



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Environment, Climate Change and Land Reform Committee

**Tuesday 22 September 2020**

**Session 5**



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Pàrlamaid na h-Alba

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**ENVIRONMENT, CLIMATE CHANGE AND LAND REFORM COMMITTEE**  
**24<sup>th</sup> Meeting 2020, Session 5**

**CONVENER**

\*Gillian Martin (Aberdeenshire East) (SNP)

**DEPUTY CONVENER**

\*Finlay Carson (Galloway and West Dumfries) (Con)

**COMMITTEE MEMBERS**

\*Claudia Beamish (South Scotland) (Lab)

\*Angus MacDonald (Falkirk East) (SNP)

\*Mark Ruskell (Mid Scotland and Fife) (Green)

\*Liz Smith (Mid Scotland and Fife) (Con)

\*Stewart Stevenson (Banffshire and Buchan Coast) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Professor Colin Campbell (SEFARI Directors Executive Committee)

Kit England (Climate Ready Clyde)

Joel Evans (Aberdeenshire Council)

Mairi Gougeon (Minister for Rural Affairs and the Natural Environment)

Iain Gulland (Zero Waste Scotland)

Arne Gürtner (Equinor UK and Ireland Offshore)

Peter Mather (BP)

Jess Pepper (Climate Cafe)

Jane Rougvie (Scottish Government)

Hamish Trench (Scottish Land Commission)

Fabio Villani (tsiMoray)

**CLERK TO THE COMMITTEE**

Lynn Tullis

**LOCATION**

Virtual Meeting



## Scottish Parliament

### Environment, Climate Change and Land Reform Committee

Tuesday 22 September 2020

[The Convener opened the meeting at 09:00]

#### Green Recovery Inquiry

**The Convener (Gillian Martin):** Welcome to the Environment, Climate Change and Land Reform Committee's 24th meeting in 2020.

Today, we continue to take evidence from stakeholders for the committee's green recovery inquiry. We will hear from experts over four panels this morning. I welcome our first panel: Hamish Trench, chief executive of the Scottish Land Commission; Joel Evans, team leader for sustainability and climate change at Aberdeenshire Council; and Professor Colin Campbell, from the SEFARI—Scottish environment, food and agriculture research institutes—directors executive committee.

I will get the ball rolling. During the Covid-19 pandemic, we have seen some positive behaviours from the general populace, and some innovative things have happened. We have also seen some social cohesion in our communities. As we move out of the pandemic, how can we take those positive behaviours and lock them in to assist with a green recovery? I would like to hear all your views on that, so I will take you in the order that I read out your names and come to Hamish Trench first.

**Hamish Trench (Scottish Land Commission):** We have seen lots of innovation from communities, businesses, and Government during the past few months. The pandemic has brought into sharp relief the way in which people value open space, public space and green space, particularly near to where they live. The ability to access Scotland's land and countryside has never been more important to people.

We have also seen what community resilience really means. There have been some good examples and good evidence of how community asset and land ownership has underpinned communities' ability to respond quickly and put in place the support and services that are needed to help people get through some of the difficult times that we have had this year.

There is good evidence of what open space and public space mean in that context, and there are some lessons that we should be taking forward in recovery and renewal.

I highlight two things as priorities to look at from a land perspective. The first is the principle of land reuse—how we make sure that we keep land in active use, and how we bring land back into use. We are already dealing with a 30-year legacy of vacant and derelict land in Scotland's most disadvantaged communities. There is a real risk of a new legacy of vacant properties from the economic conditions that are being created by the pandemic.

Secondly, we really need to make sure that we have the governance mechanisms in place to drive the pace and scale of the land use decisions that are needed to meet our climate targets. I think that there is public support and recognition—*[Inaudible.]*

**Joel Evans (Aberdeenshire Council):** On locking in and building on some of the positive changes, it is worth considering how to tie that in to building up from the local level to the regional level. Our economic development team has had quite a focus on how we can work at sub-local authority level and develop local engagement with, excitement in and ownership of what is going on in local areas.

You will be well aware that Aberdeenshire is a collection of towns and smaller settlements. The issue is how we engage at that level. We are looking to build an individual sense of where things are heading in those communities. We are keen to support that.

The difficulty with generating upwards from the grass roots is that it takes time, so although we may see instant results in some cases, it may be something that builds over the longer term. The issue is about understanding successful engagement in those areas and where that could lead to.

**The Convener:** Can you give some examples of what you are talking about? You have not been specific about things that have happened in Aberdeenshire that you want to build on and work with communities on.

**Joel Evans:** Although this is not specifically Covid related, because that was not part of our submission, a rediscover Peterhead initiative is going on in the town, looking at regeneration. That could tie in well with a lot of our initiatives on developing our places so that they are more accessible to people during the various temporary Covid measures that have come in, which can be a catalyst for redeveloping and rethinking our town centres.

**Professor Colin Campbell (SEFARI Directors Executive Committee):** On locking in positive behaviours, we have noticed a greater readiness to listen to new ways of doing things and, potentially, to accept innovations.

One thing that we have experienced is that, although the food supply system has coped remarkably well during the pandemic, the situation could have been different if, for example, there had not been food surpluses in the world. We know that there have not been food surpluses in other years.

There is a lot of new thinking around food supply systems. Others have mentioned localising food supply systems, but it is also about localising food energy systems so that they feed more from the food production side into local communities.

An example of exploring new ways of doing things could be the development of derelict vacant land into food growing land using indoor vertical farms. People are now thinking much more seriously about such innovative, disruptive methodologies because of the need to make our food supply system more resilient.

The other thing that people have really woken up to is the importance of nature and how it underpins many of our national assets and our food and timber production systems. People are ready to listen to how we redesign nature back into our farming systems. For example, we could have high nature value farming systems in which there would be a premium on the food, which would offset the fact that production levels might be down because we would be doing things in a more extensive way with less input.

The main aspect for me is that people are ready to listen to and try innovations.

Finally, the pandemic has emphasised the urgency with which we need to tackle climate change. The research institutes are trying to do more action-based research in which we do things, demonstrate how they work and learn as we go, rather than simply observe.

**The Convener:** I move on to Claudia Beamish.

**Claudia Beamish (South Scotland) (Lab):** I want to focus our minds briefly on policy coherence. The committee has heard evidence that policies and spend that emanate from different parts of Government do not always align, so we are keenly aware of that issue.

On policy coherence around a green recovery, we know that certain initiatives are either imminent or coming down the line. They are the renewed land use strategy; the national planning framework 4; the infrastructure investment plan, which is coming later this week; and the renewed five-year strategic research programme on environment, food and agriculture.

How can such initiatives, along with other policies and spend, be better integrated for a green recovery at Scottish Government level—four want of a better word—and other levels.

**Joel Evans:** Aberdeenshire Council had a discussion with the key agencies group yesterday. We thought it would be really helpful for integrating things if we could combine them under an overall vision or umbrella to get a sense of where we want to go in the long term, whether that is at a regional, town or city level, or indeed at a Scotland or United Kingdom level. What will that landscape look like in 10, 20 or 30 years?

It is not necessarily the case that we need to have everything laid out as X, Y and Z, saying, “This is how it is going to be.” However, we need to have a general sense of where things are going. For example, do we expect taxation to be rebalanced in the future to put more value on resources? Do we want more localised transport services and more hubs across regions, with good, sustainable transport access to those hubs?

It is a case of putting all those pieces of the puzzle into an overall picture, so that we get a sense of where we are going, because a host of choices are open to us. Lots of those choices may well be good in themselves, but they can lead us in different directions. More work to consider an overall national vision and regional visions would help to pull those policy frameworks together underneath all of that.

**Claudia Beamish:** Does Hamish Trench have any comments?

**Hamish Trench:** Yes. First, there is a real window of opportunity in the coming year to improve public policy alignment. We have the new land use strategy, national planning framework 4, regional spatial strategies under the Planning (Scotland) Act 2019 alongside regional land use partnerships, and the Infrastructure Commission for Scotland's recommendations. There is an unusual opportunity over the coming year to make sure that those are aligned. The land use strategy and NPF4 can be influential in setting a clear and explicit direction.

There will, of course, be tensions between areas of Government policy, and our view is that it is at the regional scale where those can be most sensibly addressed and reconciled. The Scottish Land Commission will shortly publish our advice to Government on establishing regional land use partnerships, which we see as being key mechanisms to drive some of this change. We think that the regional scale is the right scale at which to reconcile some of the different choices and priorities in land use, to deliver on climate targets. The regional scale can deliver greater accountability, openness and transparency in relation to decisions, and it can connect already established regional approaches to wider economic and spatial planning. There is an opportunity, over the coming year, to align land use planning with wider spatial planning.

**Claudia Beamish:** Do you think that the land use strategy should be on a more robust statutory footing to give it more clout, or do you think that having the two regional pilots and more regional land use strategy arrangements is sufficient?

**Hamish Trench:** We have learned from the past two years that a land use strategy at the national level is important but not sufficient, and that we need to get that traction at the regional level. Most important for us is the establishment of regional land use partnerships that have a focus on action. It is important that they go through the process of planning and putting in place a regional framework that sets out priorities, but their remit will need to be focused on delivery and actions, and brokering the relationships that will be needed to do that.

We think that it would be wise to consider whether the regional land use partnerships and the land use frameworks can be put on a statutory basis, but, in the short term, there is nothing to prevent regional land use partnerships from getting up and running and having a clear focus on action before they are put on a statutory basis.

09:15

**Claudia Beamish:** Last but not least, could we hear from Professor Colin Campbell?

**Professor Campbell:** I will restrict my comments to the land use strategy and the strategic research programme.

I agree with what has been said about the land use strategy. There are issues of scale when it comes to comparing national needs with local needs, and there are areas where we need transformational land use change, but such change is contested. An example is trees versus livestock. I do not believe that such change needs to be contested.

From an international perspective, the land use strategy is a very progressive piece of policy; it is the only strategy that I have heard of around the world that integrates land use. In that sense, it represents a huge opportunity. It provides an opportunity to build in consensus, and the right time to do that is during the process of regional land use planning. That takes resources. Facilitating engagement involving communities and people with different points of view can be very time consuming, so we need to have proper resources as we enter such engagement processes and conversations to make sure that we get the right kind of outcomes that are built on trust and mutual understanding of the issues.

The strategic research programme is very dear to SEFARI. It has delivered extremely well for Scotland from an investment point of view, and I

would argue that it is needed more than ever. We need innovation, research and evidence more than ever so that we can make the right decisions. Over the past 10 years, the budget for the strategic research programme has gone down; in some cases, it has gone down by 40 per cent in real terms. I would like to think that the priority is to make sure that that funding starts to go back up again.

Through science, we can deliver the evidence that helps all such deliberations. We have proven that there are apps, tools and methods that we can provide that help people to make the decisions, but that process needs to be resourced properly.

**Claudia Beamish:** Thank you very much.

**Mark Ruskell (Mid Scotland and Fife) (Green):** You have already touched on what could be called a place-based approach, which involves designing a recovery with communities at a local level. Do you have further examples of where that approach is working particularly well in Scotland?

**The Convener:** Who is that question directed at, in the first instance?

**Mark Ruskell:** I do not know—it is for anybody who wants to answer it.

**Professor Campbell:** I cannot give you specific examples of where that approach is working, but there are disparate examples of locally based food supply systems in which there has been greater community engagement. It is difficult to point to any one of them, but there are many such examples. Every year, there are some great small examples at the nature of Scotland awards, but we are not seeing bigger-scale examples.

We have an action-based research project for our Glensaugh farm that involves looking at how we can maximise the amount of carbon, water and biodiversity in the farm without reducing the livelihood of the farmer who farms it and how we can connect that to the local community. There is a bit of a crisis of livelihoods in rural areas that we need to address. As a research project, we can look at some of the factors that can help to make such work much more connected to the rural economy.

I apologise for not being able to provide any specific examples, but, in principle, a place-based approach is a very good way of doing it. There are lots of small examples, but doing such work at scale is the issue.

**Hamish Trench:** There are good examples that we can learn from. The two most established and biggest-scale examples are the two national parks in Scotland, which operate very much on a place-based approach and bring together different policy perspectives and interests.

The Leven initiative in Fife has taken an approach that is more catchment and community based. It involves working out from the river that flows through a former industrial area and looking at how new action can be catalysed and different players brought together.

On a more rural level, interesting work has been done in communities. In Applecross, for example, members of the community have taken the lead in developing their own community land use plan, which I think has since been adopted by Highland Council as part of its development plan. On a similar scale, Strathard, which is in the Loch Lomond and the Trossachs area, has taken a community approach to catchment management and is looking at the knock-on effects of management choices upstream.

