreading of organic wastes has the potential to lead to ecological change and more especially to cause harm or damage to sensitive flora and fauna. This is clearly undesirable from the point of view of protecting designated sites. The recommendation to prohibit spreading was made in view of the potentially damaging nature of such operations. This recommendation is also consistent with the requirements of the Habitats Directive and takes account of SEPA’s duties under section 32 of the Environment Act 1995 to have regard to the desirability of conserving the natural heritage of Scotland.

3.17 Recommendation 6.21- A suggested scheme of regulation is presented and it is recommended that consideration is given to developing and refining it.

3.17.1 A waste producer who wishes to recycle organic waste to land should be required to fulfill the following conditions:

- provision of analysis, pre-treatment of waste and necessary storage facilities;
- that the producer must spread the waste themselves or use authorised contractors;
- that waste can only go to land which has a land management plan;
- the waste producer keeps records;
- the contractor (which may be the producer) has to demonstrate that there is a land management plan for the site and that the wastes were deposited there.

3.17.2 A clear audit trail will then exist which can be audited by SEPA.

3.18 Recommendation 6.22 - It recommended that a charging scheme is developed to effect the regulation through SEPA. Charges would be levied for auditing the compliance and if required the certification of contractors who hold the appropriate competency. An annual charge would accrue to the waste producer, similar possibly to the banding schemes of the COPA (Control of Pollution Act 1974, as amended) or the waste charging schemes.

3.18.1 A charging scheme will be necessary to finance effective regulation.
Part 4 Whether a change to the regulatory and legislative framework for waste disposal would be desirable.

4.1 This Part of SEPA’s evidence is concerned with whether a new legislative framework would be desirable for waste disposal.

4.2 As referred to in Part 3, on the 22 December 2000, the then Minister for the Environment, Sam Galbraith, announced the introduction of “tough new controls on the practice of spreading organic waste directly on land” (reference SE3299/2000). A copy of the associated press release is provided in Annex 1.

4.3 SEPA wrote to the Scottish Executive on 8th January 2001 (copy of letter attached at Annex 2) welcoming the proposal for a more consistent legislative framework and, in particular, the requirement to demonstrate agricultural benefit from spreading of organic wastes and the prohibition of untreated septic tank sludge being spread on land.

4.4 SEPA noted that further consideration of blood and gut contents from abattoirs was deferred pending the report of the joint Scottish Executive and Food Standards Agency Task Force on E.Coli O157 (paragraph 3.12.2 refers). SEPA has repeated its concerns about the spreading of such wastes on farmland and has indicated that there remains considerable public interest, in terms of perceived risks of transmitting disease, the occurrence of nuisance and association with pollution of the environment. SEPA has urged the earliest possible reconsideration of this issue by the Executive. We now understand that the implementation of the EU Animal By-Products Regulation (2000/0259 (COD)) during 2002 will address SEPA’s principal concerns in this area.

4.5 SEPA also supports the recently commissioned research into the efficiency of existing treatment processes for dealing with blood and gut contents that is being undertaken by SAC on behalf of the Scottish Executive. This research is focusing on the reduction of odours and pathogenic organisms associated with wastes containing both blood and gut contents.

4.6 SEPA has expressed its concern that the issues outlined below had yet to be addressed in responding to the Scottish Executive on the broad statement made by the Minister. SEPA is optimistic, however, that the principal recommendations made in the OWL report will be incorporated in the detailed proposals for public consultation:

- **the need for land management plans.** By not taking this forward, the opportunity for a more integrated assessment of all organic material and inorganic fertiliser applications being made to land is being missed. It is considered that negative environmental impacts and a failure to match nutrient inputs to crop needs is more likely to arise without such an approach. The suggestion in the recent Ford Strategy for Agriculture of land management contracts may provide an opportunity to advance this area.

- **the ineffectiveness of the PEPFAA Code.** SEPA’s principal concern is the lack of statutory force of the Code and the over-reliance on a voluntary approach. This lack of confidence appears to have been further justified by the findings of the recent study into farming practices in Ayrshire. This demonstrated a considerable lack of awareness of the recommendations in the Code. The study found that there was also limited physical ownership of it with...
only 57% of the farmers surveyed having a copy immediately to hand. Furthermore, only 11% of farms had farm waste management plans. The fact that the study found that agricultural contractors apply a very significant proportion of the livestock slurries and animal manures in the catchments concerned. This makes the low ownership (27%) of copies of the code by contractors an issue of concern. Adoption of the code recommendation was also very low at 18%. The Executive has since advised SEPA that a sub-group of the Scottish Agricultural Pollution Group (SAPG) will be established, on which SEPA will be represented, to revise the PEPFAA Code by the end of March 2002.

- the introduction of a mandatory scheme of competency, similar to that run by the Waste Management Industry Training Advisory Board (WAMITAB), for contractors applying organic waste to land. The existence of training schemes, such as that run by SAC, although desirable, is not sufficient in itself. Contractors should be required to obtain appropriate qualifications in order to ensure that environmental practice is driven in the right direction.

- the prohibition of injection of liquid waste into land with field drains. Subsoil injection into land with field drains has proven to be one of the most common causes of pollution of the aquatic environment. It is suggested that, at the very least, there should be a review of the practice to draw up safer operating rules and criteria for satisfactory site selection. SEPA hopes that the revision of the PEPFAA Code will provide more effective advice on avoidance of pollution from injection of organic waste into field drains.

- the spreading of organic waste on land outwith daylight hours and on designated heritage sites. SEPA’s main concern here relates to the inability of the operator to control operations adequately during hours of darkness and also, the increased likelihood of the operator failing to detect off-site environmental impacts, for example, pollution of local watercourses will not be visible at night.

- the adoption of an integrated regulatory regime from producer to application site. The Scottish Executive has since stated that an integrated regulatory regime will be considered in the development of the amendments to the Waste Management Licensing (WML) Regulations. It is hoped that this will also take account of the petitioners desire to see clarification of the responsibilities for enforcement.

4.7 SEPA was informed by the Executive in February 2001 that it was investigating the feasibility of an approach which seeks to reduce pollution from farms through planning of nutrient budget, farm waste management, water margin management and farm yard drainage. The objective of such an approach is the reduction of contamination of watercourses by faecal indicator organisms. The aim is to provide advice to farmers in a straight forward way which is easy to implement, for example, through a decision tree technique. SEPA has concerns that this approach may not have sufficient statutory force to deliver the objective.

4.8 SEPA has also recommended research is commissioned in the following areas in order to inform the development of policy and legislation in relation to spreading of organic waste on land:
Pathogens and viruses have been the focus of public interest and concern. There is a need to study such microorganisms in relation to the soil, for example, listeria monocytogenes, E.Coli O157, giardia and cryptosporidium. The study of the persistence and transmission of pathogens in Scottish soils would also be beneficial. Developing rapid detection methods for pathogenic organisms, for example, by assay techniques, is also required.

The effectiveness of various levels of treatment for the different wastes applied to land should be reviewed and clearly defined in terms of how efficiently the treatment removes pathogens and viruses. The specification of each treatment needs to be defined in order to ensure that proper standards are applied before the wastes are spread on land. The consequence of treatment in terms of reduced nutrient availability should also be investigated.

Soil fertility issues. The long term impacts of waste applications to Scottish soils need to be reviewed taking account of any changes in climate and pH. Critical loads and dose response relationships for organic wastes should be included in this research.

Studies into the long term behaviour in soils of chemicals from organic wastes are sparse. Such chemicals include oestrogenic compounds and certain heavy metals.
Part 5 Conclusions

5.1 SEPA identifies the following key issues remaining to be addressed, most of which are identified in the OWL report:

- The need for an updated (1), integrated and effective (2) system of regulation which places the onus on the waste producer to demonstrate the benefit of the spreading of organic waste on land. This would promote a pro-active approach to regulation.

- The introduction of the concept of land management plans.

- Elimination of the risks associated with spreading untreated blood and gut contents, especially when such wastes are mixed, and septic tank sludge, to land.

- The need to improve the overall effectiveness of Codes of Practice (3) and to move away from the voluntary basis of such guidance.

- The provision for a mandatory scheme of competency for contractors spreading organic waste on land.

- If a ban on the injection of liquid waste into land with field drains is not to be introduced, the development of suitable, and precautionary, operational guidance for such activities should be developed. This is especially important in situations where permeable back fill exists above recently installed drains.

- There is a need to identify gaps in scientific information and to commission research into the longer-term impacts of spreading organic wastes on land, especially in relation to the quality of Scottish soils.

Supplementary Notes to the key issues identified above:

(1) It is hoped that good progress can be made in taking forward the amendment to The Sludge (Use in Agriculture) Regulations 1989 (as amended) during 2001 so as to make statutory the provisions of the ‘Safe Sludge Matrix’.

(2) For the Waste Management Licensing Regulations 1994, it is understood that a public consultation is now expected to be undertaken during 2002 by the Scottish Executive. SEPA would hope that the resulting legislative changes can be brought into effect during the same year.

(3) SEPA will play an active role in assisting the Scottish Executive in producing the updated version of the Code via its membership of the Scottish Agricultural Pollution Group (SAPG). This is especially important in view of the actions identified in “A Forward Strategy for Scottish Agriculture” (Scottish Executive, June 2001) and the recommendations made in Chapter 6 of the Task Force on E.Coli O157 Final Report.
References


Prevention of Environmental Pollution From Agricultural Activity Code of Good Practice (SOAEFD, July 1997).


