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Patrick Harvie  
By email

26 February 2020

Dear Patrick and Mark

Thank you for the constructive approach you have taken to the budget discussions this year.

In our meetings I believe we have identified key areas where we can make progress and deliver a budget that works for people across Scotland.

As you know our budget delivers a record £15bn for health and care services, provides the initial £20m to support the roll out of the Child Payment, provides for over £3bn of social security payments, invests £220m in the Scottish National Investment Bank and £201m to secure the full roll out of increased child care provision from this August.

As a result of our discussions, and in return for confirmation of your support at all stages of the Budget Bill process and a commitment that you will not oppose the income tax and Non Domestic Rate resolutions, I propose to make the following additions to the Scottish Government budget.

Firstly while we have invested an additional £494m of resource funding in local government I have heard from you and from Cosla, as well as other parties, requests for a further £95m of investment to ensure, in particular, that local authorities can contribute fully to our efforts to reduce child poverty and tackle the climate emergency. This has been my priority throughout these discussions and I have identified an additional £95m of resource to meet this request. This funding is not ringfenced and can be spent at the discretion of local authorities. This will deliver a total increase for local government in 2020-2021 of £589m.

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Secondly you have raised the idea of a National Concessionary Travel Scheme providing free travel for young people. We have discussed the costs associated with different forms of such a scheme and the time required to establish such a scheme.

I am happy to give an in principle commitment to a National Concessionary Travel Scheme for free bus travel for those aged 18 and under, subject to the completion of the necessary preparations, including research and due diligence. We will aim to have this work completed in time to allow the expansion to begin in January 2021 and have allocated £15m to the budget to enable this.

In relation to capital spending, we are able to make a further £45m available for projects that support our net-zero ambitions.

Of this £45m, following our discussions, I will allocate £15m to local government to further support investment in cycling, walking and safer streets taking total investment in active travel to £100m; to support further investment in energy efficiency through a mix of area based schemes and other existing programmes we will allocate £25m to be discussed further with delivery partners.

In addition we have already committed to electrification of the line to Longannet in the event that Talgo pursue proposed investment, in the context of STPR2. Ahead of that we will begin the work to explore options to improve connectivity for passengers in the area, including options for extension of the line. We are also already delivering a range of enhancements on the Milngavie and East Kilbride lines. I am pleased to commit to further review of the scope of these projects to work up detailed proposals for final investment decisions, such as re-dualling the line, together with early STPR2 outputs, by the end of 2020. To facilitate this range of work I have allocated an additional £5m to Transport Scotland.

I will also be happy to look at your other proposals, without prejudice to future decisions, in the forthcoming capital spending review.

We have also agreed that in producing the forthcoming Infrastructure Investment Plan we will work to align strategic investment decisions with the recommendations of the Infrastructure Commission and to ensure that they are compatible with the Climate Change Plan and our statutory obligations to reduce emissions by 75% by 2030 and to achieve net-zero emissions by 2045.

In recognition of the specific concerns raised by the Scottish Greens about the Edinburgh City Region Deal commitment to upgrade the Sheriffhall roundabout, we will engage with the local partners to seek their agreement to undertake a review of the scheme and its compatibility with our environmental obligations. We will proceed with changes or alternatives to the existing proposal if they can be agreed with local city deal partners.

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Finally, the Scottish Government has also considered the level of funding for Police Scotland set out in the draft budget and we have discussed your support for enhanced community policing. I have decided that we will further increase the funding available to the police this coming year. As a result I will propose a further £13m of resource for the Scottish Police Authority, taking this year's uplift to a total of £50m - at the upper end of the resources Audit Scotland stated were required - and in addition I propose to increase the capital allocation by a further £5m to support the modernisation of the police estate.

I have made clear through the budget process and negotiations with all parties that there is limited scope to fund significant additional commitments. I have also made clear that there can be no guarantee of significant extra funding arising from the UK Budget. However, I also recognise that it is in the national interest to secure this Budget Bill and that your spending proposals would benefit public services and our response to the global climate emergency.

I am therefore proposing to fund these commitments through a combination of a £50m reprofiling of the distribution of Non-Domestic Rates income over the period to 2023-24, a revised forecast of underspend from 2019-20 which makes available an additional £25m, anticipated income next year from the Fossil Fuel Levy, and revised assumptions about UK Budget consequentials.

I hope you agree that this offer of an additional £123m of resource and £50m of capital investment delivers a good deal for Scotland, supporting local government, expanding free bus travel, backing our police and investing in green infrastructure.



**KATE FORBES**

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