All those examples provide lessons, and I agree with Colin Campbell that one lesson is perhaps that the approach needs to be scaled up across Scotland. There is much to learn from. The work that we have done for the Government on regional land use partnerships tries to take on lessons that we can learn from existing initiatives.

**Mark Ruskell:** Can I ask a quick follow-up question?

**The Convener:** Before you move on, do you want to hear from Joel Evans about initiatives in Aberdeenshire?

**Mark Ruskell:** Yes.

**Joel Evans:** We have a potential example from the work that is going on in Huntly in Aberdeenshire. The Huntly and District Development Trust has been established and is largely led by the community, with support from us as the local authority. That is bringing the community together around a vision for the area. The trust has been involved in green energy projects such as looking at whether there is an opportunity to use green energy to develop hydrogen; transport projects such as car clubs; and projects to regenerate the town centre by building an offering in relation to reuse and repair skills and making the area a hub for that. That is one example of a place-based approach that has worked well.

The obvious underlying factor is having members of the community who have the confidence and the vision to build such initiatives and opportunities. That confidence and vision is not always in full supply in all areas, so we must think about what we can do to build that in communities.

**Mark Ruskell:** You have talked about diverse approaches. The River Leven project has been led by the Scottish Environment Protection Agency with the community, whereas in Huntly the

community is leading the initiatives. Do bodies such as regional land use partnerships or councils need to have a defined role in leading place making? Who takes the lead? Initiatives get going sporadically. As Joel Evans said, capacity issues in the community affect which communities can take a lead.

**Joel Evans:** I completely understand where you are coming from. There are lots of ways to go about this. To be honest, I do not have from my experience a strong steer on which approach is best. I reiterate the points that my colleagues have passed on, which are that different places require different approaches. The steer in Aberdeenshire Council is that the approach is not one size fits all; it involves engaging with our different communities in different ways. I cannot give a steer on an approach that is particularly effective; we are looking at all approaches and trying to make them fit the communities that we work with.

**Hamish Trench:** We must keep a degree of flexibility to allow communities to respond and develop things in different ways. Across Scotland, people do such work differently, which is not necessarily a bad thing. However, there is clearly a job—we see a role for regional land use partnerships in it—in providing brokerage support to help make things happen. [*Inaudible.*] There is a need to make the conditions a bit easier and more supportive.

A regional land use partnership could be the focal point that brings together the necessary collaborations, and that needs to be tied strongly to finance mechanisms. However, another aspect is working differently and responding to local delivery and local bodies, which will inevitably differ in different parts of Scotland.

**Professor Campbell:** Leadership is a key element, and I agree with Hamish Trench that the approach needs to be flexible. The local private sector should also be considered. Many place-based initiatives will have a distinctive, place-based set of private sector companies. One thing that we are picking up, particularly around the climate change crisis, is that many more companies now want to get involved in local solutions and, in some cases, they are providing leadership. Because they sometimes have logistics and marketing capabilities, they are able to help a lot in giving local communities confidence. We should not forget about the private sector, where there are key companies. That is particularly true in rural areas where there are private sector companies whose products totally depend on the natural assets in the region. It is very much in their interests to try to improve things from a land use point of view.

**Stewart Stevenson (Banffshire and Buchan Coast) (SNP):** In his first answer, Colin Campbell



focused on food, so I will direct my initial question to him in the first instance.

I want to explore how a green recovery can interact with the issue of food security. A recent survey suggested that consumers are becoming increasingly concerned about their ability to fill their food cupboards in a second phase of Covid restrictions, and the Freight Transport Association has suggested that 75 per cent of transport for importing food might be affected by Brexit. The Government is trying to change our diet to tackle obesity and, of course, food exporters, who are a big part of the Aberdeenshire economy, are concerned about the loss of markets. The food sector is among our economy's fastest-growing sectors. I am not looking for an omnibus answer, because it is clear that there are many facets to the issue, but it would be useful to hear the panellists' views on how a green recovery can help to address the concerns of various stakeholders in relation to food.

**Professor Campbell:** There are several aspects to a green recovery and the food systems. One is that we need to start producing food that has a lower greenhouse gas footprint. There are ways of doing that, and the consumer is very interested in that. We have had a great collaboration with Ardbikie distillery, which has produced the world's first climate positive gin. I understand that that is among its best-selling products. People are looking for that differentiation in the marketplace and for products that do not harm the environment. There is a lot of scope for innovation in food products, and that is well suited to Scotland, our natural assets and the products that we produce from them.

The big issue relating to food is waste. We still waste up to 30 to 40 per cent of food. If we could reduce waste, that would be hugely beneficial. That said, we still consume too much and we need to get consumption levels down. It is not all about food; it is about striking a balance between producing food, energy and fibre. In the future, it will be possible to grow different types of crops in Scotland, some of which might produce fibre materials that could replace plastics. We could, for example, look at re-establishing a sugar beet industry in Scotland to produce alcohol as a feedstock for industry, and we could look at industrial hemp as a fibre crop for food packaging. There are lots of opportunities in a green recovery if we have the scoping and the feasibility studies and if we understand what we are getting into.

The other issue to do with food is indoor vertical farming methods. High-precision control environments give us many opportunities to reduce waste and inputs and to diversify the types of foods that are available in Scotland. Currently, they are very restricted to high-value salads, herbs

and other exotic ingredients. However, as their costs come down, we will be able to grow a much wider range of foods and localise food production in Scotland, even using derelict and vacant land, as I mentioned earlier.

There are huge opportunities in the food systems. There has to be a systems approach that takes account of all the waste and production aspects of the systems, and it is important to get processing capability in Scotland, because that is where the jobs will come from.

09:30

**Stewart Stevenson:** It might be appropriate to ask that question of Joel Evans next, given that Aberdeenshire is an important area in our food economy.

**Joel Evans:** It is not my area of expertise, but I know that we, in Aberdeenshire, and our colleagues at Aberdeen City Council are engaging in the development of food-growing strategies. I also know from personal connections that sales in vegetables and edible crops from garden centres and the like have increased, so I know that the public appetite to get into that area is increasing.

We could ask how we can support the development of rural and farming communities, whether through considering the economics of how it all works—such as subsidies—or improving the industry's accessibility to incomers and so on.

Many people know more about those issues than I do, but I know that considering how to develop and support the farming industry as a whole, as well as the people who want to get into that area, would be really key.

**Hamish Trench:** I can add little to what has been said other than by noting that the vertical farming changes to which Colin Campbell referred are potentially transformational with regard to the relationship between land and food production. In the medium term, those changes could potentially introduce more flexibility in relation to the types of land that are put to food production and eventually also around the choices and the priority that we have to make of that land.

**Angus MacDonald (Falkirk East) (SNP):** The committee has heard evidence that natural capital should play a critical role in supporting a green recovery. In that context, what practical measures would enable land managers to better support a green recovery?

**Hamish Trench:** The natural capital is of huge importance to the value of Scotland's land and to the way that land management can operate. We are also seeing the emergence of new natural capital finance mechanisms, and we are working with NatureScot and others to consider how some

of that work can be applied at a local level in particular places in Scotland.

Three things that clearly—[*Inaudible.*]*—*that those natural capital finance mechanisms connect practically with the land management opportunities, which is an aspect wherein local work and local pilots are really important.

Regional land use partnerships also have a potential role as the brokers and hub that could bring together different sources of finance. There is no reason at all why land use partnerships should be totally focused on public finance, and it seems to me that there will be a really good opportunity to bring together different sources of finance, including private, social enterprise and natural capital finance sources.

The third element will obviously be public finance, post-2024 and post-common agricultural policy funding streams. We are now at the stage of trying to turn those mechanisms into—[*Inaudible.*]*—*so that land managers can then take up those opportunities.

**Joel Evans:** I do not have a huge amount to add on those fronts. From a smaller-scale natural capital perspective, the question is how we can increase the value of the resources that we can produce naturally in our regions and the value of those that we import and export over our borders, so that they do not become so easy to waste and something that we take for granted. That process could involve the development of local supply chains and closer links between communities.

A large part of that process would involve looking at regulatory and taxation changes and thinking about how we can readjust or rebalance the value of resources so that they are valued more. We want local communities to see our natural resources as valuable resources that they can benefit from and use to produce prosperity and wealth.

**Professor Campbell:** It is a great question. There are lots of practical land management measures that we can take to build natural capital. We keep saying that we have abundant natural assets, but many of them are degraded, and we can build them through habitat restoration. Even with our agricultural land, we can build soil carbon levels back up again, which will be beneficial to farm operations and biodiversity. It will also be beneficial from the point of view of flood management and the droughts that we will experience more of in the future.

There are many practical things that we can do, but we need a strategy for that, and we need financial help, too. As Hamish Trench said, there is a lot more private finance coming into areas such as carbon sequestration of soils. We are talking to Heathrow airport about a scheme to

encourage farmers to build the soil organic matter in their fields as a carbon offsetting scheme. There are lots of imaginative ways of getting the resources and the money to help with such schemes.

There is a wide range of practical things that we could do—for example, the integration of more woodland into farmland through agroforestry diversifies roles and jobs in the rural economy—but all of them need to be done if we are to make a difference. Individually, they will make incremental changes; we need to think about how we can get them all done as a package if we are to make the difference that we all want to see.

**Angus MacDonald:** Following those responses, it is clear that the role of agricultural adviser is of great importance, especially at the moment. Much advice can be provided through SAC Consulting and others. Do you agree that it is of paramount importance that farmers and crofters get free access to advice on assisting with the green recovery? I emphasise the word “free”.

**Professor Campbell:** I think that free advice would be very helpful. The way things are going with scientific evidence is that it is all becoming open and free, as we have seen with the pandemic and elsewhere. We are growing the open-science agenda and are making sure that everything is open, transparent and free at the point of use. Free advice would help.

We also need to make the move away from just having agricultural advisers; we should also have land use advisers, because we are talking about more than just agriculture. We have a divided land use sector—it is divided into agriculture and forestry, and in agriculture there are different sectors. If we are to enter into the spirit of an integrated land use strategy, we need to think about having land use advisers who can advise on integrated land use options for agriculture and forestry.

**Hamish Trench:** Advice is key. Given what we know about the need to shift delivery of the public interest in land use, and the pace and scale of the change that is needed if we are to meet our climate targets, it is clear that advice will need to be freely and widely available to land managers, communities and businesses over the coming years.

There is an additional point to make, which is connected to the question that has been raised about farming and woodland. Beyond immediate practical implementation, one of the wider aspects of the debate about natural capital is that it opens up questions about the value of land—how we value land and how that value is created and shared—[*Inaudible.*]*—*couple of years. More immediately, the tenant farming commissioner is

working with stakeholders on ways of making sure that agricultural tenants can benefit from and contribute to the opportunities for woodland expansion.

As well as technical management issues, there are governance issues around ensuring that all parts of the land ownership and land use sectors are able to benefit from natural capital value.

**Professor Campbell:** Angus MacDonald asked about advice. In the SEFARI strategic research programme we try to understand how advice gets to people. This idea might not be too surprising to some people, but one of the most effective ways to get people to adopt innovations and new ways of doing things is for them to learn from their neighbours. Having exemplar individuals who push the boundaries helps a huge amount.

We need to understand how the people who manage the land make decisions and what affects their behaviours. It is much more complicated than just giving advice. Those people live in a community of land managers; they are human beings who make human decisions that are not based only on advice or logic. We need to understand that fully if we are to really influence behaviours.

**Finlay Carson (Galloway and West Dumfries) (Con):** My questions are around the budget that we have already seen. The climate emergency response group suggested that there should be a £100 million agricultural modernisation fund, but the Government's recent programme outlined that £40 million was committed to an agriculture transformation fund.

We know that Scotland's natural capital is worth around £273 billion, and the report from the advisory group on economic recovery suggested that Scotland had a "comparative advantage" because of our "natural assets". Is there enough investment—right here and right now—to kick-start the green recovery? We have talked about lots of things, but are we in a position to take advantage of the investment as soon as we can, or is there a lack of policies and direction, at the moment?

**Hamish Trench:** Is there ever enough investment, given the scale of the challenges that we hope to meet? It is certainly a good start; there is no reason why we cannot get on and do an awful lot with the current commitments. For me, the question is less about the figures and more about ensuring that we put the money to good use in the short term, and get on in areas where we know we can make a difference.

It comes back to the real opportunities for alignment of policy and funding streams over the coming year, particularly as we look ahead to post-2024 post-CAP funding. We have a real opportunity to get better alignment between

significant funding streams—from public and other sources—and the recovery and climate objectives.