Water Quality and Standards, 2002-2006, a consultation paper, Scottish Executive.
Annex 1  Press release from the Scottish Executive, 22\textsuperscript{nd} December 2000

Tough New Controls On Organic Wastes - Galbraith

Environment Minister Sam Galbraith will introduce tough new controls on the practice of spreading organic wastes directly on land. Responding to the Scottish Environment Protection Agency's report on the practice the Minister announced his intention to prohibit septic tank sludge being spread on land through amendments to the Waste Management Licensing Regulations. In answer to a Parliamentary Question from Maureen MacMillan, MSP for the Highlands and Islands, The Minister said:

"The effect on the environment and human health of the practice of spreading organic waste such as blood and gut content from abattoirs directly to land has been of concern to many people. This is why the Scottish Environment Protection Agency's Strategic Review of Organic Waste Spread on Land was commissioned by the Scottish Office in 1998.

"I intend to bring forward amendments to the Waste Management Licensing Regulations which aim to tighten up the controls on spreading industrial organic wastes to land. This will amongst other things;

- introduce a consistent legislative framework for all organic wastes spread on land;

- require those intending to spread organic wastes to demonstrate to SEPA the agricultural benefit or improvement to be gained for animal and plant communities and;

- prohibit septic tank sludge being spread on land.

"I propose to consider further how blood and gut content from abattoirs should be dealt with in the light of the report of the joint Executive/Food Standards Agency E-Coli Task Force which is due to be published next year. In the meantime the Executive will continue its dialogue with the spreading industry to promote improved practices.

"SEPA also recommended the introduction of land management plans. However, the Prevention of Pollution from Agricultural Activity (PEPFAA) Code of Practice already provides farmers with advice on safe methods of collection, storage and spreading of organic wastes. Nevertheless, the Executive will continue to work to promote better planning of farm activities to prevent adverse impacts on the environment.

"On SEPA's recommendations on competency schemes, the Scottish Agricultural College already has training schemes for spreading contractors. I would encourage contractors to use these schemes".
EXECUTIVE’S RESPONSE TO THE SEPA REPORT ON ORGANIC WASTE SPREAD ON LAND

Thank you for sending us a copy of the press statement by the Minister on 22 December 2000 concerning the introduction of “tough new controls on the practice of spreading organic waste directly on land”. SEPA welcomes the proposal for a more consistent legislative framework for this practice by amendments to the Waste Management Licensing Regulations, and in particular the requirement to demonstrate agricultural benefit from spreading of organic wastes and the prohibition of untreated septic tank sludge being spread on land.

I also note that consideration of blood and gut contents from abattoirs has been deferred pending the report of the joint Executive/Food Standards Agency E-Coli Task Force which is due this year. The practice of spreading such materials on land is of considerable public concern, in terms of disease transmission, nuisance and environmental pollution, and I would urge the earliest possible reconsideration of the issue by the Executive. It is also an area where SEPA receives a considerable number of ongoing complaints from the public.

However, I must express our disappointment that key recommendations made in our Strategic Review of Organic Waste Deposited on Land (October 1998) are not to be addressed. In particular:

1. A key recommendation was the need for land management plans for any farm spreading organic waste on the land. This would require an integrated assessment of all organic material and inorganic fertiliser application in order to protect both the soil and the wider environment. Without such an approach there remains the risk that successive applications of organic wastes and inorganic fertilisers, will collectively result in detrimental environmental impacts and a failure to match nutrient input to crop needs. These applications may be individually satisfactory but the overall effects must be taken into consideration.
2. The Review highlighted the ineffectiveness of the current PEPFAA Code as much of its content is not a statutory requirement. The Executive’s response notes that this code already provides farmers with advice on safe methods of collection, storage and spreading of organic wastes. However, I would draw your attention to both the Haskins’ report on “Environmental Regulations and Farmers”, November 2000, and the Executive’s own sponsored report on farm slurry spreading in Ayrshire.

3. The Haskins’ report applies only to England and Wales but there is no reason to suppose that its findings are not pertinent to Scotland. The discussion on Recommendation 20 notes that the information in Codes of Good Agricultural Practice is widely respected, but that few farmers actually use them. Similarly, the Ayrshire Farm study by the Scottish Agricultural College on behalf of the Executive found a low rate of ownership of copies of the PEPFAA Code and an even lower proportion of farmers stating that they followed its recommendations. That study also surveyed contractors who now constitute a significant proportion of the organic waste spreading activity, and here again the ownership and adoption of the Code Recommendations was alarmingly low. SEPA has evidence from case work and Court cases to demonstrate that this is the case. The Executive’s response has failed to address this issue.

4. The Review recommended the introduction of a mandatory scheme of competency, similarly to WAMITAB, for contractors applying organic waste to land. Whilst SEPA notes that training schemes are provided by the Scottish Agricultural College, the Ayrshire Farm study demonstrates that they alone are not sufficient to drive sound environmental practice in this activity.

5. A specific recommendation was for the prohibition of injection of liquid waste into land with field drains as this has proved to be one of the most common causes of pollution of controlled waters arising from the activity. It is appreciated that this is a contentious issue, nevertheless the practice poses a high environmental risk and it is suggested that at the very least there should be a review of the practice to draw up safer operating rules and criteria for satisfactory site selection.

6. The response on the recommendation concerning spreading organic waste on land outwith daylight hours and on designated heritage sites is unclear.

7. Finally, the adoption of an integrated regulatory regime from producer to application site, recommendation 6.21 in the Strategic Review, does not appear to have been addressed.

In view of these specific points and the continued public profile which this issue generates, I would like an early meeting with yourselves to determine how progress is to be made on the issues that have not been addressed by the Ministerial Statement.

Yours sincerely

M PATRICIA HENTON

bcc: Colin Bayes
Donald Macfarlane
Dear Mr Macfie

Petition PE 327 – The Blairingone Action Group

I refer to your letter of 3 August 2001 addressed to Malcolm Snowie and my telephone conversation with you on 5 September 2001. Thank you for allowing me some extra time in which I could prepare and submit our response to your letter.

With reference to the four specific terms of referenced which your committee will examine, I am pleased to comment as follows:-

1. The issues raised in Petition PE 327
1.1. No raw sewage sludges have been recycled to Lambhill Farm by Snowie Limited since Northern Hydroseeding Limited purchased the land. Only treated and advanced treated sludges have been recycled, all in accordance with the Safe Sludge Matrix as set up by Water UK and the British Retail Consortium (BRC).

1.2. The majority of complaints received by SEPA have been unsubstantiated.

1.3. Beneficial wastes have been recycled without comment and complaint, to many farms in the Blairingone and Saline area, not just Lambhill Farm, for the last 15 years. These farmers recognise the benefits such materials provide to fertility and soil structure.

1.4. Indeed beneficial wastes were applied to Lambhill Farm by Scottish Coal and British Coal, using Snowie Limited as a contractor, for a number of years prior to 1997, again without comment and complaint from local residents.

1.5. The Blairingone & Saline Action Group (BAG) is not representative of the local community. Indeed the local Community Council has stated that it does not wish to be associated with their views.

1.6. BAG themselves confirmed at a local planning inquiry in June 2000 that they comprised no more than 8 or 10 people at most.

1.7. The BAG Convener has consistently instigated a campaign of misinformation against the Snowie Group of Companies since 1997 when Northern Hydroseeding Limited purchased Lambhill Farm from Scottish Coal Limited. Up to that time, Mr Duncan Hope had been a seasonal grazing tenant of parts of Lambhill Farm and assumed that Scottish Coal would sell land to himself. When this did not occur, Mr Hope commenced his campaign.
1.8. As part of the conditions attached to the purchase of Lambhill farm, Northern Hydroseeding Limited agreed to complete the restoration of the land to farming and forestry. Since 1997, in excess of £750,000 has been spent by the company on restoration works including new roads, fences, hedges, drainage systems and forestry. It is doubtful if Mr Hope would have had the necessary resources to carry out these works.

1.9. Whilst the Waste Management Licensing Regulations 1994 permit various beneficial wastes to be recycled to agricultural land at a rate of up to 250 tonnes per hectare in any 12 month period, application rates at Lambhill have been of the order of 100 tonnes per hectare.

1.10. More recently, a highly successful composting operation has been established at Lambhill Farm. Utilising wood fibre wastes from local timber processors as well as paper crumbles from paper mills and washings from vegetable processors, the resultant compost is a valuable plant nutrient as well as excellent means of restoring soil structure and levels of organic matter.

1.11. The positive results of the application of such material can be easily seen at Lambhill where quality crops of grass and cereals are already being grown on land that was only reinstated 4 and 5 years ago.

2. SEPA’s Strategic Review of Organic Waste Spread on Land

2.1. Snowie Limited submitted a response to the above Review on 12 May 1999. A copy is attached to this letter for your reference. No response has been received from SEPA to this submission.

2.2. Snowie Limited is on record as number of times as calling for a strengthening of legislation and regulations connected with the recycling of beneficial waste to agricultural land.

2.3. Snowie Limited has consistently recommended that treatment and processing of some beneficial wastes be carried out prior to their application to agricultural land.

