Summary

WWF Scotland welcomes the opportunity to brief the Committee on the Draft Budget. The Budget and Spending Review are very important levers in securing a transition to a low carbon economy and the delivery of Scotland’s Climate Act commitments. Spending decisions made now about both capital infrastructure and investment programmes will impact directly on Scotland’s climate emissions for decades ahead, locking us into specific development pathways and behaviour. A low carbon budget must be seen as an investment in the wellbeing of our country, supporting green jobs, more comfortable homes, cleaner energy, active travel and more efficient public transport.

Summary

- The Draft Budget and Spending Review make a welcome commitment to supporting a low carbon economy and the need to help achieve Scotland’s climate change targets. However, disappointingly, the spending proposals do not appear to adequately fund key measures set out in the Government’s Report on Policies and Proposals (RPP) as necessary to deliver Scotland’s Climate Change Act emission reduction targets.

- Budget amendments on transport and homes are required to ensure that Scotland is on track to deliver our emission cuts as set out in the Climate Change (Scotland) Act. Amendments in these areas provide considerable scope to realise green job opportunities and support a preventative spend agenda.

- On homes, the Draft Budget for 2012-13 proposes £65m for energy efficiency and fuel poverty. While greater than current funding (£48m), this is less than allocated in 2009-10 (£65.9m) and 2010-11 (£70.9m) and far short of £100m that we believe is required to meet our climate and fuel poverty targets.

- On transport, the Draft Budget and Spending Review proposals remain at odds with the need to cut emissions from this sector. While the proposals include welcome commitments to support some key public transport initiatives, spending on motorways and trunk roads is set to increase by 25% by the end of the Spending Review period. Subject to any firm commitment to fund the ‘Cycling, Walking & Safer Routes Fund’ spending on active travel has been cut potentially by 50% from £32.5m in 2011-12 to just £16m in 2012-13. As a proportion of the total transport budget proposals to support walking and cycling equate to less than 1% of the budget.

WWF Scotland acknowledges the current constraints on public expenditure and believes that effective spending decisions can support long-term solutions that deliver multiple economic, social and environmental benefits and ensure that a ‘One Planet’ Scotland becomes a reality. By thinking in an integrated way, public spending can deliver better outcomes for less.

Background

WWF Scotland welcomes the commitment to support the transition to a low carbon economy as one of the priorities set out for the Scottish Draft Budget and Spending Review. The explicit recognition that the Draft Budget and Spending Review needs to help ‘achieve our world-leading climate change targets, under the Climate Change (Scotland) Act’ and that ‘helping to tackle climate change is an exemplar of preventative spend’ is welcome. Despite these commitments, the Draft Budget and Spending Review fall short of giving WWF Scotland confidence that Scottish Government spending plans are compatible with delivering the Climate Change (Scotland) Act targets, supporting Scotland realise the low carbon job opportunities available and reflecting the scale of preventative spend opportunities available through pursuing a low carbon future.

The RPP includes both the public and private funding required for relevant activities and we recognise that not all funding is expected to come from the Government. However not only will many policies and proposals rely heavily on Government funding but this funding itself can be used to both lever in funding from elsewhere and provide confidence for investment by the private sector.
Homes

With homes responsible for a quarter of Scotland’s climate emissions and a third of Scotland’s households suffering from fuel poverty, investment to improve the energy efficiency homes is critical.

The Spending Review includes a commitment to invest just under £200m in fuel poverty and energy efficiency programmes over the coming three years, with specific reference to supporting the ‘Energy Assistance Package (EAP), Universal Home Insulation Scheme (UHIS) and Boiler Scrappage Scheme.’ Since the Draft Budget and Spending Review announcement, the Government has confirmed that the breakdown on energy efficiency and fuel poverty spend will be £65m, £66m, and £66.25m for each consecutive year. Whilst this constitutes a greater spend than the current year (£48m) it is still less than the 2010-11 budget (£70.9m) and 2009-10 (£65.9m). Given that the numbers of people in fuel poverty are rising, it is disappointing to see the level of investment in these schemes diminishing, not increasing.

This level of funding is inconsistent with delivering the emissions abatement attributed to domestic building energy efficiency in the RPP or the statutory Government target to eradicate fuel poverty by 2016:

- The RPP highlights a doubling of carbon abatement between 2011 and 2012 from home energy efficiency policies (CERT, CESP, EAP and UHIS), yet spending commitments do not reflect an increase in government funding commensurate with this abatement.