**Professor Campbell:** We could spend an awful lot more on other improvements, but we need to know what to spend on. The investment might initially be enough, but we will need a lot more in the long term, when we know exactly what to spend on and what kind of investments will make the biggest difference. We need to explore, test and be clear about that. Once we know that we have a positive direction, we will certainly need a lot more money.

**The Convener:** Joel Evans has said that agriculture is not his area, but the floor is his should he want to add anything.

**Joel Evans:** I do not have much to add. I just reiterate the points from our feedback: we want to ensure that the biggest levers in our economy—taxation or regulatory—are aligned so that they support what we try to achieve with our investments, and so that we join things together that fit, with an overall vision that makes sense.

**Liz Smith (Mid Scotland and Fife) (Con):** I want to ask about rural strategy. The Higgins report—obviously—and the comments that Chris Stark gave us at a previous evidence session flagged up that perhaps not enough had been done to develop a coherent rural strategy that would enable us to deliver the jobs for which we are desperately looking. What do we need to do to ensure that there is such a strategy and that there is better engagement with the Government? Benny Higgins pointed out—as did Chris Stark—that there has been a little progress, but not nearly enough. What are your comments on that?

09:45

**Hamish Trench:** There is a real opportunity to strengthen the existing connections. For the Scottish Land Commission, one of the clearest connections is between land use strategy and what has often been thought of as rural or environmental strategy and wider economic and spatial planning.

That comes back to the central role that local authorities, and other players on a regional scale, might have. We could be much better at connecting those strategies. Land use planning has sometimes been seen as slightly separate, with organisations that are separate from those in wider regional economic planning. We now have regional economic partnerships and regional spatial strategies, and land use partnerships are being introduced. There is a real opportunity to bring those together so that land use is embedded as part of our wider economic thinking. That is as relevant to rural land use as it is to urban land use. That integration is really needed if we are to

deliver the scale and pace of change that will be needed to meet our climate targets.

**Professor Campbell:** We need a much more coherent place-based strategy. However, we must bear in mind the fact that land use planning in rural areas is very dependent on existing physical and biological resources, so what might count for one region might not necessarily work for another. Furthermore, it all has to add up to something at national level. We have a rich spatial data set for Scotland, so we absolutely can do that. There is nothing to prevent us from getting on and doing that using a specific place-based approach, and seeing whether the numbers actually add up.

We also need to think through how such a strategy could translate into jobs. For example, the jobs that might be created in Fife, where the future might lie in the sugar beet industry, could be very different to what they would be in the north-west, where the approach might be about tourism that is built on restoring major landscapes. However, we have the ability to undertake such a strategy. There is nothing to stop us, so perhaps we should just get on with it.

**Liz Smith:** In his report, Benny Higgins said that he would like to see the creation of a strategic forum involving the Government and business and industry leaders within the rural economy, too. Is that something that you would like?

**Professor Campbell:** I did not catch everything that you said, but I think that it was about connecting with business. I agree with that 100 per cent. Some of the major land use transformations that we need to contemplate—for example, on large-scale peatland restoration and woodland expansion—are almost beyond Governments as well.

Bringing in major players from the private sector could help. For example, would you believe that we are getting a sympathetic ear from the oil and gas industry on how we should go about doing that at scale? Not only its money, but its logistics, professionalism and engineering skills will be helpful, because we will need to do things differently from how we have done them in the past. I encourage the Government to get companies in that sector involved with all that. They are starting to understand, better than many others, that their business depends on natural capital, and they are open to joint working.

**The Convener:** Does Joel Evans have anything to add in answer to Liz Smith's question?

**Joel Evans:** I will build on the previous response. The climate ready Aberdeenshire initiative has just got off the ground and seems to have made a promising start in that area. It follows in the footsteps of initiatives such as climate ready

Clyde, from which I believe the committee will take evidence later.

The idea has been to bring together a host of stakeholders from a variety of parts of the public and private sectors to consider how the whole region might be developed in the future. That could cover anything from climate change adaptation strategies to energy transition.

We have appointed a chairperson from the private sector who is working on the environmental side in the oil and gas industry. That initiative has acted as a lightning rod for interest from the private sector and others. There is a realisation that regional economic development will shape industry going forward, and that that is how it will hang together. There is interest in that, which shows that there is a real appetite for engagement.

We now need to ask how we can engage all parts of the community and consider how we can get representation from, for example, the farming and rural communities to ensure that it is not just the usual big players always leading the way. There is value in building from our economic development strategy, which starts at a community level. We need to look at things regionally as well as at place level; ideally we want to find a way for the two to meet and share common ground.

**The Convener:** I will bring in Claudia Beamish, who has a quick question on skills.

**Claudia Beamish:** Does anyone on the panel want to comment very briefly—not to belittle the subject—on how we can go about developing a national or regional skills strategy for the jobs that we need for the green recovery? Please indicate to the convener if you want to come in.

**The Convener:** I will ask Joel Evans to respond first, given that there is a just transition issue in the north-east.

**Joel Evans:** We submitted feedback in our response to the green recovery inquiry indicating that it would be good to introduce more land-based skills to the education curriculum. That might be more appropriate in Aberdeenshire than in other regions, but I imagine that there would be high value in introducing land-based skills fairly early so that land-based careers and knowledge are not limited to people who have a family history in those areas. In the north-east, we are looking to use the skills that we have in the oil and gas industry and to transfer them into new, greener areas of energy—the energy transition.

The idea of the circular economy and building more local supply chains are opportunities to build new skills. One of the big themes of the circular economy will be how to keep supply chains smaller and shorter so that materials are not flown

in from halfway across the world but are being used as close to in situ as possible. That opens up a host of new potential skills, careers and innovation opportunities.

We can think about how we can reuse materials that come through our supply networks and activities that would otherwise be sent off as waste and would cause a problem. For example, work is going on in the north-east and other areas to look on how waste from fish processing plants and the farming and agriculture sector can be transformed into additional resources. In the oil and gas sector, organisations are looking at how kit that would otherwise have been destroyed can be remanufactured and brought back into service. All those aspects will involve new practical skills, innovation and the potential for creative and rewarding jobs.

The circular economy offers a huge opportunity. The idea is that we are not just consumers of something that simply appears before us and then moves on somewhere else, but that we think about the components, the materials and the resources that we have, how we use them and how we can make economic value from them locally. There is a huge and exciting opportunity not just to create jobs but to create interesting and inspiring jobs.

**The Convener:** We will have to move on, as we are running out of time. I will come to Mark Ruskell, first, then I will bring Finlay Carson back in, and that will have to be the end of our questioning of this panel.

**Mark Ruskell:** We have talked about quite a lot of various areas of progress this morning. What are the key milestones or indicators that would show that we are delivering a green recovery?

**Hamish Trench:** I will make a couple of specific points and then a more general observation. Are we seeing the dynamism, pace and scale that we need when making land use decisions? Having in place, over the coming years, regional use land frameworks, with a clear picture of what each part of Scotland could contribute, would make a real difference.

The second issue is land reuse and whether we are bringing back into productive use the vacant and derelict sites that are impacting communities, and whether we are delivering for climate targets as we do that.

The more general point that I will highlight is on the wider transition to a wellbeing economy. Are the investment decisions that we are making on land, infrastructure and place taking account of metrics beyond financial return? Are we looking at the wider social element to our investments? That would be very much in line with the recommendations of the Infrastructure

Commission for Scotland. The Scottish Land Commission has also recently published guidance on how to do that in relation to land reuse for vacant and derelict sites, in particular.

That wider sense of whether we are guiding our investment decisions based on wider climate wellbeing and fiscal returns, as well as on the immediate finances, is hugely important.

**Professor Campbell:** I agree with everything that Hamish Trench just said. I add that we have a natural capital asset index, as part of the national performance framework. We would certainly want to see that starting to increase. That would broadly indicate habitat restoration and habitat condition improving. We need to do lots of things that do not come under the asset index, so we need to look at lots of other indicators, too.

Soil carbon is going up the agenda, and some people are calling for a soil carbon plan. There are lots of biophysical things that we need to measure, including the land use and reuse to which Hamish Trench referred.

However, we also need to build in social indicators on community cohesion, wellbeing and health. In the strategic research programme, we are starting to look at how we can build many more social indicators into our national assessments to complement the good biophysical data that we have at a national level.

We need a suite of targeted indicators associated with particular actions, so that we know that the actions are working. That is always off-putting, because it appears complex. Having simple indicators, such as the natural capital asset index, can be helpful in terms of the message about the general direction, but we need to think more about whether those are right for what we are trying to achieve.

**The Convener:** I am conscious that we have only a couple of minutes left for this part of the meeting. Finlay Carson wants to come in.

**Finlay Carson:** My question is very appropriate, given Colin Campbell's points about the natural capital asset index. We have seen a huge increase in the number of visitors to our countryside, through the success of staycations. However, that has come with increased fly-tipping and rubbish. Is there a need for additional funding to ensure that our natural capital assets are protected? Could that be done through the establishment of more national parks, with them overseeing tourism and the protection of assets in rural areas?

**Hamish Trench:** There is no question but that there needs to be a big emphasis on the infrastructure to support the tourism and behaviours that people are looking for. Again,

there are lessons to be learned about how we apply land rights and responsibilities—how they are balanced—and about the support that is required to look after natural resources and land. In principle, a strong focus on that investment and behaviour is necessary.

**Professor Campbell:** Recreation and access to nature is really good for us but is not always good for the environment. We have seen lots of examples of that.

There is a need for better facilities and better protection of the natural environment. Our iconic landscapes are big draws for local, national and international tourists, but no one pays for them. We need more ideas on how we make recompense so that we can invest in those resources. There have been a lot of discussions about tourism taxes and a natural capital tax, and there are all sorts of mechanisms that one could choose. That is a problem that we need to solve. We need to recognise that our wanting people to enjoy the outdoors has a cost, and we need to ensure that the infrastructure exists to support people and to protect the environment.

**The Convener:** We have run out of time. Thank you all for your fantastic evidence this morning. It has been a great discussion.

10:01

*Meeting suspended.*

10:04

*On resuming—*

**The Convener:** We continue with evidence for our green recovery inquiry. Our second panel comprises Iain Gulland, the chief executive officer of Zero Waste Scotland, and Kit England, the lead of Climate Ready Clyde on behalf of Glasgow city region.

Good morning. Both of your organisations will be instrumental in helping to get the green recovery working. What measures or approaches would enable you to support the delivery of an effective green recovery and just transition? Zero Waste Scotland covers the whole of Scotland, and Climate Ready Clyde covers the Glasgow area.

**Iain Gulland (Zero Waste Scotland):** Thank you for the opportunity to appear. Our biggest contribution to the green recovery will relate to the further transition to a circular economy, which is the ambition for Scotland. We have made good progress in understanding what is possible and in focusing on areas. As we build back better, we can take forward the opportunities that we have identified in job creation and innovation. What we talked about in the past as waste we see now as a

resource. Instead of exporting the material that we collect for recycling—we still export 70 to 75 per cent of it—we have an economic opportunity to do something with it here that would create high-quality jobs and reuse it in our local supply chains and systems, which would build resilience.

The key is to see the situation not just as a waste issue but as an economic and social opportunity for Scotland that can be embedded across all sectors. The renewables industry has opportunities in relation to material use and we can look at the agricultural sector, the bioeconomy, food systems and all the key industries in understanding how we can build the opportunities into delivery and into their recovery, future proofing and sustainability.

**The Convener:** I ask Kit England for the perspective from Glasgow.

**Kit England (Climate Ready Clyde):** Thank you for the opportunity to speak to the committee. We see a strong role for the Government in providing leadership on resilience to climate change. It has been surprising that little emphasis has been placed on the need to adapt to the impact of climate change alongside a green recovery. A pandemic sat as a major risk at the top of the United Kingdom risk register for a long time, but we failed to prepare for its impact, and the impacts of the climate crisis could be much more significant.

There is an opportunity for the country and Glasgow city region to build on how we have started. The key things that would help concern an increased emphasis on the role of adaptation in a green recovery. We should make clear the role that public bodies and resilience must play. The duties on public sector bodies under the Climate Change (Scotland) Act 2009 are not strong enough to force such action, so we would support measures on that.

Recent announcements in the programme for government and the budget have provided little money for adaptation activity over and above that for flood risk. Significant investment will be made in capital expenditure for flood risk management, but there is not much more to deal with the wider impacts of climate change and to put in place the capacity to implement wider resilience projects.