2.4. Snowie Limited is the leading company in Scotland involved in the treatment and processing of beneficial wastes prior to their application to agricultural land. Since 1996, the company has been operating a number of mobile and fixed lime pasteurisation plants. These provide a form of heat treatment which successfully eliminates various pathogens and microorganisms such as salmonella and e-coli. The treatment is recognised as an Enhanced Treatment under the Water UK BRC Safe Sludge Matrix.

2.5. Snowie Limited does not recycle bovine blood to agricultural land. Indeed Snowie Limited has urged the regulatory authorities to stop this practice.

3. The Scottish Executive’s response to the SEPA Review

3.1. Snowie Limited attended a meeting with officials of the Scottish Executive, Environment Department, Recycling and Waste Team on 22 December 2000 to
discuss the written parliamentary answer made that day by the Environment Minister, Mr Sam Galbraith.

3.2. At this meeting, Snowie Limited confirmed its general support for the 6 listed initial recommendations within the SEPA Review which the Minister confirmed were being considered further. Indeed all six points will ensure that only recycling contractors operating to the highest standards will be able to successfully operate in the field.

3.3. There were 4 recommendations which the Minister said still needed to be further addressed. Snowie Limited has the following comments:-

3.3.1. Prohibition of the spreading of blood and gut contents from abattoirs
As stated above, Snowie Limited does not recycle bovine blood to agricultural land. Snowie Limited supports moves to ban the recycling of bovine blood. However, such a ban will not necessarily reduce the incidence of E-Coli 0157 as this microorganism is generally associated with animal manures.

3.3.2. Introduction of Land Management Plans
Land Management plans are the responsibility of farmers and their use is already called for within the PEPFAA Code.

3.3.3. Prohibition of certain practices including injecting of wastes on land with field drains and spreading wastes outwith daylight hours
Snowie Limited agrees with the view of the Minister that these matters will not be taken forward at present and the reasons given.

3.3.4. Competency Schemes for contractors carrying out land spreading operations
Senior Staff of Snowie Limited hold appropriate WAMITAB certificates. The company fully supports these training schemes which are more comprehensive than the SAC WASTeS.

4.1. Snowie Limited wishes to encourage the beneficial recycling of suitable materials to agricultural land. The reuse and recovery of valuable plant nutrients from organic materials is to be encouraged.

4.2. Landfill as a disposal route should be discouraged

4.3. Prior to recycling, beneficial materials should, where appropriate, be treated and processed by recognised and proven methods in order to reduce and eliminate pathogens and microorganisms. The Snowie Lime Pasteurisation Process is one such treatment and process.

4.4. Waste producers will always look for the cheapest method of disposal. This at present is likely to be landfill.

4.5. Until landfill taxes rise to a level where it is more economic to recycle and recover, and until waste producers are legally forced to treat and process wastes prior
to them be recycled, then few waste producers will be prepared to meet this additional cost.

4.6. Snowie Limited fully supports the establishment of a safe, sustainable and enforceable strategy for waste disposal in Scotland.

4.7. However, in doing so it is important that the Scottish Parliament ensures that new legislation is consistent with legislation in England so as to avoid the cross border movement of wastes in either direction which may occur in the event of inconsistencies.

4.8. In conclusion, Snowie Limited welcomes a full debate on the future of recycling of beneficial wastes to agricultural land, such a debate however to be undertaken by people in possession of the truth rather than large amounts of misinformation as possessed and disseminated by the Blairingone & Saline Action Group.

4.9. In order that the Committee is in full possession of all the facts, I am pleased to extend an invitation to any members or indeed all the members of the Committee to a site visit to Lambhill Farm, at a time of their choosing, so that they may see for themselves the current land restoration programme that is being completed.

If any matters require clarification, please do not hesitate to contact me.

Yours sincerely

T H Ballantyne FRICS
for and on behalf of Snowie Limited
Abattoir Waste to land

- It must be accepted that if you eat meat there are therefore by-products that
  must be used or disposed of
- When properly disposed of (see below) blood is a high source of nitrogen
- “properly” should in our view be defined as sub soil injection to arable land
  which should not be ploughed within a certain time to ensure that animals do not
  graze on blood soaked land
- However terms must be defined ie **arable** land so that they are demonstrably
  enforceable
- At present this activity is governed only by a Code of Conduct which is
  unenforceable. The regulatory body (SEPA) is left without power to prevent
  misconduct and can only react if misconduct results in demonstrable pollution
- For example, a licence cannot be refused although there is no requirement to
  show any competence on the part of the applicant
- Application for storage of such material can be renewed at 6-monthly intervals
  indefinitely with no possibility of refusal, therefore the same batch of material could
  in theory be stored indefinitely. Again there is a lack of enforceable definition in safe
  storage requirements
- There is of course an increased cost passed back to the agricultural industry in
  the form of lower prices if blood is sent to landfill or rendering.
- But – the agricultural industry cannot bear any increase to bad publicity either.
  The public do not like to think that animals are grazing on land surface treated with
  blood even if there is no scientifically proven risk and the damage to the image of the
  the industry is incalculable.
- Many other countries enforce a much longer period between spreading and
  grazing than we do. Our interval would seem inadequately short.
- From empirical experience, stock put to graze on land surface spread with
  blood will not eat the grass but will instead graze only the edges of the field or try
  constantly to escape.
- It seems that there is a duty of care on both supplier and operator. How
  significant and enforceable is this? Again, to be enforceable, it must be defined

In conclusion, a Code of Conduct is insufficient – it is neither enforceable nor well
enough defined in its terms to give the regulatory bodies the chance to be proactive
rather than merely reactive. We need a safe, sustainable and enforceable strategy in
place to enable this waste to be disposed of affordably without harm to the
environment or nuisance to the people who live in the countryside and without
damage to the reputation of an already beleagured agricultural industry.

Lynn and Niall Bowser
Lerrocks Farm
Argaty
Doune
Perthshire
FK16 6EJ
01786 841373                                                                                  August 14th 2001
Dear Alastair,

T & E Committee: PE327 on behalf of the Blairingone and Saline Action Group

Thank you for your letter to Kevin Dunion regarding PE327, I have been asked to reply. Friends of the Earth Scotland has been interested in the issue of the re-use of sewage sludge for several years and in 1998 we published a report on the subject jointly with the Scottish Wildlife Trust. This formed the basis of our submission to SEPA’s review of organic waste disposal and I enclose two copies.

Our report recommended:

- sewage sludge should be treated as a valuable resource full of nutrients rather than a waste to be disposed of. Incineration is a poor option which does not make use of the nutrients in sludge and can cause pollution.
- although no option is perfect, in most cases the best option for sewage sludge is to use it on land for agriculture, forestry or land reclamation.
- sludge should receive comprehensive treatment to kill disease causing organisms before being applied to land.
- consumer products like shampoos and other toiletries should be reformulated to reduce the contamination of sludge.

In reaching these conclusions we looked at the typical levels of contamination in Scottish sewage sludges and the standards for heavy metal contamination relating to farmland.

Friends of the Earth Scotland welcomed the recommendations on the disposal of organic waste made by SEPA to the Scottish Office. Their report recognises past problems with wastes used on agricultural land, acknowledged the value of the nutrients in wastes like sewage sludge and recommends tighter controls on most wastes and the phasing out of other wastes. We were very disappointed that the Scottish Executive took so long to respond to SEPA’s review.

I have spoken to the Blairingone and Saline Action Group a number of times over the years and I am familiar with the environmental injustice which they have suffered. I find their petition to be very sensible and their analysis of the inadequacy of the current regulatory framework correct. We also fully agree with the supplement to their statement concerning the concerns which remain following the Minister’s statement, especially the failures of the PEPFAA code.
share the Groups desire that the new framework is introduce quickly to make up for the earlier inaction on this topic.

In addition we feel that the Mr Galbraith’s statement was inadequate on four points:

- we support SEPA’s original call for land management plans. The PEPFAA code provides useful advice but is not well known amongst farmers (as detailed in our report).

- we support SEPA’s recommendations on competency schemes. “Encouraging” contractors to use training schemes is no substitute for a legal requirement for minimum qualifications.

- the statement makes no mention of action to reduce the toxicity of sewage sludges and other organic wastes. If re-use on land is to be a long-term option it is essential that the processes which produce these waste are reviewed and improved to increase the quality of the product.

- the statement proposes no action to assist industry to make best use of the organic wastes produced. In part due to previous abuses, contractors offering, for instance, comprehensively treated sewage sludge to farmers are finding resistance from retail associations even when their proposals would appear to be the best option for the sludges they produce.

Please feel free to get in touch if I can give you further information.

Yours sincerely,

Dr Richard Dixon - Head of Research
rdixon@foe-scotland.org.uk

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Dr Richard Dixon - Head of Research
Friends of the Earth Scotland, 72 Newhaven Rd, Edinburgh, EH6 5QG, UK
Tel: 0131-554-9977 Fax: 0131 554 8656 www.foe-scotland.org.uk

This note has been prepared principally for members of the Transport and the Environment Committee. Scottish Executive spending plans for Environment and Transport are set in context. The note presents figures for the Environment budget and the Transport budget, taken from the Draft Budget 2002-2003 and highlights the differences between these figures and those published in The Scottish Budget. Previous SPICe notes have provided information on the budget process\(^1\), a guide to public finance terminology\(^2\), and The Scottish Budget\(^3\) document.