- Recent analysis of the emission reductions achieved from current EAP and UHIS programmes (upon which the RPP is heavily reliant) highlights annual emissions reduction equivalent to just a small fraction of the abatement attributed to domestic building energy efficiency policies for 2012 onwards. We therefore have serious concerns that the level of funding for EAP and UHIS will deliver the abatement attributed to domestic energy efficiency in RPP.

- Energy Action Scotland have calculated that an investment of at least £170m per year is required in order to meet the 2016 fuel poverty eradication targeted. The Scottish Fuel Poverty Forum Annual Report 2008 report stated that "We do not believe that this Package (EAP) alone will take us to the 2016 target. That requires a step change in investment, as soon as is reasonably practicable".

We note that an additional £50m is set to be allocated through the Warm Homes Fund, though it is unclear what measures this will support. The spending profile of this Fund is also skewed towards later years, with £6.5m allocated for 2012/13 to be divided between the Warm Homes and Future Travel Fund.

Transport

Road transport is the second biggest single contributor to greenhouse gas emissions, accounting for over 18% of Scotland’s total emissions in 2008 and emissions from road transport have risen by 8% since 1990. The transport sector has one of the greatest abatement potential for carbon emissions in Scotland. However, whereas the RPP acknowledges the need for a ‘step-change in devolved policy action’, this transport budget remains at odds with the need to cut emissions from this sector. In order to meet the emissions reductions required from the transport sector, many of the most effective interventions in financial terms will be those which require least in the way of expensive infrastructure – for example, the widespread introduction of travel planning, active travel, the introduction or increase in parking charges and reductions in road speeds.

Public transport: The Draft Budget continues to support investment in public transport for projects such as the Edinburgh–Glasgow Improvement project and Borders railway, which is welcome.

Active travel: Spending on walking and cycling in the Draft Budget falls well short of the level required to cut emissions commensurate with the RPP. The Sustainable and Active Travel budget line has been reduced significantly from £25.1m to just £16m in 2012/13. The Draft Budget and Spending Review proposals do not currently allocate any funding to the ring-fenced Cycling, Walking & Safer Routes (CWSS) budget and are listed as ‘tbc’. The 2011/12 budget allocates £7.5m in 2011-12 (reduced from £9m in 2010/11). Current funding proposals therefore equate to a 50% reduction in financial support for sustainable and active travel, and means that a mere 1% of the total transport spend is allocated to support greener transport options such as walking and cycling.

Roads: Spending on motorways and trunk roads is set to increase by 25% by the end of the Spending Review period, as a result of financial support that includes spending on to support the Forth Road Bridge, Aberdeen Western Peripheral Route and M8 upgrade. This increase in funding for
motorways and trunk roads between 2011/12 and 2012/13 alone equates to five times the total budget for sustainable and active travel.

**Freight:** The Draft Budget cuts ‘Support For Freight Industry’ and makes no mention of the Freight Facilities Grant Scheme – a successful scheme with an explicit environmental purpose to encourage modal switch from road to rail, despite reinstating the scheme in the last Budget. Attempts to abolish this scheme will limit any further road to rail switch and is likely to increase climate pollution as a result.

The RPP identifies that the proposals of ‘eco-driving’, ‘LCV infrastructure provision and procurement’, ‘Travel planning’, ‘Car clubs’ and ‘Cycling and walking infrastructure investment’ alone require funding of £313m, £230m and £171m for 2012, 2013 and 2014 respectively. The Draft Budget and Spending Review does not seem to provide even 10% of this.

**Preventative Spend**

The Draft Budget and Spending Review proposals acknowledge that tackling climate change constitutes an important preventative spend. However the proposals fail to fully reflect this opportunity. It is disappointing that there is insufficient recognition that applying a ‘preventative spend’ approach would offer considerable long term savings by avoiding the costs associated with impacts of climate change whilst stimulating green job opportunities.

Spending on home insulation prevents people from having to live in cold, damp homes, incurring numerous health and social problems. According to the Fuel Poverty Advisory Group for England, for every £1 spent on fuel poverty, 42p is saved by the NHS. The group also reported that tackling fuel poverty will improve local economic activity, particularly in deprived areas where money not spent on fuel bills will find its way into the local economy. Similarly, spending on greener transport options such as active travel will support local jobs, improve health and boost the economy.

**Conclusion**

Housing and transport are two sectors of the Scottish economy that are responsible for more than 40% of our annual emissions. WWF Scotland urges Ministers to strengthen the Draft Budget and Spending Review to ensure that it adequately reflects Scotland’s commitment to secure a low carbon future.

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