It would also help if there was more detailed engagement with the joint working that is already being done on the ground in the regions across Scotland. As the committee has heard, that work might be done through regional economic partnerships or regional land use partnerships. In Glasgow city region, we also have Climate Ready Clyde. Those groups have a wealth of knowledge about the practical issues when it comes to delivering the investment to some of the schemes

that have been promised. Knowledge at a local or regional level can help to overcome some of the practical barriers.

**Stewart Stevenson:** Through the green recovery, how can we help those who are most vulnerable to the effects of climate change? It seems that one of the big difficulties relates to the human population further south, where it will get oppressively hot, as opposed to those who live in milder climes such as ourselves.

Kit England gave flooding as an example but, more generally, our infrastructure appears to be under threat from climate change. Perhaps more important in some ways, our whole environment and ecosystem, with new species moving into our ecology, appears to be under threat from climate change. How can a green recovery help us to deal with the issues that I have highlighted and, indeed, any other issues that the witnesses identify?

**Kit England:** I will take the issue of people who are most vulnerable to climate change before I come to the wider question on climate resilience. In relation to supporting the most vulnerable people, we know that young people and disadvantaged people are being, and will be, hit the most through the pandemic. Those communities will also be hit hardest by the global failure to tackle climate change and the biodiversity crisis. We should remember that, although achieving the net zero target in Scotland is incredibly important, our climate will continue to change over and above when we hit that target, because of the global response to climate change. We are starting to see that come to the fore.

Young people in particular face a double threat. Job are being lost across the economy and, if we do not address our resilience to climate change, that could have a cascading effect and have an impact on young people across their entire lives. We have to remember that we can expand the concept of a just transition to cover the impacts of climate change not only in relation to decarbonisation. The investments that are needed to build resilience to pandemics also have a really strong element of building resilience to climate change, so that area provides a good proxy for where investment needs to go. It might be investment in access to green space, investment in reskilling, retooling and providing new jobs in the economy, or investment in the resilience of our telecommunication infrastructure, so that we can all work from home. Investing in climate resilience and resilience to pandemics provides dual benefits in relation to the wider aspirations on wellbeing and climate change that we want to achieve.

On the broader question about infrastructure investment in the wider built environment, there is a point about mainstreaming consideration of climate change risk, which we do not do very well.

The impacts of climate change have the potential to affect all goods, services and infrastructure. At the moment, we do not plan for such costs or the need for resilience in the business cases that we produce. There is an urgent need to embed consideration of climate change risk into all decisions across Scottish Government expenditure. We should also encourage such consideration at local authority level and by other public bodies.

**Iain Gulland:** Our work is not really focused on the mitigation of climate change; we try to prevent it from happening in the first place. I will add two points.

As we know, the issue is not so much the territorial carbon emissions that we produce here in Scotland but our wider carbon footprint—more than 50 per cent of our carbon footprint comes from the carbon in the products and materials that we import into the country. Mr Stevenson talked about people living in the global south and it is people in those countries who are suffering the most because of climate change and overconsumption by countries such as Scotland that are living beyond our planetary means. It is very important to build that thinking into our own approach to reaching the net zero target by thinking about consumption, better use of materials and the wider impacts, as well as decarbonising the Scottish economy. We should all be considering what the real carbon intensity is of the materials and products that we are using. That will help people in those disadvantaged parts of the world.

10:15

There are clear opportunities in relation to upskilling and jobs. There is an opportunity for Scotland not just to recover from the pandemic but to create better, highly skilled jobs in reuse, repair and remanufacturing. We could take a resource stewardship approach to the materials that we have, targeting the key sectors that are already live and doing well in Scotland. There will be opportunities around that.

We also want to build in a real approach to younger people. They want to be part of it. I have found it very heartening over the past couple of years, particularly when talking about marine litter and plastics in the ocean, how much younger people are across that. They are not just complaining about lack of action; they want to be part of the solution. They want to be part of the future in thinking about designing the way in which systems might operate not just to protect the oceans but to regenerate and reinvigorate the natural environment and their local economies. We need to harness that in the green recovery; it is not just about people like me—senior

executives—talking about things; it is about getting younger people involved in shaping the future that they want, so that they are much more engaged, not just in their own communities but globally.

**The Convener:** I want to ask you both about the budget. We are a couple of weeks away from the Scottish budget announcement, and you have both alluded to areas where you think that there should be more spend. I have a short, sharp question. In which area should there be less spend in order to prioritise spending on the areas that you have said need more investment?

**Iain Gulland:** Are you talking about less spend in our areas?

**The Convener:** No, I am talking about the whole budget. Money to finance the green recovery will have to come from somewhere. Many of the things that you have suggested will require a lot of investment. From what other part of the Scottish budget should that money come from? What should we leave aside for now in order to prioritise the green recovery?

**Iain Gulland:** With respect, I do not know whether that is the right approach. There are other areas to tap into to get that spend. In relation to recycling, a much more focused extended producer responsibility approach for Scotland would generate more money from producers. I know that that is on the cards, particularly in relation to packaging. There is a broad acceptance across industry groups not just in the UK but across Europe that EPR is coming for those products and materials that are currently outwith the typical scope. People are much more engaged.

We are working with the National Bed Federation on a potential voluntary scheme for mattresses. Industry is beginning to align around that. We need to have much more proactive engagement with key sectors that can see the writing on the wall and the opportunity not just to get involved in their own supply chains but to create a greater carbon benefit for their industrial communities. There is the potential to pilot such approaches in Scotland. We need to think about how we can reach out to engage other people who are willing and showing a readiness to invest in the future that we are all talking about and consider how we align that.

The Scottish Government announced £70 million to increase recycling services across local authorities in the programme for government and there is also £100 million in the green jobs fund. How do we bring those two things together? We cannot look at recycling at the kerbside in isolation from the potential to create reprocessing capacity in Scotland for some of those materials. That means picking three or four materials or products

and identifying them as the real opportunities for us in Scotland. Then we can ask how we can merge the infrastructure on the ground to deliver high-quality materials for the green growth opportunities that the enterprise agencies and others are looking at. The trick that we can pull is not to ask for more and more money or try to take it from other places, but to be much more focused, creative and joined up in using the money that is already on the table. That is how we can all build back better.

**The Convener:** How would Kit England like the spend to be prioritised? If we take into account what Iain Gulland said about being smarter in using the spend, do some areas need less money to be thrown at them, so that such spend is not at the expense of the green recovery?

**Kit England:** I would feel a little uncomfortable about recommending what should be deprioritised, as I have not been elected to a position to make such decisions and represent communities. However, I will say that we could be a lot smarter and use much more of our fiscal flexibility to bring forward spending across the country.

Iain Gulland was right to talk about using public sector funds to create private sector leverage. We must remind ourselves that we can avail ourselves of much more flexibility at the local, regional, national and UK levels. An important example is that cities and regions across Europe and the UK can bring forward 10 years of investment through issuing debt directly to the market. Aberdeen City Council has a track record of doing that. User charges also have a role. Scottish Water has made it clear that customers will have to pay a proportion of the funding for its net zero plan.

Another point to remember involves monetary finance. In the 2008 financial crisis, a lot of the economic stimulus that was provided was injected directly into the UK economy through the Bank of England rather than through day-to-day spending from the budget. That money still has not been repaid—the debt sits with the Bank of England and is waiting for the UK Government and others to pay it off, although the view is widely held that that will probably never happen.

It is important to think about the balance of spending on day-to-day priorities, but the green recovery is so important that it must also be taken outside day-to-day spending, to encourage a wider range of measures for fiscal flexibility, such as bonds.

**Liz Smith:** I have a simple question, but it does not have a simple answer. There is a lot of discussion about who should have fiscal levers to hand for Government policy making. In the light of an earlier discussion and of what the previous panel said, should local authorities have more



discretion over some levers to set their own policy agendas and make recommendations about tax bases, which would help regional economies?

**Kit England:** On balance, we advocate a need for more local authority flexibility over and use of fiscal levers. That must be targeted and the case for such use must be clear. In regions and cities around the world that use fiscal flexibility such as green bonds, that can make massive differences to the scale of ambition and the pace at which it is achieved.

A good example is that the city of Paris issued a €500 million green bond to invest in energy efficiency across the city, which resulted in massive gains for business and for the public sector through saving on energy costs and carbon emissions. That brought forward a chunk of investment that would not have happened if the bond issuance had not been bigger and over a longer timeframe than the day-to-day budget making that local authorities traditionally do.

**Iain Gulland:** I echo that. People may be aware that I am also part of a European network called ACR+—the Association of Cities and Regions for sustainable Resource management—which represents cities and regions around Europe and deals with sustainable resource management. I am aware that a lot of European cities have a degree of fiscal flexibility in what they can do. Some even have regulatory opportunities. That offers a diversity of approach that others could learn from. We should, perhaps, consider that.

We have a landfill tax, and we have talked before about having a local disposal tax. It would be possible to have a national disposal tax or levy, but it could be applied locally in a way that was specific to businesses. Now is not a great time to talk about taxation of or levies on businesses. However, where there is clearly a recycling opportunity, such a tax could incentivise businesses and others to recycle more, while creating a small fund that could be used to invest in infrastructure for that city or area. That would be instead of a national approach. It could target specific materials or could target opportunities that are particular to that region.

The circular economy is about place-making opportunities. There are national opportunities, but there are different opportunities in different parts of Scotland, depending on the make-up of the local economy. Involving different communities, cities or regions makes that a much more dynamic proposition for people who are thinking about the skills that they might have from a previous industry or from an industry that is in transition. That might apply in the north-east or in the central belt. That is where we should maximise opportunities, instead of having a blanket approach. We should

think about what is right for the area and what will make a real difference.

**Liz Smith:** I would like to make a brief point, if I may. Do you think that that would increase the incentive, given that it would bring ownership of some of the issues down to the local economy and local people? That seems to be one of the arguments that are put across in the Nordic countries and in Switzerland, for example. Could that apply to Scotland?

**Iain Gulland:** Absolutely. A great initiative that we are involved in is the circular cities and regions partnership. We work with the chambers of commerce in Glasgow and Edinburgh, and in Aberdeen, the north-east and Dundee. We have branched out to look at the Highlands and Islands as a zone, as well. That is all about empowering people on the ground in those places through industry leadership and through their connections. Those connections might be with academic institutions in Glasgow, but they can also be with the local community and community groups. They have a more direct and dynamic interface than any that we could ever have from an office in Stirling.

That has been a great success. People have started to understand what their strategy or response should be and what their opportunities can be around the circular economy in respect of jobs and engagement. They can see which ideas will get the best traction, even from a political point of view. That is working.

At Zero Waste Scotland, we have made a step change in our approach in the past few years. We have looked at how to work with those types of partners to make that happen. We are already getting a lot of interest in that model in the south of Scotland, from the Ayrshires, and even from Stirling in the central belt. The areas are all different. The approaches, personalities and people are different, and there are different political make-ups in the areas, but they all get the same principles, and they are all looking for real, sizeable opportunities that will transform their local futures.

**Mark Ruskell:** You mentioned the landfill tax and options for evolving it. Do you think that the case for an incineration tax is getting stronger?

**Iain Gulland:** As I have said, I see that as more of a disposal tax, as we are trying to get away from the linear economy, which is all about make, use and dispose. We can all debate the merits of one disposal route over another, but that does not help. We need to reuse and find a different systems approach so that we make the best use of all our materials over and over again.

There is a shift away from landfill to incineration not only in Scotland but in other countries, too. We definitely need to think about that. I do not have

the figures in front of me, but incineration still produces carbon emissions. As we make the step change in decarbonising our energy grid, burning waste is becoming an outlier in carbon emissions. We need to think about that and ensure that we are not locking ourselves into an unsustainable future that is based on incineration.

10:30

**Mark Ruskell:** I want to ask you both about alignment between Government agencies. Do you see a real alignment on the mission of green recovery between the Scottish National Investment Bank and enterprise agencies, for example? Are things as aligned as they could be right now? If not, what needs to happen?

**Kit England:** There is broad alignment across the agencies that we engage with in helping to support a green recovery. However, we need a stronger emphasis to be placed on what we want the green recovery to look like in concrete terms. That could be done with targets and metrics or through particular ambitions and goals. Until there is a collective view about what that needs to look like, it is quite hard to achieve alignment in practice.

There is very good collaboration in the Glasgow city region between our regional economic partnership, Climate Ready Clyde and so on. However, the challenge is in bringing that to bear with the agencies that can enable that recovery, such as the Scottish National Investment Bank, and understanding the roles of each organisation in making that happen.