The Draft Budget 2002-2003 provides figures at 3 levels. Level is at departmental portfolio level e.g. environment or transport. Level Two breaks down spending

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\(^{1}\) [http://www.scottish.parliament.uk/whats_happening/research/pdf_subj_maps/smd00-07.pdf](http://www.scottish.parliament.uk/whats_happening/research/pdf_subj_maps/smd00-07.pdf)


\(^{3}\) [http://www.scottish.parliament.uk/whats_happening/research/pdf_res_notes/rn01-70.pdf](http://www.scottish.parliament.uk/whats_happening/research/pdf_res_notes/rn01-70.pdf)

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within these portfolios into general spending areas, such as Natural Heritage or Environment Protection. Level Three examines each of these general spending areas in more detail.

The Budget should be examined in the context of Finance Minister Angus Mackay’s recent announcement on ‘end-year flexibility’. This relates to a £718m underspend by all Executive departments last year. Transport underspend was £32.1m, whilst the combined Environment and Rural Affairs underspend was £66.8m.

External research for the Finance Committee (conducted by Professor Arthur Midwinter and Jim Stevens of Strathclyde University) has suggested that in future years, committees should be provided with information that will better enable them to suggest options for changes in expenditure levels. The Finance Committee will shortly consider how these findings can be taken forward.

LEVEL ONE SPENDING PLANS

The table below shows Level One plans for the Environment and Transport budgets in cash and real terms from 2000/1 to 2003/4.

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
<th>2000/1</th>
<th>2001/2</th>
<th>2002/3</th>
<th>2003/4</th>
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<tr>
<td>Environment</td>
<td>Cash terms</td>
<td>541</td>
<td>516</td>
<td>555</td>
<td>594</td>
</tr>
<tr>
<td></td>
<td>Real terms</td>
<td>541</td>
<td>503</td>
<td>528</td>
<td>552</td>
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<tr>
<td>Transport</td>
<td>Cash terms</td>
<td>782</td>
<td>986</td>
<td>1,029</td>
<td>1,124</td>
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<tr>
<td></td>
<td>Real terms</td>
<td>782</td>
<td>962</td>
<td>979</td>
<td>1,044</td>
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</table>

Cash terms from Draft Budget 2002-03 Table 0.1. Real terms from Table 0.2.

Over the next two years and in real terms, Environment spending is planned to increase by over 8%, whilst Transport spending will increase by a similar percentage. However note that the Environment budget fell by 7% in real terms between 2000/1 and 2001/2.

The table below shows a comparison between spending on the main programme areas (Level 1) as published in March and September, and the change in percentage share of each main programme area.

5 Available at [http://www.scottish.parliament.uk/official_report/cttee/finance-01/fir01-rsc-01.htm](http://www.scottish.parliament.uk/official_report/cttee/finance-01/fir01-rsc-01.htm)
6 Real terms figures are at 2000-01 prices since that is indexed at 100.00 in the latest Treasury GDP Deflator tables: [http://www.hm-treasury.gov.uk/deflators/figures.html](http://www.hm-treasury.gov.uk/deflators/figures.html)

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### Difference between the AER and the Draft Budget - Level One 2002-03 (cash terms)

<table>
<thead>
<tr>
<th></th>
<th>Cash totals</th>
<th>Share of total budget (TME)</th>
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<td></td>
<td>AER (March)</td>
<td>Draft Budget (Sept)</td>
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<tr>
<td></td>
<td>£m</td>
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<tr>
<td>Central Government support for Local Authorities</td>
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<td>Children and Central Government Education</td>
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<td>Crown Office</td>
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<tr>
<td>Enterprise and Lifelong Learning</td>
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<td>2,187</td>
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<td>Environment</td>
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<td>555</td>
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<td>6,666</td>
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<td>Scottish Executive Associated Departments</td>
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<td>Sport and Culture</td>
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<td>Scottish Parliament &amp; Audit Scotland</td>
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<td>DEL RESERVE</td>
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<td>20</td>
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<tr>
<td>AME RESERVE</td>
<td>63</td>
<td>64</td>
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<tr>
<td>Total</td>
<td>21,022</td>
<td>21,126</td>
</tr>
</tbody>
</table>


The Environment budget has increased by £15m, whilst the Transport budget has fallen by £5m. The share of the Environment budget and Transport budget remain unchanged at 2.6% and 4.9% respectively.

The figure below shows spending differences graphically.
Changes in Level 1 spending plans for 2002/3 between March and September 2001

Difference March and September (£m)

-33
18
2
2
18
104
41
33
3
5
10
5
6
-13
-5
-6
-4
-5
0
0
0
0
0
0
0
-40 -20 0 20 40 60 80 100 120

ENVIRONMENT LEVEL TWO AND THREE SPENDING PLANS

Environment spending is divided into 4 level two headings. These are:

- **Water** - provision of water and sewerage services through the three water authorities (soon to be one, subject to Parliamentary approval);
- **Natural Heritage** - the functions of Scottish Natural Heritage;
- **Environment Protection** - the functions of the Scottish Environment Protection Agency;
- **Research and Sustainable Action** - to promote sustainable development in Scotland.

The table below shows level two Environment spending (in cash terms), and changes since the March AER.
Draft Budget Level Two Environment Figures

<table>
<thead>
<tr>
<th></th>
<th>2001/2</th>
<th>2002/3</th>
<th>2003/4</th>
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<tr>
<td><strong>Water</strong></td>
<td>433</td>
<td>459</td>
<td>480</td>
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<tr>
<td><strong>Natural Heritage</strong></td>
<td>53</td>
<td>54</td>
<td>57</td>
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<tr>
<td><strong>Environment Protection</strong></td>
<td>23</td>
<td>24</td>
<td>24</td>
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<tr>
<td><strong>Research &amp; Sustainable Action</strong></td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>511</td>
<td>539</td>
<td>563</td>
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</tbody>
</table>

Change in Level Two Spending from March AER

<table>
<thead>
<tr>
<th></th>
<th>2001/2</th>
<th>2002/3</th>
<th>2003/4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Water</strong></td>
<td>0</td>
<td>0</td>
<td>-10</td>
</tr>
<tr>
<td><strong>Natural Heritage</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Environment Protection</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Research &amp; Sustainable Action</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>0</td>
<td>0</td>
<td>-10</td>
</tr>
</tbody>
</table>

Level two headings are broken down further into level three spending plans, but there are no changes for 2002-2003 between the March AER and September Draft Budget figures.

The creation of Scottish Water has been added to the list of key priorities for 2002/03. The £10m deficit in figures relative to the AER should be taken in the context that spending figures for the industry are difficult to predict until the Water Industry Commissioner reports with his Strategic Charging Review (expected in November).

In the SPICE briefing on The Scottish Budget, renewables were mentioned even though they are funded through the Enterprise and Lifelong Learning budget. Figures for the Scottish Renewables Obligation in the Draft Budget document remain under the Enterprise and Lifelong Learning budget, and are unchanged from those in the AER.

**TRANSPORT LEVEL TWO AND THREE SPENDING PLANS**

Transport spending is divided into five main sections that combine to give a total figure. Grants to local authorities are not included in this total figure in the Budget documents. The main sections are:

- **Motorways and Trunk Roads** - manage, maintain and improve the Trunk Road and Motorway network;
- **Other transport programmes** - over 15 programmes. Main spend on Bus Fuel Duty Rebate, Northern Isles Ferries and Integrated Transport Fund;
- **Caledonian MacBrayne** - maintain level of service and fares;
- **Highlands and Islands Airports Ltd** - airport services at 10 Scottish airports;
- **Rail Services in Scotland** - funding rail services in Scotland;
- **Grants to Local Authorities** - includes Strathclyde Passenger Transport, and Piers and Harbours Grants.

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The table below shows level two Transport spending (in cash terms), and changes since the March AER.