I will give a really good example. We know that there are 40,000 properties in the Glasgow city region that could benefit from property-level protection from flooding. For it to be done well, the work needs to be subsidised and provided for residents, although, in the very long term, it could result in good insurance discounts. We could explore a mechanism for developing a model that would deliver on those green recovery outcomes. That work would be very labour intensive and would, therefore, create a lot of jobs in the very short term, but it would need the right finance sitting behind it to make it happen.

We need quite quickly to come to a much clearer view about what we want to see. The initiatives and the various agencies will then definitely line up to support that. We need clarity about organisations' missions—particularly that of the Scottish National Investment Bank. It is great to see a mission to reach net zero emissions, which is absolutely essential. However, beyond that, the remit around wider environmental goals and green goals is a little less defined. For example, on climate change adaptation, there is

no particular mission that relates to the resilience of our economy and our society. We consider climate change adaptation to be a policy alignment under the net zero goal, whereas it is actually quite different from that. Those things are important.

The other thing to think about is the interdependencies of the activities that each agency undertakes. Earlier, we talked about the need for investment and adaptation across everything that the Government does. The same applies to the green recovery. We should not fund activity that might support jobs in the natural environment but that could increase carbon emissions. Similarly, we should not invest in net zero green recovery ambitions that are not resilient to the future projected impact of climate change, because that would make for poor investment in the longer term.

**Iain Gulland:** I think that we are much more aligned than we have ever been. There is always room for improvement—all of us would say that—but I genuinely think that much more aligned conversations are going on between some of the agencies that I work with.

We all struggle with the fact that there is so much opportunity and the fact that there are so many conversations at the national and local levels. The issue is how we span ourselves across all of those, because they are quite diverse; however, the opportunities are real, and they are real to people in all their local circumstances, as well. For me, the challenge is more about that, but we could always be more aligned.

The real challenge is in how we bring in other agencies that are not specifically in my sphere. It is easy to talk to environmental groups all the time, but a lot of what we are talking about relates to economic opportunity and urban regeneration. People such as Kit England are in that space, too. It is about working with communities.

Previous witnesses talked about land use partnerships, and we talk a lot about how we use land in Scotland and what we can learn from other countries, particularly in relation to agriculture and protein. It is about how we make that space without it getting in the way of delivery. It is quite a dynamic space at the moment for all of us, which is greatly encouraging, because there are so many opportunities.

**Finlay Carson:** Good morning. I want to look at behaviour change. Since March, a huge change has been forced on people because of the lockdown. Zero Waste Scotland's annual carbon footprint has dropped by more than 70 per cent because people are not travelling to work. However, at the end of last week and yesterday, commuter traffic in some areas was back to pre-

lockdown levels, so we might have missed that opportunity. Based on your experience, what measures would help to lock in low-carbon travel behaviour with regard to reducing business travel and commuting and more working from home?

**Iain Gulland:** We did some analysis during the lockdown. As you said, we reduced our carbon footprint by nearly 75 per cent through people working from home. Since then, the organisation has taken steps after thinking about our footprint. We have listened to staff and have offered permanent home working to our colleagues. More than 75 per cent of them have taken up that offer. There needs to be a much greater focus on that, particularly from public agencies. If we are to demonstrate leadership, we need to start to think seriously about what our working environments should look like. We were already on a trend, because we were already beginning to think about agile working, but the pandemic has accelerated that.

I recognise that home working is not for everyone and that it depends on individual circumstances and which business or part of the economy people work in, but we need to embrace it. Regional or local hubs would help us to go further. I am thinking about those for public sector workers, but the idea could be extended. If someone in my organisation cannot work from home for domestic or other reasons, the alternative is travelling to Stirling. If there was an opportunity for them to walk or cycle to a local public sector hub, that would help the environment.

There is an opportunity for public bodies to think much more creatively about how we can transition as quickly as possible, instead of people going back to old habits, so to speak. There are real opportunities relating to our information technology and everything that has worked. We have got used to this way of working. Look at what we are doing—being a witness at a parliamentary committee online is a first for me. It can be done. Working from home through the pandemic has not stopped our delivering on the asks that the Government has made of us. We have managed to remain engaged with our staff and to embrace our stakeholders through many of the opportunities that we have been talking about.

I am pushing for regional or local hubs.

**Kit England:** It is important to say that, as well as there having been some very disruptive changes in people's lives, there have been a number of positive behaviour changes, whether in cycling, walking or remote working, as Iain Gulland said. As we come out of the pandemic and move into a green recovery, in order to cement those changes, we need a much more consensual and inclusive decision-making process with the public,

businesses and the public sector, because the changes that we need to sustain and secure to meet our emissions targets go far beyond what we have been talking about.

We have dealt with the low-hanging fruit, which the public will not notice. If we are now talking about eliminating our emissions and building our resilience to the impacts of climate change that are to come, people need to make sure that that is not seen as being implemented by stealth. We have to be honest with people: we have implemented changes. Some of them have been really positive, but some have not worked for a lot of people. Therefore, as we go forward and come through a green recovery, we have to make sure that there is good dialogue with the public and businesses about what works and how we can secure the best of that and manage where things do not work.

The Scottish Government has announced, and is starting work on, the citizens assembly, which could be an interesting mechanism for starting to promote the debate and discussion about what needs to continue to change, what changes have been the best and how we can take the best of where we have come from and secure it going forward.

There is also a practical point. We have learned how quickly we can implement changes—for example, cycle lanes or infrastructure changes, even if they are just temporary—if we need to. Those changes can be made much more swiftly than we had previously thought. It is important for us to remember that.

**The Convener:** I give a word of warning about the time. Could everyone keep their answers shorter, please? A number of colleagues want to ask supplementary questions, and I do not know whether we will have time for many of them. Stewart Stevenson has a brief supplementary question on that point.

**Stewart Stevenson:** My home is remote from Parliament and, this year, my parliamentary mileage is 15 per cent higher than it was in the same period last year because I am not using public transport. I have been driving, and I would rather not drive. It has taken only six round trips to make that difference. I depend on good broadband, and most of my travels to Parliament have been to get broadband to support the online activity that I am enjoying from my office in Parliament today. How important is it that we continue to invest in infrastructure that enables people not to have to travel?

**The Convener:** Can I have a quick response from each witness?

**Iain Gulland:** Yes, that has been clear to us, as well. If we move to a home working approach to

doing business, we do not want to restrict where we employ people from by asking them at interview how good their broadband is. Investment in the technology, kit, platforms and training needs to be part and parcel of delivery so that it is not just a case of saying, “Yeah, you’re working at home—plug your computer in.” We need better techniques for videoconferencing, engaging with people and using different platforms, and we must make sure that the technology works. That absolutely needs a lot of investment. That is what I was thinking about: the infrastructure that we need in order to maintain and thrive in the new environment, which will be improved by taking cars off the road.

**Kit England:** It is simply about flexibility. I support everything that has been said, but I also recognise that working digitally creates challenges around collaboration and some forms of transport. There are a lot of health-related benefits to be gained from cycling and walking, so it is important to invest in our digital infrastructure but as part of a rounded package that delivers the best of collaboration and productivity.

**The Convener:** We are running out of time. Finlay Carson wants to ask a quick supplementary question. Will you make it very quick, please? Otherwise, we will have to deny other members the opportunity to ask questions.

**Finlay Carson:** Yes. Thank you, convener. I appreciate that.

What Iain Gulland said about local public sector hubs was really interesting. Do you see the Government maybe looking at farming out some Government jobs to smaller rural areas so that there is less commuting and jobs are boosted in rural areas?

**Iain Gulland:** We could look creatively at where those hubs would be, but there could be economic benefits, such as from people buying coffees or food locally and doing all the other things that we did in cities when we were working in our office buildings. There are things to look at in relation to how that transition would work and the interconnectedness of different agencies. It goes back to Mark Ruskell’s question about alignment. If we are all socialising or working together in different spaces, hubs could help that alignment, particularly in a local area where there are key opportunities that the agencies need to pursue. We need to identify and pursue all of that.

10:45

**The Convener:** We are running out of time, so we will move to questions from Angus MacDonald.

**Angus MacDonald:** I want to look at the circular economy in a bit more detail. A number of

experts have highlighted to us the scope for using procurement more effectively to support a green recovery. For example, the Scottish Council for Development and Industry’s submission states:

“Scotland’s public procurement model must be reformed to support more local, sustainable and resilient supply chains which build stronger local economies and reduce emissions.”

What role can procurement play in supporting the delivery of a green recovery? What needs to happen to maximise those opportunities?

**Kit England:** Procurement, particularly public procurement, is an incredibly powerful lever that we have at our disposal. Last year, Scotland spent £11 billion on procurement, which supports 100,000 jobs across the country. It is important that we pull that lever, but it needs to be done in a proportionate and targeted way. For example, the early priorities of procurement in high-emission sectors include meeting net zero targets, but there is also the potential to embed resilience clauses into contracts, whether that relates to disruption from any source or to supporting building resilience across the value chain. Those issues are really important, but we need to balance them with the short-term need for effective and efficient use of public money. Procurement is a powerful lever. There is a lot of scope to enhance the way that we use it, but it needs to be done in a carefully considered way that balances those two tensions.

**Iain Gulland:** Public procurement, and procurement more generally, is a massive enabler for the circular economy. If we get it right, we can create a market pool for a lot of the businesses that we work with that want to establish themselves as circular economy providers of new services or technologies. They are asking where they will sell those products and services and who will buy them.

There is a massive opportunity to use procurement to differentiate between carbon-intensive material and products and others. We can top that up in a public way by providing a clear route map for businesses that shows that, if they want to do business with public agencies in the future, they will have to think differently about how they deliver their products and services.

It is not just about procurement; the commissioners of the work also have to think about the issue. Sometimes, it is almost too late when we get to the procurement people. It is a combination of the public sector working up front and more collaboratively to work out the best answer and taking the opportunity to use procurement to make what we have been talking about happen.

We need to think again. We say that about everything, but the circular economy is a transformative way of approaching every aspect of business that we can think about, including finance, accounting and procurement. To some extent, all our systems support the linear economy so, if we are to shift to a circular economy, it is right that we review everything. Procurement is one of the areas to review. Have we got the right toolkits and approaches?

As an aside, an even more fundamental barrier that we experience quite a lot when we work with businesses is the issue of revenue budgets versus capital budgets. If we ask businesses or local authorities to use a leasing model rather than to buy something outright, we might add a revenue cost to an already overstretched budget when it might be easier or cheaper for them to borrow money to buy outright at the time. That is not so much a procurement issue, but it is one of the fundamental issues relating to how we fund and resource the circular economy that we need to think about. It is not just about technological advancements, new business opportunities and innovation; fundamentally, it is about providing the enabling tools to ensure that the circular economy works for us.

**The Convener:** We have to move on. Claudia Beamish will ask the final question.

**Claudia Beamish:** I will be brief, although that is not to disparage the interesting panel that we have just listened to. Do we have enough appropriate training and retraining skills for a circular economy in design and remanufacturing and in other sectors? Iain Gulland touched on that briefly, but do you have any further comments? I ask Kit England the same question.

I ask my very important final question to both witnesses: what key indicators or milestones would indicate that Scotland is on a green recovery path from Covid-19? If you can, please answer in a couple of sentences each.

**Iain Gulland:** We are making progress on skills. Previously, everybody thought, "What is the circular economy sector and what does it look like?" but the circular economy covers all sectors. We need to embed circular economy thinking into other sectors, whether it be renewables, oil and gas, or whatever.

We are making progress on how we transfer skills and look for new skills, but it is more interesting to think about how we get those new skills through colleges and universities and into business. If we are serious about transforming our economy between now and 2030 and about hitting the interim targets for net zero, life and how we do business are going to be very different. Who are the people who will help to transform businesses

in the next 10 years? We do not want to see all our businesses collapse, and we do not want to have to re-establish every business in Scotland. All businesses will have to transition, and we will need expertise and knowledge in those organisations during the next five to 10 years.

The real opportunity for skills development is in getting interns or people who are coming out of universities into businesses so that they can get hands-on experience of the transition by working, collaborating, networking and sharing ideas while working hand-in-hand with businesses, so that they are meeting those challenges in a much more staged way and winning opportunities for individual businesses and the economy that they serve. That is the real opportunity for us in Scotland. We need to build those skills while being much more resilient to anything else that comes along and having export potential for those individuals and the businesses that they work with.