### Draft Budget Level Two Transport Figures

<table>
<thead>
<tr>
<th>£m</th>
<th>2001/2 plans</th>
<th>2002/3 plans</th>
<th>2003/4 plans</th>
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<tbody>
<tr>
<td>Motorways &amp; Trunk Roads</td>
<td>722</td>
<td>743</td>
<td>787</td>
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<tr>
<td>Other Transport Programmes</td>
<td>99</td>
<td>117</td>
<td>166</td>
</tr>
<tr>
<td>Caledonian MacBrayne</td>
<td>27</td>
<td>28</td>
<td>31</td>
</tr>
<tr>
<td>Highland &amp; Islands Airports Ltd</td>
<td>27</td>
<td>33</td>
<td>32</td>
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<tr>
<td>Rail services in Scotland</td>
<td>111</td>
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<td>107</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>986</strong></td>
<td><strong>1029</strong></td>
<td><strong>1123</strong></td>
</tr>
<tr>
<td>Grants to local authorities</td>
<td>82</td>
<td>78</td>
<td>77</td>
</tr>
</tbody>
</table>

### Change in Level Two Spending from March AER

<table>
<thead>
<tr>
<th>£m</th>
<th>2001/2 plans</th>
<th>2002/3 plans</th>
<th>2003/4 plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motorways &amp; Trunk Roads</td>
<td>0</td>
<td>-5</td>
<td>-10</td>
</tr>
<tr>
<td>Other Transport Programmes</td>
<td>1</td>
<td>0</td>
<td>-1</td>
</tr>
<tr>
<td>Caledonian MacBrayne</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Highland &amp; Islands Airports Ltd</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Rail services in Scotland</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1</strong></td>
<td><strong>-5</strong></td>
<td><strong>-11</strong></td>
</tr>
<tr>
<td>Grants to local authorities</td>
<td>0</td>
<td>0</td>
<td>-5</td>
</tr>
</tbody>
</table>

- The budget for Motorways & Trunk Roads programme for the next two years has been cut by £15m, although the objectives and targets of the programme remain fundamentally the same.
- The Draft Budget indicates a rise of £1m for Other Transport Programmes in 2001/02, but the figures given for the Executive’s plans in this area do not add up to the total quoted. The total given in table 8.3 for 2001-02 plans in the Draft Budget is £98.6m. The actual total is £97.7m. This may be as a result of confusion regarding LPG grants (see below) but may be worth pursuing. This may be borne out by the fact that the totals given for the plans for Other Transport Programmes for the years 2002/03 and 2003/04 are also £1m less than quoted in the Draft Budget.
- Within Other Transport Programmes there is a £1m fall between the March AER and the September Draft Budget. Within this Liquid Petroleum Gas (LPG) Grants are transferred to the Enterprise and Lifelong Learning Department (together with £1m a year budget control). The Integrated Transport Fund has also been cut for 2003/04 by £5m (from the figure given in March AER). The Road Haulage Modernisation Fund, which was not mentioned in The Scottish Budget, is specifically mentioned in the Draft Budget, contributing £1m in 2001/02 and £3.8m in 2003/04 to total spending under Other Transport Programmes.
- Funding for Strathclyde Passenger Transport has been cut in the September document by £5m in both 2002/03 and 2003/04 relative to the AER figures.
- From October 2002 the Executive’s Concessionary Fares scheme comes on stream. There are no figures on this in the March or September documents.
If you have any comments or questions about this Research Note, please contact Graeme Cook on extension 85086 or Graeme.Cook@scottish.parliament.uk.

Research Notes are compiled for the benefit of Members of Parliament and their personal staff. Authors are available to discuss the contents of these papers with Members and their staff but cannot advise members of the general public.
STAGE 1 OF THE 2002-03 BUDGET PROCESS: REPORT OF THE TRANSPORT & ENVIRONMENT COMMITTEE ON THE 2002-03 BUDGET PROCESS

I am writing to you in response to the Transport and Environment Committee’s Report on the Executive’s Annual Expenditure Report for 2002-03. I am grateful to the Committee for their helpful and constructive comments. I set out below my responses to the detailed points raised.

Relative Priorities and Balance of Spending under Budget Heads

The Committee considers that the Scottish Executive document “Making it Work Together” does not adequately address the question of how the Executive arrived at the particular priorities it has identified.

The AER seeks to set out the Scottish Executive’s expenditure plans in an accessible form and provide some explanation of what drives expenditure. It would be difficult within the limited space available to go into detail as to how priorities were arrived at. I would, however, be happy to assist with enquiries about specific policy areas.

The Committee would welcome clarification on the extent to which the increase in capital charges merely reflects a change in accounting convention as a result of the shift to Resource Based Budgeting, as opposed to actual increased spending.

Capital Charges, which are shown separately in the AER, are a feature of Resource Accounting and Budgeting. They are intended to show that capital is not a free good and that there is a cost to the taxpayer in tying up money for many years. The capital charges are a notional cost and do not represent additional spending power.
The Committee notes the Minister’s argument that road spending need not be incompatible with promoting public transport. The Committee does not disagree, but considers that further information as to what extent and in what ways the road spending in the Scottish Budget will promote public transport is required.

The way in which the road network is managed will have a major impact on the service provided to road users and will in this way contribute to integrated transport objectives. For example, we can encourage car users to use public transport for all or part of their journey by means of projects that include bus priority and park & ride.

The Committee considers that a clear correlation should be demonstrable in the Scottish Executive’s budget documentation between the stated aims of the Executive and the allocation of spending.

I am happy for future AERs to show the linkages between the Executive’s stated aims and objectives and the allocation of spending. There is, however, a limit to the amount of detail that we can provide in the AER.

**Historic Spend versus Current Needs**

The Committee continues to believe that the approach to the allocation of funding should be clearly based on assessments of current need rather than historical spend.

I agree with the Committee. Funding is allocated according to current need rather than historic spend.

**Long-Term Transport Plan for Scotland**

The Committee recommends that a document setting out a longer-term transport plan for Scotland should be in place by mid-2002.

A comprehensive plan is currently being prepared. This will set out investment priorities for the next 10-15 years, drawing together ongoing work on rail re-franchising, transport corridor studies, the air services review, the trunk roads programme and the tendering of Caledonian MacBrayne ferry services. The Executive’s aim is to establish a framework for its own spending, as well as that of the local authorities and the voluntary regional transport partnerships.

**Economic Growth and Implications for Transport Investment**

The Committee notes that to a considerable extent the Budget proposals are influenced by the UK Government’s last comprehensive spending review, which was also central to the DETR 10 year Transport Plan 2010. This raises a fundamental question as to how far the proposed allocations are dependent upon a continuing growth in the economy and how they might be affected by any national economic slow-down or recession.

We have indicative spending plans up to 2003-04. Spending plans up to 2005-06 will be considered at Spending Review 2002. Specific projects are prioritised within the resources available.
The Committee wishes to know what is the scope for Ministers to set out their forward plans beyond the timescale of the budget document and to indicate how such projects will be funded.

We currently work on the basis of three-year spending reviews. Within that framework appropriate provision is made for long-term projects.

The Committee wishes clarification on the extent to which variance under budget heads can be achieved.

There is scope to vary budgets in year in accordance with changing priorities and pressures.

The Committee continues to be of the view that future expenditure proposals should include a statement on the principles governing the use of EYF, including the limits, if any, placed on the level of funds which can be carried over and the total level of EYF for Departments and the Executive as a whole.

Policy on EYF is determined by the Minister for Finance and Local Government, in consultation with other Ministers, in the light of the needs of the Executive as a whole. Bids for EYF need to be in respect of worthwhile projects that will utilise the extra resources claimed.

Private Finance and Implications for Transport Investment

The Committee would welcome further information on the extent to which the budget proposals rely upon obtaining private sector funding to secure the public funds indicated.

Major infrastructure projects where there has been a significant private sector input include the expansion and improvement of services at Inverness Airport, and the upgrading of the A74 to motorway status. In the latter case, the private sector funded and constructed the road under a DBFO contract, with the Executive repaying those costs under shadow tolling arrangements. Similarly, the upgrade of the A77 to motorway status between Fenwick and Malletsheugh has been identified as a possible contender for PPP status. We are examining the value for money case for private funding and I hope to be able to take a view on this shortly. A PPP scheme would involve the private sector providing the initial funding for the work, with payment being made by the Executive as a service charge over 30 years.

The Executive is also providing the start-up costs for Traveline, which aims to provide travellers with up-to-date multi-modal information on public transport timetables and routes, while the ongoing costs of operating Traveline are being provided by the private sector.

Looking to the future, private finance is likely to be a significant feature of any road user charging scheme in Scotland. It is already clear that merchant banks and other sources of finance are interested in lending significant sums secured on the revenue stream from road user charges. Any local authority introducing charging would be able to use that finance to assist in the provision of step change improvements to public transport in their city.
Division of Responsibilities

The last report of the Committee called for more information on the distribution of responsibilities between the Executive and its agencies and local authorities, and where responsibility for delivery of services and funding lies.

I am not sure what further information is being requested by the Committee in this regard. The Committee’s suggestions as to how their concerns could be addressed would be welcome.

Further information on the balance of expenditure between trunk and non-trunk roads by the Executive and local authorities respectively would inform the Committee whether the burden falling on local authorities in this respect is unduly heavy.

Table 11.1 of Scottish Transport Statistics 2001 contains the relevant information on Executive and local authority spending, both capital and revenue. Scottish Transport Statistics also sets out a range of information on matters such as the overall road network, works carried out and traffic figures across Scotland. These detailed figures enable the Committee to take a view on the respective funding requirements across the network.

It is also worth pointing out that funding for local roads forms part of the overall Local Government Finance Settlement, which is determined under terms agreed with CoSLA and the councils themselves. The 3 year settlement announced last December set record levels of support for every council in Scotland, and included £70m which I specifically identified in Spending Review 2000 to help councils address the backlog of repairs and maintenance on local roads and bridges. It is, however, up to individual local authorities to decide how to allocate the funding they receive, according to their view of priorities within their area.

Monitoring and Performance

The Committee remains convinced of the importance of progressing on the evaluation and audit of aims, objectives, and performance against targets, and on independent evaluation and performance management allied to sympathetic and comparable value for money indicators.

I note the Committee’s comments. The Executive plans to review and monitor its progress in delivering a sustainable, effective, integrated and safe transport system against a set of transport progress indicators. These are under development and will be reported in the Transport Delivery Plan.

Having said that, there are already a range of measures and systems in place to help us evaluate programmes and monitor delivery against these. In particular, the publication earlier this year of STAG (Scottish Transport Appraisal Guidance) enables us to make meaningful comparisons of potential transport projects across the whole programme. The Committee is also aware of the appointment of the independent Performance Audit Group to monitor the performance of the companies appointed to manage and maintain the motorway and trunk road network.
Highland and Islands Airports Ltd (HIAL) and the Scottish Budget

The Committee recommends that the Scottish Executive should continue to pursue with the UK Government and other relevant bodies as a matter of importance, the issue of maintaining HIAL’s current landing slots at Gatwick airport.

The Scottish Executive recognises the importance to the economy of the Highlands and Islands of maintaining access to a main London hub airport. The Executive will continue to work with Highland Council, Highlands and Islands Enterprise and other local stakeholders, and with our counterparts in the UK Government in efforts to secure access.

The Committee recommends that the Scottish Executive should implement an appropriate mechanism for studying the potential benefits of franchising HIAL air services.

The Scottish Executive is directly involved in the current review of the policies needed to address the anticipated growth in demand for air services to, from, and within Scotland and the UK over the next 30 years. This review and the Executive’s forthcoming Scottish Aviation Consultation document will set out the policies needed to maintain good, affordable air transport links to meet the economic and social needs of the Highlands and Islands, including the role of Public Service Obligations. The Committee’s views on franchising will be considered as part of that process.

The Committee invites HIAL to undertake further research in order to substantiate its views on the potentially beneficial effects of changes to HIAL’s working practices, such as airports’ opening hours and reviewing CAA regulations with a view to ensuring they are applicable and appropriate to the particular conditions at HIAL airports.

HIAL is investigating the business case for the possible extension of opening hours at those of its airports where there may be a demand for such an expansion. In its ongoing relationship with the UK regulatory authorities HIAL will continue to explore how best to maintain a regulatory regime within the company’s operating environment while maintaining the highest standards of safety at all times.

The Committee considers that the maintenance of the highest safety standards should always be a priority for HIAL.

The Scottish Executive and HIAL agree that safety must be of paramount importance at all times.

The Committee recommends that HIAL should produce a longer-term corporate plan to be submitted to the Executive, and the Executive should demonstrate that they are setting appropriate performance indicators to monitor HIAL.

HIAL prepares an annual budget and corporate plan which considers the company’s priorities for future years. The Scottish Executive will continue to work with HIAL on the development and setting of meaningful targets. The Executive’s ongoing liaison with the company and the presence of a Scottish Executive assessor at company Board meetings ensures there is a continuous scrutiny of performance indicators, objectives and targets.
The Committee requests reassurance on the proportion of UK rail expenditure by the Strategic Rail Authority (SRA) intended to benefit Scotland.

I agree with the Committee that we should strive to ensure that sufficient funding is secured to support the anticipated future development of Scotland’s rail network. The rail network is a GB-wide network and the SRA’s resources are allocated according to need. The Executive is in regular contact about its priorities with regard to Scottish rail freight and passenger interests. The Scottish Executive’s Transport Delivery Plan will include a section on railway development which can be used to support proposals to the SRA emanating from Scotland. Spending on railways from the Scottish Assigned Budget will be considered alongside bids for spending on other transport modes and other programmes.

SARAH BOYACK
Para 43: SEPA Budget and Revenue Raising

1. SEPA’s ability to raise income from charging schemes is provided mainly by section 41 of the Environment Act 1995. Section 43 of the Act also permits SEPA to charge for services and facilities provided. The Environment Act permits SEPA to make charges for activities directly related to environmental licences and to recover the costs and expenses incurred in carrying out its functions. SEPA is currently not permitted to cross subsidise between charging schemes. The Executive intends to review the definition of what is and is not a licensing activity as part of the forthcoming Financial, Management and Policy Review of SEPA.

2. SEPA’s income is derived from two principal sources: grant-in-aid and revenue from charging schemes. The forecast profile of income from these sources is as follows:

<table>
<thead>
<tr>
<th>Income Source</th>
<th>2001-02</th>
<th>2002-03</th>
<th>2003-04</th>
<th>2004-05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant-in-Aid</td>
<td>23.1</td>
<td>22.95</td>
<td>23.55</td>
<td>23.55</td>
</tr>
<tr>
<td>Charging Schemes</td>
<td>17.86</td>
<td>18.87</td>
<td>19.3</td>
<td>19.68</td>
</tr>
<tr>
<td>Total</td>
<td>40.96</td>
<td>41.82</td>
<td>42.85</td>
<td>43.23</td>
</tr>
</tbody>
</table>

3. SEPA is currently at, or close to, full cost recovery on the vast majority of its charging schemes. Income from charging schemes is not, therefore, likely to change substantially unless the definition of what activities are chargeable is altered. Charging scheme income will fluctuate, albeit to a much lesser extent, to reflect the number of applications for licences made to SEPA and the number of licences on the Agency’s books. SEPA currently operates 10 charging schemes. The main ones, from which over 90% of income is received, are Discharges to Controlled Waters and Land; Waste Management; Air and Integrated Pollution Control; and Radioactive Waste. All charging schemes aim to fully recover SEPA’s regulatory costs in accordance with the “polluter pays” principle.

4. Other charging schemes will be introduced as and when new legislative requirements arise. For example, it is proposed to introduce new charging schemes associated with new Sludge Regulations and the Water Environment and Water Services Bill, such as for water abstraction licensing. The Air and Integrated Pollution Control charging schemes will be gradually replaced by a new Pollution Prevention and Control scheme, although this is not expected to affect revenue to any great extent. SEPA regularly updates its forecast charging income from current and proposed schemes; this is taken into account during Spending Reviews and annual budget reviews. Other economic instruments – such as environmental taxes – as alternatives to charging schemes are possible. These are, however, reserved matters and not for the Executive to take forward.
Para 46: Economic Efficiency

1. We very much agree with the Committee’s comments on economic efficiency and cost effectiveness. The approach taken as far as the massive investment programme of the water industry is concerned is for Ministers to set the standards to be met, for the Water Authorities’ revenue to be set on the basis of the Water Industry Commissioner’s advice on how much it should cost to meet these standards efficiently and for the Water Authorities to be responsible for identifying the most cost-effective means of achieving these standards.

2. As the Committee will know, the Water Authorities are investing to ensure that drinking water quality and wastewater discharges meet the necessary public health and environmental standards. The Quality and Standards process is the means by which these standards are set. These standards are underpinned in most cases by European or national legislation. “Water Quality and Standards – Investment Priorities for Scotland’s Water Authorities 2002-2006” sets out the standards to be met, and ties the investment programme clearly to legal requirements, and to public health and environmental improvements. In the case of the specific target identified- connecting 89% of the population to secondary treatment- this is the outcome the Water Authorities expect from meeting the standards set in the Quality and Standards process and, in particular, compliance with the Urban Waste Water Treatment Directive.

3. The Financial Memorandum requires each Water Authority to appraise each project in line with the best available appraisal techniques. This includes the use of the Treasury’s Green Book. The appraisal of projects below the delegated authority is a matter for the Water Authorities.

Targets and Indicators

4. The intention was to give three important targets from a much greater number that would give a feel for the challenges faced by the Water Authorities. Therefore whilst the extent of the detail sought is more than could reasonably contained in the budget documents, it is suggested that additional clarification is added in the form of links to other documents.

5. Other documents include the Water Authorities annual reports and accounts, the annual drinking water reports, annual reports by Scottish Environment Protection Agency, and the Quality and Standards paper which establishes the standards to be met.

Budgeting

6. Prior to the financial year 2001-02, the amount of cash given by way of grant or borrowing to the Water Authorities in support of their investment programme scored against public expenditure. From 2001-02, the Executive’s budget scores the resources consumed or work done by the Water Authorities rather than the cash given. This means that for the Water Authorities, the capital budget scores the capital expenditure whilst the resource budget scores the profit generated and the capital charge.

7. As the Committee has noted, the figures under resource budget differ substantially from that under a cash regime. This is because account has to taken of the resources generated from water and wastewater charges that are allocated essentially to depreciation and provisions for future costs (which score before profit is calculated) and paid out as
interest (paid out after profit is calculated), together with capital charge to which Committee already refers. The switch to resource budgeting was carried out by establishing a resource baseline on a ‘no win, no loss’ basis.
Transport and the Environment Committee
Report On The Scottish Budget 2002/2003: Stage 1
REMIT OF THE COMMITTEE:

The remit of the Transport and the Environment Committee is to consider and report on matters relating to transport which fall within the responsibility of the Minister for Transport; and matters relating to environment and natural heritage which fall within the responsibility of the Minister for Environment, Sport and Culture.

This remit is likely to change following recent alterations to Ministerial portfolios.

MEMBERSHIP:

Andy Kerr (Convener)
John Munro (Deputy Convener)
Bruce Crawford
Robin Harper
Maureen Macmillan
Fiona McLeod
Des McNulty
Bristow Muldoon
Murray Tosh

Committee Clerks:
Shelagh McKinlay
Tracey Hawe
Alastair Macfie
Neil Stewart
INTRODUCTION

1. The Transport and the Environment Committee considered how it wished to examine the Scottish Executive’s expenditure plans for 2002-03 on 28 February 2001. At that meeting, the Committee agreed that it would take a strategic overview of the Executive’s expenditure plans for 2002-2003, while taking a special interest in two particular areas of spending: renewable energy and Highlands and Islands Airports Limited (HIAL).