On your final question, we are working on a thing called a materials flow account. Instead of thinking only about recycling and carbon specifically, that is a way of thinking about the materials that we use in our economy, where they come from, their global and local impact and how we can track them. That is a really interesting piece of work. We have never done it before. We can use it to start to understand our opportunities to reuse materials better and maximise the assets that we have in the material flow in Scotland and our economy. It is also about how we can reduce it, because, as I have said, 50 per cent of our carbon impact is the result of importing materials and resources from overseas. Drilling down into the issue of material flow in our economy is how we can start to understand what our green recovery will actually look like.

**Kit England:** There is a really important point to make about skills and what a green recovery looks like. We have a good long-term framework for dealing with a sustainable future for Scotland, and a green recovery does not need to deviate from that. We need to be able to demonstrate clearly how investments and plans are translating into and are accelerating existing goals, whether they be net zero, climate resilience, natural environment restoration or natural capital, so we should not really be considering anything different. We should be considering the changes that we will make in our recovery and how they contribute to those long-term targets. However, we need a clear plan for what that recovery looks like, because that is how we work back to the skills question. We need some clear targets for investment in property retrofits and flood resilience, for example. We can then work back from that and ask how many jobs are required and when we want to deliver that by.

We also need to look at the situation from the other direction and consider the urgent economic need for jobs. In the Glasgow city region, approximately 70,000 people are at risk of unemployment at the end of the furlough scheme. It is important to understand those people's skills mix, which sectors they operate in and what transferable skills they have, because we could minimise the impacts of job losses on people's livelihoods by helping those people to diversify and play a big role in the green recovery. I urge us to do a little more to define what those needs are in the short term and then to put in place a skills programme to match them up. That would help us to protect the people who have been most affected so far.

**The Convener:** I thank you both for your time. I will suspend the meeting briefly to bring in the third panel.

10:55

*Meeting suspended.*

11:00

*On resuming—*

**The Convener:** Welcome back. We are joined by the third panel of witnesses in our inquiry into the green recovery: Jess Pepper, on behalf of Climate Cafe, and Fabio Villani, on behalf of the leadership team of tsiMoray. Welcome to you both.

You have both identified some evidence of positive community responses to Covid-19 that could perhaps be retained and adapted as we look forward to the green recovery. Will each of you outline some of the work that you have seen?

**Jess Pepper (Climate Cafe):** Good morning. I represent four of the climate cafes. Our submission is from Perth and Kinross, but I also checked in with the Aberdeen climate cafe to find out what was happening there. For those who do not know about them, climate cafes are pop-up spaces in communities that create a space in which to discuss and take climate action.

Across our communities—as happened in many others—lots more people were working from home; working locally; travelling less; buying locally, with a greater focus on supporting local producers, shops and suppliers; and using local services when they could. Lots more folk were walking, cycling, getting out and connecting with nature more. Across all the communities that were involved in our submission, there was some level of co-ordination. Sometimes, the climate cafes were connected or were able to support connections in places where there had been work on resilience.

For example, a lot was going on with food. Some of that was connected with climate cafes and some was happening across the whole community. It involved co-ordinating, sharing, delivering food and arranging collection for those who needed it, and linking in with local producers and suppliers. For example, the climate cafe for Blairgowrie and Rattray is connected to a neighbourhood scheme whose orders increased tenfold as people were able to buy and access local food. A lot of that food was distributed to people who needed it, who might have been self-isolating or shielding.

The Pitlochry climate cafe learned from the experience in Blairgowrie and Rattray, and it started up its own neighbourhood scheme, which was also an outlet for local suppliers and producers to get to people whom they might not have the opportunity to get to in their normal ways. Lots of learning was going on. Free food collection points were also established in all communities.

Lots of co-ordinated efforts were going on. Another that I should mention, which connects with skills and resilience in communities, is that, in lots of places, scrubs, masks and bags for kit for key workers were made by groups that were established to sew and produce them locally for those who needed them.

Those are some examples of what was going on in our local area.

**Fabio Villani (tsiMoray):** The experience in Moray has been similar to that which Jess Pepper described in Perth and Kinross. The fundamental shift has been in how people have re-engaged with what really matters in life. There has been a reconnection with each other, with a sense of community, with a sense of place, with nature and our environment, and with a sense of purpose—a rediscovery of the value of kindness. Those are the fundamental prerequisites for a shift to a just and green recovery.

Some specific examples are to do with food, both in distribution of food to those who needed it most and in making sure that that food was healthy and, wherever possible, locally produced, thus shortening the food supply chain. That bodes well for the future.

On community transport, communities have come up with their own solutions. I draw your attention to an example in our submission. The surgery in Hopeman had closed and the nearest one was in Lossiemouth. It is only about 5 or 10 miles away, but there was no direct bus route between the communities, so the community bus was repurposed so that it could take people to surgery appointments. That is a lovely example of a demand-responsive transport solution that has been led by the community for the community.

There are many examples of remote working and people coming together. We at tsiMoray facilitate people coming together to learn from one another. We have been able to shift to a virtual way of doing that, which has worked extremely well. That has allowed us to enlarge the pool of people who can contribute to those events and to cut back on the carbon footprint of running them. Those are just some examples; there are loads more.

**Claudia Beamish:** Good morning, and thank you for taking part in our discussion.

Building on the convener's question, how do you think that those positive responses and behaviours can best be maintained? How can we, in the Parliament and the Scottish Government, best support and encourage individual behaviour change?

**Fabio Villani:** Some measures might be beyond the scope and the powers of the Scottish Government. When it comes to the higher levels of engagement, we need to make sure that we all have food, shelter, warmth, security and safety, and we do not necessarily have all the levers to address those needs at a Scottish Parliament or Scottish Government level.

However, we can support those people who are already demonstrating not only that it is possible to lead a greener lifestyle but that it is far more satisfying and fulfilling to do so than it is to lead a lifestyle that is based on consumption. There are loads of good examples of that at individual and group level, and it is within our reach and our gift to support those people and groups and to make sure that they continue to be successful and that their story is told and heard.

There are examples of transition initiatives in which all sorts of activity has been relocalised, which brings advantages to the economy. Those examples show that the just and green approach to our economic system meets everybody's needs and does not diminish the ability of future generations to meet their needs.

**Claudia Beamish:** Are there specific actions that the Scottish Government could take by way of support? Such support need not always be financial; it might be support with skills development or capacity building. It could involve assistance with shifts of those kinds, but it could also involve the provision of money. Are there specific things that the communities that you work with would benefit from?

**Fabio Villani:** Thank you for picking up on the need for capacity building. We have a very enabling policy environment. The Community Empowerment (Scotland) Act 2015 is a great piece of legislation that enables communities to lead.

The risk that comes with that enabling environment is that those communities that have the capacity to take things forward will continue to do well while those communities that do not have the skills or capacity will fall further behind. What I am most concerned about is the fact that there is not the necessary level of investment in community development and capacity building to enable those communities that are not doing so well to prosper and thrive. That is the single place where I would encourage the Scottish Government to do more.

There are ways to engage people and to support them. We might want to talk about how we can make sure that everybody's voice is heard and that everybody is engaged. The most critical issue for investment is recognition of the fact that communities are leading transformation and are in the best place to do that. Investment should support them to learn from and share with each other so that they all move forward without too many gaps appearing between those who can do things and those who cannot.

**Jess Pepper:** I agree with Fabio Villani. The response to Covid has mobilised more people to act together. We have experienced some building of community resilience, and there is the good will for that to continue. One of the communities involved in our submission identified a need for a community food plan. That will help them to understand where the needs are and how they can build resilience by supporting local producers, buyers and the high street in order to add resilience to their local economy and community. They are now looking more broadly at how they can work together.

People have enjoyed working together: they have felt good about getting together, being creative and active and supporting each other as they think about what a shared vision of a green recovery might look like for their community. That is one example of how they would like to extend it.

Because there has been a break from usual patterns, there is an opportunity for change and to think about what has worked and what has not. We must understand what has not worked—that is important—and I agree with those who have commented that we must understand whole communities. If we are to engage with everybody, community development is needed so that all people are part of the conversation. We often hear that certain parts of the community are part of the conversation but that others might not be. We may come back to that.

There are some examples of how we can sustain the positive change. Loyalty to local businesses has been positive, and people are keen to continue that. It is important to make sure that that happens and that the services that folk

are looking for are affordable and accessible in the local community.

What is needed is policies and infrastructure that support people and enable positive community responses. Some people are able to work remotely, but not everybody can work conveniently from home. Some people may not have space, peace or connectivity, or they may not have access to printers and photocopiers. There could be support to enable the setting up of community co-working spaces. That might also be helpful for some of the public and community spaces that are currently under threat.

We want everybody to be able to continue walking, cycling and wheeling to their work or to school and to be able to use local services without being at risk from cars and traffic. That requires infrastructure in rural places as well as in urban ones. People felt safe when it was quiet and there was not much traffic on the roads. Now that traffic is increasing, people are starting to change their behaviour.

Folk are also keen to support the key workers and essential services that were there for them, such as their local bus and rail services. They want those services to be an option and to be able to make different choices if that is possible. We would say that the infrastructure needs to be there to enable choices—that is important. That might just mean having policies and support or putting infrastructure in place and working with local government and national Government to do that.

11:15

We know, and it has been demonstrated, that local people know best the solutions that will work in their local communities and that they will be innovative and creative in working out what their people and places need. I should say that, within the cafes, people connect widely within their own communities. They do not try to replicate anything; they just promote the good stuff that is being done to fill the gaps and connect things up, and they try to support people to make changes in their own lives.

**The Convener:** I will bring in Stewart Stevenson to expand on that theme a little further.

**Stewart Stevenson:** I want to explore how citizens and communities can have their voices amplified. Let me ask you something quite specific. We are now on our third panel of witnesses this morning and the subject has come up during each one, but I have never heard anybody refer to the role of community councils. They are a legally established and formal part of local infrastructure, but they are constrained in what they can spend and are quite limited in their powers. Why are they not appearing as part of

driving things forward locally and leading the way? I thank all the bodies that we are talking about, but they seem to have come from spontaneous eruptions of community activity rather than through the formal structures.

I would like to hear from Fabio Villani first—and I would like to say how privileged I am, as an MSP, that both of the council areas that I represent are represented before the committee today.

**Fabio Villani:** Thank you, Stewart. Community councils are different in different parts of the country. Even in Moray, we see different approaches from different community councils. They are certainly populated by people who care about their community and want to see it do well. However, their limited powers might restrict the pool of individuals who might join a community council.

In some areas, community councils exist alongside other community-led structures that were not set up by statute but that are spontaneous structures of the kind that you describe, which were established, in some cases, 10 or 20 years ago. I mentioned transition initiatives, and community development trusts are a feature of many of our communities.

For example, in Moray, community-led infrastructure such as one or more community trusts can come together and the community council signposts to their activities. In Forres, the Forres Area Community Trust and the Findhorn and Kinloss community council, supported by the community support officer from the local authority and by ourselves at tsiMoray, came together to address food shortages and to support the distribution of food, access to medicines and so on. That meant that Forres community council did not feel the need to engage directly with that activity. In other parts of Moray, where the community infrastructure is not so well developed, the community councils stepped in and did a very good job of addressing those needs.

As Jess Pepper described, people identified where needs were emerging and were not being met, and they came together using whatever structure they had locally to meet those needs. Where community councils were best placed to do that, they did it; where other community bodies—or, indeed, new and spontaneous organisations—were best placed to do it, that is what happened.

**Jess Pepper:** There are two points to make. First, in our experience, the cafes provide an open space for people who do not see themselves as part of a formal structure or who do not like to go to meetings where everybody sits around a table and there is an expectation about who everyone is and how they will be involved. The cafes provide a space that is open, inclusive, accessible to



everybody and free—there is a cup of tea and a blether. In some ways, that might feel more open.

Secondly, in our community, we work with the community council. Even prior to the pandemic, we were working with the community group that looks out for those people who are most vulnerable. The climate cafe and that group approached the community council to talk about how we could build community resilience in the light of more flooding or extreme weather events coming to the community and therefore being something that we would have to manage—how we could look out for the people who would be most vulnerable to the impact.

Community councils can be involved, and in the response to Covid they definitely have been involved in different ways in the different communities, both co-ordinating and connecting with the connections that were made through the cafes. They have had different roles in the communities, but the roles can be complementary, I would suggest—they are different kinds of spaces.

**Stewart Stevenson:** I find myself thinking that community councils and their reform might be something for our colleagues on the Parliament's Local Government and Communities Committee to think about, convener.

**Finlay Carson:** We have heard about various ways in which the community steps up to the mark, and a lot of that is about resilience. We have also seen, particularly in Dumfries and Galloway, communities coming together and putting in batteries to help with fuel poverty or whatever. Although a lot of this comes from the top down, a lot of what we have just heard about is very much from the bottom up. How can the Scottish Government best support communities to contribute to a green recovery?

**Jess Pepper:** There are probably two parts to that, from our experience. We know from statistics that the Scottish Government shared yesterday as part of Scottish climate week that 68 per cent of folk think that climate change is an immediate and urgent problem. People know about climate change, but some may not feel confident in their knowledge and understanding of all the connections—what is happening, the science, the impacts and what they can do. We have discovered that, once folk feel confident in that knowledge, the solutions will just keep coming. People are really keen to act urgently and to do whatever they can.

One thing that would be a great support in helping folk to feel confident and able to engage in that conversation in their communities, workplaces or wherever is a national public information campaign about what is going on. That was

emphasised in our reports from engagement with about 300 people last year, and we feel that it would give everybody the confidence to feel that they were part of the conversation.

Although the cafes connect widely within their communities and there may be a great deal of willingness to change—people want to make good lifestyle changes—people may not know of or have access to affordable, reliable alternative options to choose from. Even when people are passionate about taking action on climate change—they really care and their children are asking them what they are doing—options may not be open to them. For example, fresh, local, affordable, less-packaged and less-processed produce might not be readily available where they are, and there could be help with that. Transport often comes up as something that people would like to change in their lives, but there may not be affordable, reliable and accessible public transport options, or people may not feel that it is safe to walk, cycle or scoot to school or work.

That is where local government and the Scottish Government can come in and support individuals by giving them the choices so that they can make the behaviour changes that they would like to make. We have talked a bit about the infrastructure, policies and, sometimes, investment that will support that. The reports that we submitted have lots of ideas for action that have come from people in and around those communities.

The second big chunk of this concerns the resounding message that I got when I talked to all the co-ordinators in preparation for this meeting. In order for people to feel confident that the action that they are taking matters, they need to see Government leadership and action, and they need to have clarity about what Government is doing, what the plan is and how they fit in with it.

With Covid, we have worked out how important it is that Government messages are consistent and that Government is seen to be doing exactly what it says that it is doing. Last year, in the wake of the climate strikes, the declaration of the climate emergency was welcomed. Many people, including at our events, engaged with the big climate conversation and provided lots of ideas and thoughts about what they thought needed to happen. However, what folk are saying at a local level is that they do not see the urgent action on the ground. They see more roads being built, which, in their eyes, makes the problem worse, and they say, quite rightly, that they are being asked to take individual action without it being made easier for them to do that.

The strong call from the climate cafes is that there should be a national framework or route map that shows the whole picture. It should show, with

absolute clarity, what we have to do, how we are going to do it and what progress we are making, and it should set out the roles and responsibilities of individuals, local government, public bodies, business, industry and the Scottish Government. It should also set out a vision of where we could be and what there is to work towards. It could provide a positive and hopeful vision after this difficult time, when folk are feeling despair and worry. Such a route map could engage people and explain with clarity what is going on, and it would bring transparency and accountability to Government action, which might be lacking just now.

Another strong message is that it would be useful for the First Minister to be seen to be involved in that and for her to bring that clarity of purpose and leadership around issues that can be progressed or picked up and which people can engage with in their everyday lives. She should be supported by Cabinet colleagues, with an understanding that the effort reaches across all sectors.

Those are some of the suggestions that have been made in our gatherings about what can be done to support individual action.

**The Convener:** Fabio Villani, have you anything to add?

**Fabio Villani:** The suggestions from Jess Pepper and the climate cafes are great. The reality that we are seeing locally is that transformative change comes from the bottom. That is not to say that Government agencies are bad or are in any way inadequate; it is just that it is usually not their role to lead change. Their role is to ensure that what is in place works, and some do that better than others. It is great to hear Jess Pepper talk about all the suggestions that are coming out of the conversations that have been held locally.

What would help is encouraging a shift to an enabling state—that is, a state that is not designing and delivering services or deciding what change needs to happen but one that engages, enables and empowers people to do the things that they themselves know need to happen in their community.

Over the past few decades, we have had the excellent European LEADER programme, which is all about community-led local development. Obviously, with Brexit, that is coming to an end. We are really concerned about losing what was a great tool for enabling all sorts of activity to be done at a local level. We fear that that activity will grind to a halt. The programme for government talks about replacing that programme, but things are going awfully slow in that regard.

11:30

We would like to see mechanisms that put decision-making powers in the hands of communities, whether that happens through initiatives such as the LEADER programme, deliberative processes or participatory decision making or whatever. Participatory budgeting has not quite got to where it needs to get to. I know that groups are working on that.

To build on Jess Pepper's message about joining the dots between various agencies at a Government level and between the Government's rhetoric and delivery, I would say that we also need to join the dots between all the actors who can take things forward at a local level. We must capitalise on the huge enthusiasm for change and for helping one another that exists in our communities, which is what makes them the great places that they are.

**The Convener:** Mark Russell will ask the final questions.

**Mark Ruskell:** I am grateful for the comments that we have heard this morning.

I would like to ask about inequality and the risk that we will see widening inequality in our society. Briefly, how can the green recovery deliver for all parts of society?

**Fabio Villani:** In our local conversations, it was pointed out that there is sometimes a false dichotomy between a just recovery and a green recovery. A green recovery can be green only if it is just. If we take "green" to mean "sustainable", the only way in which something can be sustainable is for there not to be losers and for people not to be left behind.

I mentioned the various participative and deliberative ways of making decisions. I think that those can help people to come to a shared understanding and to take shared action that can address both the elements that we are talking about.

I also mentioned that some tools might not be at the Scottish Government's disposal, particularly those that involve ensuring that people can meet their basic needs without having to resort to charity and the kindness of strangers. Therefore, the Scottish Government must ensure that communities themselves are supported to take forward the actions that are within its gift. It must support the kind of capacity building and local resilience that we have talked about, which involves the ability to draw on one another's support to meet needs at a local level. That sort of resilience cannot be developed by a community alone; it needs the provision of proper social security and other such support. However, such

things might not be within the gift of the Scottish Government.

**Jess Pepper:** Obviously, climate change will impact on those who are the most vulnerable and least able to afford things, in the same way that Covid has exacerbated inequalities. The recovery has to be just and green, and we need to think about how to do that.

The national budget, which feeds through into budgets across the country, needs to shift from making problems worse to making people's lives better. What that means in terms of transport is clear. The Government needs to invest in solutions and enabling change and in green jobs, which can bring a dual win. There are all sorts of examples of that, such as investing in warm homes, which should reduce fuel poverty, improve health, create local jobs and reduce emissions, and we know that public transport investment and active travel infrastructure can improve health and tackle inequalities.

So that we can be sure that we are hearing about and understanding the needs of all communities, we are involved in trying to explore, model and understand with Perth and Kinross Council how local government's needs can be met and how its strategies can be informed through the cafes and all their local connections. Local government strategy on climate change, for example, can be informed by many more folk in the community. In the climate cafes, there might be trusted connections with churches, schools, local businesses and individuals who might have local solutions that are serving communities well. That model, which is being worked on, is a local government example.

We have other examples of learning from how, in order to try to achieve outcomes that are good for the climate and for addressing fuel poverty, for example, national initiatives can connect through local initiatives, which have themselves been created through connecting with the cafes and clearing spaces. In Blairgowrie and Rattray, a lot of progress has been made on insulation and tackling fuel poverty because there is a locally based initiative there that people can access and which is local to them.

Scottish Water tried to run a water efficiency initiative in Dunkeld and Birnam in a public-facing way in the supermarket foyer. It went to the community and connected at the local level with all the relationships through trusted voices, and it found that it made much better progress on tackling its efficiency targets through local initiatives than it did through the national initiative. That was really good in achieving good outcomes for people, with water efficiencies reducing energy bills, as well as in achieving Scottish Water's

environmental targets. It had a greater reach and achieved more in the community.

If those things can be celebrated, learned from and connected up in regions, communities will start to share experiences with others. That will reach across a wider area and will involve more people in the conversation, rather than just those who are normally aware of national initiatives or who are plugged into one area of interest. I hope that that learning brings resilience and enables the recovery to be just and green.

**The Convener:** We have run out of time. I thank you both for your time. The session has been very interesting, and you have provided fulsome submissions that we can draw on to pick up on some of the points that you were not able to make in giving evidence today.

For our final panel today in the green recovery inquiry, we have Peter Mather, group regional president, BP; and Arne Gürtner, senior vice-president, Equinor UK and Ireland Offshore. I welcome both of you.

Finlay Carson, the deputy convener, will ask the first question.

**Finlay Carson:** Good morning, and thank you for joining us.

In its advice for a green recovery, the just transition commission highlighted the accelerating transition in the oil and gas sector. Do you agree that the energy transition away from oil and gas is accelerating? Are you confident that the plans that are set out in Oil & Gas UK's "Roadmap 2035: A Blueprint for Net Zero" are adequate to support that?

**Peter Mather (BP):** Thank you very much for inviting me to appear in front of the committee. It is nice to see you all.

The energy transition is accelerating, and we think that it is moving in a very exciting direction, towards a net zero world. Members will have seen that BP said in February and reiterated more recently—in August and last week—that it will be resetting the company to achieve net zero by 2050 or sooner. That is a pretty extraordinary thing for a company that has been predominantly in the oil and gas business for 110 years. We are taking that extremely seriously, as is the world. I congratulate the Scottish and British Governments on taking it seriously at home, too. Oil & Gas UK and the SCDI are doing very good things in that area.

The road map that Oil & Gas UK describes is right; it has to be a mixture of reskilling, making the North Sea the least emitting environment that it can be and lowering emissions on the platforms. The North Sea is a fantastic area; we have been

here for more than 55 years and we are not planning to leave any time soon.

There is a lot of work to be done on decreasing the carbon footprint of the existing operation and reskilling. Looking more broadly at the UK and Scotland, there is also an agenda to expand and diversify beyond oil and gas. We are very supportive of what Oil & Gas UK said in its report.

**Arne Gürtner (Equinor UK and Ireland Offshore):** Thank you, convener and good morning, dear committee.

Energy is at the core of society and how we conduct our lives. Whether it is about heating our homes, fuelling our transport or the ingredients in our consumer products, we still rely on oil and gas to meet anticipated energy demand in any likely net zero energy scenario. However, there is an urgent need to reduce the emissions that come with that consumption.

As Peter Mather described, the future is low carbon, and we also see the energy transition as being real and forceful. Through the publication of “Roadmap 2035”, our industry was one of the first industrial sectors to support the UK and Scottish net zero emissions targets. Collectively as an industry, we have committed to halving our production emissions from the UK continental shelf by 2030, with the aim of contributing to the 2050 goal.

Equinor has ambitions to make our operations carbon neutral by 2030, grow renewable energy capacity tenfold by 2026 and, by 2050, halve the net carbon intensity of the energy that we produce over its full life cycle. Those ambitions are heading in the right direction and are supported by the revision of the Oil and Gas Authority strategy to incorporate net zero ambitions, which will further strengthen energy integration and drive change in oil and gas.

Of course, the North Sea transition deal, which is being discussed with the UK Government, has the potential ability to stimulate new investments in net zero solutions through policies and funding mechanisms in order to further encourage change in a sustainable way.

**The Convener:** I want to ask both of you specific questions about the just transition for your workforces.

You might know that a couple of committee members represent the north-east of Scotland, where the local economy is heavily reliant on oil and gas. Many of our constituents work in that sector, and we are concerned that the transition is taking place with or without companies such as yours. The people who work for you want to see a future in which they can still have good, well-paying work but not in a carbon-emitting industry.

Can you provide concrete examples of what your companies are doing to transition away from oil and gas to other energy sources? What are you doing to enable your workforces to train and transition into those areas? I ask Peter Mather to answer first.

11:45

**Peter Mather:** As someone who has worked for BP for a long time, I know that the Scottish accent can be heard everywhere in the company, whether in the UK, in Azerbaijan, in Texas or in west Africa. The Scottish contribution of skills and expertise to companies such as BP and the industry in general has been massive over the years. We do not take that lightly.

There are a couple of elements here. The transition is about, over time, moving away from oil and gas to new, renewable energies and different technologies. It will not be a case of a tap being turned off tomorrow and a new tap being turned on the next day; it is a transition. There will be extremely good and valuable jobs in the oil and gas sector for quite a while longer. Those jobs might focus much more on how to reduce the carbon footprint of the sector. For example, subsurface engineers might well transfer their skills to carbon capture and storage. They could apply their ability to see what is below the sea bed to that new industry, which we are keen to encourage, as is Equinor.