2. The Committee subsequently agreed to appoint two advisers for its consideration of the Scottish Executive’s expenditure plans: Dr Dominic Moran of the Scottish Agricultural College on environmental and renewable energy matters, and Professor Austin Smyth of the Transport Research Institute on transport matters and HIAL.

3. On 2 May 2001, the Committee met and took oral evidence on the issue of renewable energy from the British Wind Energy Association, the Scottish Energy Environment Foundation, the Scottish Renewables Forum, and Wavegen. The Committee also took oral evidence at that meeting from Highlands and Islands Enterprise and the Highlands and Islands Strategic Transport Partnership on the subject of HIAL. The Committee subsequently took oral evidence from HIAL itself at a meeting on 9 May 2001.


5. The Committee is grateful to the individuals and organisations who provided oral and written evidence to the Committee. The recommendations contained in this report to the Finance Committee are made on the basis of this evidence.

OVERVIEW OF THE TRANSPORT BUDGET

Relative Priorities And Balance Of Spending Under Budget Heads

6. The Committee considers that the Scottish Executive document “Making it Work Together” does not adequately address the question of how the Executive arrived at the particular priorities it has identified. The Committee also raised this as a concern in its report as part of last year’s Budget Process.
In addition, the Committee notes that there is a trend of increasing non-roads and roads expenditure. The Committee notes that the figures appear to indicate a shift in the balance of expenditure towards roads expenditure. However, the Committee further notes that capital charges account for a significant element of the increased roads expenditure. The Committee would welcome clarification on the extent to which this increase in capital charges merely reflects a change in accounting convention as a result of the shift to Resource Based Budgeting, as opposed to actual increased spending. The Committee considers that the budget report does not offer a sufficient commentary on the trends in the spending figures over time needed to give the Committee and others a better understanding of the shifts in the overall balance of transport spending.

The Committee notes the Minister’s argument that road spending need not be incompatible with promoting public transport (Col 1810). The Committee does not disagree, but considers that further information as to what extent and in what ways the road spending in the Scottish Budget will promote public transport is required.

The Committee considers that a clear correlation should be demonstrable in the Scottish Executive’s budget documentation between the stated aims of the Executive and the allocation of spending.

Historical Spend Versus Current Needs

The Committee is also of the view that more detail, including historical data, should be provided in the main funding areas such as road investment and the single allocation to local authorities. The Committee recognises that this is an issue which the Scottish Executive will want to consider in conjunction with CoSLA, in particular in the context of the on-going discussions as to the way in which local authority allocations are made and presented. The Committee also welcomes the remarks made by the Scottish Executive in evidence to the Committee, indicating the Executive’s willingness to look further at this issue (Col 1821).

The Committee continues to believe that the approach to the allocation of funding should be clearly based on assessments of current need rather than historical spend.

Long Term Transport Plan For Scotland

In evidence to the Committee, the Minister indicated that she intended to bring forward proposals in the Autumn for a longer term transport plan for Scotland (Col 1813). The Committee considers that pursuit of cost effectiveness based on a systematic assessment of needs and priorities would be best served by such a longer term transport plan. Such a plan could, for example, indicate how the spending for projects like the M74 will be met. The Committee wonders whether it will be additional to the usual spending on transport projects, or whether funding for such projects will be reduced to meet the M74 expenditure.
13. The Committee recommends that a document setting out a longer term transport plan for Scotland should be in place by mid 2002.

Economic Growth and Implications for Transport Investment

14. The Committee notes that to a considerable extent the Budget proposals are influenced by the UK Government’s last comprehensive spending review which was also central to the DETR 10 year Plan Transport 2010. This raises a fundamental question as to how far the proposed allocations are dependent upon a continuing growth in the economy and how they might be affected by any national economic slow down or recession. The Committee would welcome clarification on this issue.

15. Moreover, given that some figures for large road projects (such as the M74 and the Kincardine Bridge) do not seem to appear in the budget figures, the Committee wishes to know what is the scope for Ministers to set out their forward plans beyond the timescale of the budget document and to indicate how such projects will be funded.

16. On a related matter of the projects identified and which have yet to be fully worked up and appraised, the Committee wishes clarification on the extent to which variance under budget heads can be achieved. Inevitably this also raises once again the issues referred to in the Committee’s last report in relation to End Year Flexibility (EYF) and income generation and additionality. Nothing emerged from the evidence-taking to shed new light on these issues.

17. The Committee continues to be of the view that future expenditure proposals should include a statement on the principles governing the use of EYF, including the limits, if any, placed on the level of funds which can be carried over and the total level of EYF for departments and the Executive as a whole.

Private Finance And Implications For Transport Investment

18. The Committee notes that, nationally, funding for transport is increasingly predicated on securing private finance in some cases to provide matching funding. This raises questions concerning the extent to which the budget proposals rely upon obtaining private sector funding to secure the public funds indicated. No evidence was taken by the Committee to enable the Committee to take a view on this important issue for the robustness of the Executive’s budget plans. The Committee would welcome further information on this issue from the Scottish Executive.

Division Of Responsibilities

19. The Committee notes that where the responsibility for service delivery and funding lies is an important factor in considering the aims and objectives set in different policy areas. The Committee has an interest not only in aims and objectives but how they are delivered. The last report of the Committee called for more information on the distribution of responsibilities between the Executive and its agencies, and local authorities and where responsibility for delivery of services and funding lies.
20. This has not been addressed to the Committee’s satisfaction in “Making it Work Together” or during the current budget review process. The Committee continues to believe that this information would be a useful addition to the budget documentation.

21. A continuing focus of concern for the Committee remains the distribution of responsibilities in relation to the trunk road and non trunk road network, and road maintenance backlog. Further information on the balance of expenditure between trunk and non-trunk roads by the Executive and local authorities respectively would inform the Committee whether the burden falling on local authorities in this respect is unduly heavy. Moreover, the Committee remains concerned that under the current system there is no single effective mechanism for assessing development needs and consequently spending priorities across both the trunk and non-trunk road network.

Monitoring And Performance

22. In pursuit of a cost effective prioritisation of measures, the Committee in its last report recommended future publications should include information on the evaluation and audit of the aims, objectives and performance against targets. The Committee regrets that little progress appears to have been made in this area.

23. The Committee is keen to distinguish between “end goals” and “intermediate objectives”, the former reflecting the impacts sought from public investment in terms of realising the Executive’s wider social, economic and environmental goals, while the latter would focus on delivery of the facilities/services intended to enable those ultimate goals to be realised. The Committee feels that the Executive could usefully make such a distinction.

24. The Committee notes that in its last report it called for consideration to be given to establishing independent evaluation and performance measurement, allied to systematic and comparable value for money indicators, to facilitate comparisons between elements of programmes. However, again the Minister had little progress to report on this matter in her meeting with Committee.

25. The Committee remains convinced of the importance of progressing on both these matters to enable the Committee to discharge its responsibilities as part of the annual Budget review process and thereby promote value for money from any expenditure plans implemented by the Executive.

HIGHLANDS AND ISLANDS AIRPORTS LTD AND THE SCOTTISH BUDGET

26. The Committee acknowledges that air services in Scotland play a unique role in UK terms in relation to linking the Scottish Mainland and Islands. The Committee notes that the Scottish Executive envisages an increasing burden being placed on the taxpayer in support of air services in the region. The lifeline air service subsidy is projected to rise by up to 100 per cent. In evidence to the Committee, HIAL indicated that “on the issue of traffic
decreasing, I believe that we are seeing the start of an upswing” (Col. 1782). This issue is addressed further in paragraph 32.

27. The evidence-taking undertaken by the Committee on HIAL alluded to certain specific issues, which the Committee considers will be important to the future of air services in the Highlands and Islands, including—

- the importance of air travel in the Highlands and Islands
- the reasons for HIAL’s current performance trends
- how to improve HIAL’s cost effectiveness
- strategies for promoting HIAL
- the scope for different financial models for HIAL airports
- the percentage of airlines’ costs made up of HIAL charges and the extent to which airlines’ operational decisions are dictated by HIAL charges and facilities, or outside factors
- whether decreasing airline fares would have a significant impact on passenger numbers and the related matter of suppressed demand
- the potential role for and impacts of formal public service obligations arrangements and/or franchising air services
- the extent to which HIAL can act alone in promoting Highlands and Islands air travel
- the question of Gatwick slots
- the problem of shortages in air traffic controllers
- ensuring safety regulations are applicable and appropriate to the particular conditions at HIAL airports

28. The Committee wishes to highlight in particular the importance to the Highlands and Islands region of HIAL maintaining its current landing slots at Gatwick airport. The Committee notes that the Scottish Executive is making representation at a UK level on an on-going basis with a view to preserving these slots. The Committee recommends that the Executive should continue to pursue this issue with the UK government and other relevant bodies as a matter of importance.

29. The Committee also wishes to highlight the issue of franchising air services. The Committee considers that there should be further investigation of the possible benefits of such a franchising arrangement. The Committee recommends that the Scottish Executive should implement an appropriate mechanism for studying the potential benefits of franchising HIAL air services. Such an analysis should also take into account the issue of formal public service obligations.

30. The Committee took evidence on the potential benefits which might be derived from changing HIAL’s operational arrangements, such as changes to the way that HIAL’s infrastructure is managed. The Committee invites HIAL to undertake further research in order to substantiate its views on the potentially beneficial effects of changes to HIAL’s working practices, such as altering airports’ opening hours and reviewing CAA regulations with a view to ensuring they are applicable and appropriate to the
particular conditions at HIAL airports. The Committee notes, in passing, the possibility of “multi-skilling” of HIAL employees in order to improve efficiency. The Committee considers, however, that the maintenance of the highest safety standards should always be a priority for HIAL.

31. The Committee further recommends that HIAL should produce a longer term corporate plan to be submitted to the Executive, and the Executive should demonstrate that they are setting appropriate performance indicators to monitor HIAL.

32. The Committee supports the maintenance of an appropriate range of travel options for users in the Highlands and Islands area. The Committee considers that the ways in which different travel modes are utilised in the Highlands and Islands should be kept under review, with the aim of ensuring that transport provision continues to address the needs of the region, while also taking into account issues of cost effectiveness and value for money. For instance, road improvements, improved ferry services or bridges and causeways could have a role to play in some cases as part of a wider integrated multi modal package.

Ferry Services
33. In relation to the ferry services currently operated by Calmac, the Committee notes that provision has not been made in the budget for future vessel acquisition following implementation of EU regulations relating to such services.

Rail
34. The Committee notes that, under the UK Transport Act 2000, Scottish Ministers have assumed powers to fund the ScotRail franchise from 2001-2002. The Committee also notes the projected reduction in franchise payments over time. The implications for the future of the Scotrail franchise and in particular its funding provisions under post Hatfield conditions in comparison to arrangements prior to April 2001 has emerged as an area of uncertainty and thus concern to the Committee.

35. The Committee is uncertain as to whether rail spending in the budget is sufficient to meet anticipated future development of the rail network - the Committee acknowledges that changes to the rail spend reflect Minister's declining Scotrail franchise payments, but the Committee wonders if sufficient funds exist for long term investment. The Committee therefore requests reassurance on the proportion of UK rail expenditure transferred to the Strategic Rail Authority (SRA) intended to benefit Scotland. This should be monitored to ensure that needs are being met. The Committee is also of the view that a long term transport plan might help the chances of bids emanating from Scotland, when bidding for money from the SRA rail budget.
OVERVIEW OF THE ENVIRONMENT BUDGET

Scope Of The Committee’s Comments
36. The Committee’s comments on the environment budget attempt to address the current budgetary provisions, including potential changes and the need for specific performance targets and indicators. The Committee notes the wide-ranging nature of the environmental portfolio.

37. The Committee notes that, in general, the areas and objectives covered are contributing to the furtherance of sustainable development in Scotland. Furthermore, the budget provisions appear to the Committee to be realistic, although more attention needs to be given to criteria used to allocate the budget over competing environmental uses. This issue is addressed in more detail at paragraphs 47 and 48.

Impact Of Foot And Mouth Disease
38. The Committee notes that the foot and mouth epidemic has had an undoubted economic impact in and beyond the countryside. Given the overlap in government environmental spending (for example, spending on agriculture-related payments by Scottish Natural Heritage), the Committee is of the view that the potential impact on the current budgetary position needs to be spelt out. The Committee acknowledges that the extent of any budgetary alteration is as yet unclear but may be informed by an on-going economic impact assessment being undertaken by the Scottish Executive Rural Affairs Department (SERAD).

39. The Committee recommends that as and when the implications of this study become clear these implications should be spelt out by SERAD. At present, the impact of the Foot and Mouth outbreak appears to the Committee to be the only likely alteration to the current budget figures. The Committee also believes that clarification of the compensation arrangements at UK level is also necessary.

SEPA’s Budget And Revenue Raising
40. The Committee examined SEPA’s budget and in particular SEPA’s revenue raising activities. The Committee is of the view that the scope of SEPA’s ability to revenue raise from charges could usefully be clarified. The Committee notes that charging and other economic instruments can both serve environmental goals and raise revenue.

41. The Committee suggests that SEPA appears to function under a rather limited definition of cost-recovery for its operations. While this is consistent with a proactive application of the polluter pays principle, the Committee feels that there may well be further scope for ‘win-win’ opportunities that use instruments to raise revenue and internalise environmental costs simultaneously.

42. However, the Committee wishes to emphasise that the revenue raising function of SEPA should not take precedence. The Committee also wishes to repeat comments it made in its last budget report, which indicated that the
Committee would be opposed to any assumption that, in general terms, central funding should automatically reduce as a consequence of income generation.

43. The Committee would welcome further information about the potential profile of SEPA’s revenue raising. The Committee requests that such a note is provided to the Committee. In making this request, the Committee notes that this may require some forecast of which instruments are available (even if currently unused) and how new or alternative charges will be scheduled in.

Economic Efficiency

44. The Committee notes that the criteria of economic efficiency (i.e. prioritising policies where benefits outweigh costs) or cost-effectiveness (how to achieve an environmental objective using the least cost method), are seen as a rudimentary screening tests for allocating scarce budgetary resources. These are the technical tests of value for money in public spending. The budget contains several provisions that may warrant this form of screening.

45. The Committee is of the view, for example, that the objective to connect 89% of the population to secondary sewage treatment will benefit from a cost-benefit test. A further question relates to the need to invest to avoid any infringement of EU directives. The Committee notes that in improving standards beyond the levels set out in EU Directives, at a certain point, improving standards will entail excessive costs, which are not offset by the benefits. Again, the precise level may be informed by a cost-benefit test. The Committee wishes to emphasise that such cost-benefit tests should always take into account the need to maintain high environmental standards.

46. The Committee recommends that the Scottish Executive provides the Committee with further information on the extent to which it currently uses cost-benefit tests, and the extent to which it plans to use them in the future. The Committee considers that generally the rationale for a specified target should be clarified in the budget documentation.

Targets And Indicators

47. The Committee is of the view that indicator selection and target setting should be consistent with the objective of setting policies that provide value for money. The Committee feels that several areas or budgetary objectives lacked clarity in setting out how allocations are made and associated performance monitoring targets and indicators. Areas requiring clarification, in the view of the Committee, include water quality, individual water company performance targets\(^1\), conservation targets (and the criteria used for selecting species or areas for conservation attention) and local authority use of funds for flood prevention.

48. In all these cases the Committee notes that the budget provides little indication of the criteria used to prioritise spending for greatest value for

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\(^1\) The Committee notes that the provision for a single Authority will in future obviate the ability to make cross-company comparisons.
money. The Committee is of the view that these cases should not necessarily be exempt from the use of an economic efficiency criterion. The Committee notes that the use of an economic efficiency criterion must be supplemented with methods that allow the consideration of other social costs and benefits.

**Accounting And Recording Conventions**

49. The Committee is of the view that two recording conventions in the Scottish Budget appear to require further clarification.

50. The first convention is the switch from cash accounting to Resource Based Budgeting between budgeting periods 2001/02 and 2002/03. The Committee requests clarification from the Scottish Executive on the effects of the shift to Resource Based Budgeting, both in terms of accounting practice and the material impact on the budget figures. In doing so, the Committee acknowledges that the Scottish Budget document has attempted to address this issue – for example, by including a note of the capital charges for the water line in table 10.1.

51. The second convention is the recording of the Renewable Obligation (Scotland) budget provision (table 10.4 of the Scottish Budget) as a non cash item. The Committee notes that this derives from an earlier statutory provision related to the operation of a policy that preceded the new Renewable Obligation (Scotland) (ROS).

52. The Committee recommends that the Scottish Executive considers how to clarify the fact that this budget line is a non-cash line based on the earlier Scottish Renewables Obligation, and how to differentiate this line from the ROS. This clarification is important since the SRO will continue to operate until 2015. A budgetary record for remaining years will relate to the previous policy.

**RENEWABLE ENERGY IN THE SCOTTISH BUDGET**

53. The Committee notes that the Renewables Obligation (Scotland) represents a policy shift from a former renewables order that was funded from part of the Fossil Fuel Levy. A key point of the ROS is that it introduces a statutory obligation on suppliers and allows them to pass costs through to energy consumers. The extent of the consumer burden is limited by the determination of a ceiling price at which suppliers can buy-out of their obligation. As previously mentioned the Enterprise and Lifelong Learning budget records an entry for renewables that relates to the previous order rather than the ROS. The Committee notes that funding provisions for the promotion of ROS is largely determined at UK level and there appears to be three sources of possible funding for funding renewable energy projects—

- The DTI holds a fund of £55 million to finance R&D. This money will be allocated by a bidding process

- Another DTI fund of £39 million made available from recycled Climate Change Levy funds will be disbursed as capital grants to encourage the
adoption of more expensive technologies. The Committee understands that Scotland can expect a share of around £3.6 million over 3 years

- £50 million of lottery money will also be used for capital grants.

54. In written evidence to the Committee, the Minister for Environment and Rural Development indicated that Scottish projects would be assessed on their merits alone, and would not be restricted to receiving a specified share of total UK funds. The Committee considers it would be helpful for this clarification to be included in the budget documentation in future years.