It is a question of ensuring that people who come into the industry understand that they might be performing roles that are slightly different from those that they were performing before but that the core skills of managing big projects, applying technology, using commercial expertise and understanding the parameters around a business will still be there.

We are increasing our investment in renewable energy quite substantially—tenfold over the next few years—and, as well as our bringing in new people, a lot of our staff will transition over to that area. We will also ensure that the roles that remain in the oil and gas sector, of which there will be many for a long time to come, will be rewarding, interesting and focused on reducing emissions as we head towards net zero.

It is an exciting time to be coming into the energy sector. I always feel that it is an exciting time for the sector, but it is a particularly exciting time now.

**The Convener:** Do you see BP transitioning fully to renewables?

**Peter Mather:** If we look far ahead, that is quite possible. We have said that, initially, we will reduce our production of oil and gas by about 40

per cent by 2030, and we will increase our investment in renewables tenfold over the same period. We are talking about a significant shift, and that is just to 2030. By 2050, when we will be net zero, I think that BP will still be producing some oil and probably quite a lot of gas, combined with doing carbon capture and storage. I cannot venture a percentage, but I think that BP will be dominated by low-carbon and renewable energies.

**Arne Gürtner:** I re-emphasise that it is a transition over time and that oil and gas still have a role to play. To support our transition, Equinor has established a business area to lead on the new business opportunities that arise from the transition. We have sourced staff for the new business area almost entirely from our organisation, so it is an internal transition of competence, because our workforce, having traditionally worked in upstream oil and gas, is now working in renewables. There is now a moving back and forth between the two, and project competence is applied equally.

I have examples of geologists who were working for me in Aberdeen who have been seconded to help with the carbon capture and storage on the Humber Teesside project. One of my maintenance leaders is now supporting offshore safety on the Dogger Bank project. There are many transferable skills; we sometimes underestimate the extent of the competence and skills that the industry brings to the table. We have a great workforce.

We have the ambition to grow massively in the renewable energy space. Offshore wind is one of the main pillars of our ambition for growth. You can see an example of that not far from our upstream headquarters in Aberdeen, where Hywind Scotland is the first floating wind farm. That has meant a lot for wind development. We strongly believe that more floating wind farms will come and that there is the potential for those to become more reliable and to provide energy from even deeper waters.

We have invested in the Dogger Bank project on the UK shelf, together with our partner SSE Renewables. That is the world's largest offshore wind farm. When it is finished, it will meet around 5 per cent of the UK's electricity demand. That shows that we are very committed to the transition. The list continues. We must identify even more ways to reduce our carbon footprint and to increase levels of low-carbon products.

Hydrogen is one lever that we really believe in; it may be the destination fuel of the future. We are strongly committed to our Humber project—the hydrogen to Humber Saltend pilot plant—which we believe can be one of the first and biggest clean hydrogen plants in the world. It will utilise blue hydrogen from gas but will store the CO<sub>2</sub> down below the sea bed in the North Sea.

**Mark Ruskell:** BP, in particular, has been accused of spending millions of dollars on lobbying to undermine the action that is needed to implement the Paris agreement. How aligned are your business models with that agreement? On the one hand, you are getting public support for renewable investments; on the other, you are still maximising global opportunities for extracting fossil fuels.

**Peter Mather:** I think that that question was for me. Thank you for giving me the opportunity to talk about that. The key thing for us is that this is a transition. We have been crystal clear about where we are heading. We did that in February, in August and in investor presentations last week. Nobody should have any doubt about where we are heading. We have put ourselves well in front of the curve. We have committed to being a net zero company by 2050 or sooner. If you think about it, it is extraordinary that we—a traditional oil and gas company—have committed to reducing our production of oil and gas. I do not think that anybody could doubt our sincerity when we have put such clear targets out there.

It is exciting, and it is where we think that we should go as a company. We believe that it is the right thing to do. We could not continue with a pure oil and gas model when the world clearly needs to change to something different. We now think of ourselves as transitioning from being an international oil company to an integrated energy company, which involves lots of different activities; I talked about some of our spend profiles earlier.

We are absolutely embracing the transition, and we are in lockstep with Governments around the world to get to net zero by 2050 or sooner. If you were to spend any time in BP at the moment, you would see how the company is completely changing from top to tail as we embrace the vision. It is very exciting.

**Mark Ruskell:** I have a follow-up question for both Peter Mather and Arne Gürtner, if they want to comment. There are about 5.7 billion barrels of oil in the North Sea under the reserves that are currently being exploited. As I understand it, the industry's target—you are both part of the industry—is to extract 20 billion barrels. If we burn 20 billion barrels of oil, is that in line with the Paris agreement, or do you expect all that to go through carbon capture and storage?

**The Convener:** I will come to Peter Mather, then to Arne Gürtner, after which we will have to move on to the next questioner.

**Peter Mather:** The challenge in relation to the North Sea is to be efficient and cost effective but, most of all, to lower the emissions that are associated with North Sea production. I think that we can do that. A lot of the emissions—75 per

cent of them—come from offshore power generation. There are many things that we can do, which we are already considering, such as exporting green power from the shore out to the rigs.

A lot can be done in the North Sea—it is a province that has been blessed with 55 years of investment, so the infrastructure and skill set are there. We have said quite clearly that we will not be exploring in brand new places, but places such as the North Sea have a great future.

With regard to the future for oil, as the Government said recently, come what may, there will be residual demand for oil, including in the petrochemical and pharmaceutical industries. There will be less demand for oil in transportation. As the largest charger of electric vehicles in the UK, we are right at the forefront of that. With regard to natural gas, we, Equinor and others believe that carbon capture and storage can play a massive role in effectively decarbonising our indigenous, home-grown natural gas supplies.

The North Sea has an exciting future. We need to work hard at it, which we will do, and we need the commitment of companies such as ours to see it through. We are certainly extremely committed to the North Sea, and we are very excited about what we are doing.

**Arne Gürtner:** [*Inaudible.*]—strongly support the view of the North Sea as a whole basin, and we have a tremendous track record in reducing carbon emissions in the North Sea. Going forward, we have very strict internal targets for the scope of emissions relating to oil and gas extraction.

On the emissions side, we are also at a record low in the North Sea, and we have continued to make policy on and to invest in the electrification of oil and gas plants, and hydrogen projects, as I described earlier. We are also seeing a future fit for the oil and gas industry as a low-carbon contributor.

As I have iterated before, we must recognise that there will still be a need for oil and gas in the energy mix in the future. It is a case of deciding where that energy supply will come from. I believe that the North Sea has a competitive advantage when it comes to buying low-carbon fossil fuels in the future, as well.

12:00

**Liz Smith:** The panellists will be aware of the recommendations that the Scottish Council for Development and Industry has made. It would like, first, a green jobs transition task force and, secondly, a green reskilling and upskilling fund. If those go ahead, what role would you be able to play in them?

**Arne Gürtner:** Supporting the UK offshore oil and gas industry and its highly skilled workforce will definitely be important for Scotland and the UK in meeting the net zero emissions targets and ambitions. As I explained, in Equinor, we see traditional oil and gas competence as very valuable for the energy transition. Upskilling enables us to keep critical and key competence in the energy sector. It is not about oil and gas or renewables; it is about an energy sector with a lot of transferable skills.

We require continued investment into Scotland and the wider UK, where we are creating jobs and supporting the supply chain—that is, of course, very important—as well as investing in local communities and creating wider and shared value and ripple effects. We support the transition of our oil and gas workforce into renewables, and we also see some people moving back again. That is what the industry can bring to the table.

**Peter Mather:** We have been an active member of SCDI for many years; indeed, we are part of the clean growth leadership group that helped to develop the SCDI report. We completely embrace that agenda. In many ways, what we are doing now in BP is both upskilling and green reskilling. As I say, we are shifting our investment portfolio significantly away from traditional oil and gas and into renewables, low-carbon energy and new technologies such as hydrogen and carbon capture and storage, and we want to take our people with us to do that. We are hiring some expertise from outside, but we have talented people in the organisation, so we will also reskill many of them.

I go back to my point about this being a really exciting time for someone to come into the energy industry, because they will be working on a whole lot of different things. However, some things will be common, including attitude, approach to risk, application of technology and how to bring together big projects—project management skills. Those are all skills that Scotland and the UK have in abundance, so we have to make sure that we reskill, reorientate those skills towards the new projects and do not lose them. I think that we can do that, so the short answer is that the SCDI report is excellent and we will work closely on that agenda with the SCDI and others.

**Stewart Stevenson:** I want to focus tightly on a simple thing. There are new licensing rounds for the North Sea. How does BP bidding for three rounds, as I understand it, square with its target to reduce output by 40 per cent in less than 10 years' time, and does Equinor have any plans to bid for new licenses? I ask the representative of BP to go first.

**Peter Mather:** That is a super question. To be clear, we will not be exploring in new parts of the

world. However, we will want to continue to have a presence in places where we have experience and familiarity, such as the North Sea, where we have been for many years. We believe in the province and we believe that we can add value and do things in the right way in the North Sea. Therefore, we will not rule out any further exploration there.

We will not chase the difficult new areas of the world where, frankly, the expense and risk are not commensurate with the reward. However, where we know that there are skilled people and there is a regulatory environment that we know and trust, as is the case in the North Sea, we will continue to take advantage of such opportunities.

**Stewart Stevenson:** If you continue to seek to exploit existing assets, where will the 40 per cent reduction come from?

**Peter Mather:** That is a fair question. I know that you know our industry well, so you will be aware that every field has a life and that production eventually falls off. In a lot of places, we will not be replenishing or renewing our stock, and we will not be bringing in new exploration. However, a 40 per cent reduction in our oil and gas production still means that we will be producing 1.5 million barrels a day in 2030, although we want those to be the cleanest, most efficient and lowest-emitting barrels possible. I think that the North Sea has a role to play in that. Frankly, we are bullish about what the North Sea can do around its carbon footprint in the province.

**Arne Grtner:** Equinor was awarded five licences in the 32nd licensing round. We see the UK offshore licensing round as a great vehicle to add new opportunities into our UK portfolio. Our approach is about high-grading the portfolio in line with our exploration strategy.

As mentioned, we see the North Sea as part of a low-carbon oil and gas future. We will continue to invest in new opportunities where we see potential, particularly in prolific basins. The advantage that the North Sea brings is that it has existing infrastructures and relevant policy making on both sides.

**Claudia Beamish:** In evidence to the committee, Benny Higgins said:

“We need to pursue conditionality with some vigour to try to understand how we can use it as a filter to ensure that we invest in the right places, projects and businesses that have the right focus, culture and attitude.”—[*Official Report, Environment, Climate Change and Land Reform Committee*, 8 September 2020; c 16.]

On the back of that comment, do you think that any public support for the oil and gas sector should be explicitly linked to supporting a just transition towards a net zero future?

**Arne Grtner:** We see the need for sustainable funding mechanisms to encourage continued investment and delivery towards the emissions reduction targets in Scotland and the UK. Those funding mechanisms should be able to be maintained in the long term, as is the case with those that have been established on the Norwegian continental shelf, in order to encourage investment in new technology, which will reduce emissions from operations.

Whether it is electrification, hydrogen, CCUS or something else, support is needed to incentivise new projects and to bring scale rapidly. That is a key takeaway. In turn, it unlocks future investment from the industry and the sector and creates a lot of activity for our highly skilled workforce and the supply chain.

I note that Norway and other countries where we operate are using the current downturn to accelerate investment, create jobs and support a green transition.

**Claudia Beamish:** Thank you for that answer, but I am asking specifically whether any public support should be attached to the just transition to a net zero future? Should there be that absolutely explicit conditionality, in your view?

**Peter Mather:** I think that Governments—

**Claudia Beamish:** I am sorry Peter, but I wanted to hear specifically from—

**The Convener:** Claudia, I am sorry, but we can come back to Arne. I will take Peter Mather first and then come to Arne for his response.

**Peter Mather:** I apologise for jumping in.

**Claudia Beamish:** There is no need to apologise.

**Peter Mather:** I will just make a couple of points. Net zero by 2050 or sooner is probably the most important thing that we should all be investing in. There is willing investment out there. We have already said that we are going to increase tenfold over the next few years our investment in low-carbon and renewable energy. There is money there. We simply need the frameworks and business models so that investors have confidence that their investment will at least return adequately. The policy focus should be on providing those business models.

The UK is blessed with a lot of opportunities. We are surrounded by sea. Carbon capture and storage is a real option, as are blue and green hydrogen. We have the North Sea, and we are leading in electrification. The UK has a lot going for it, but regional and national Governments need to nudge us along. There is real support out there for investment, and this is an imperative—we have to invest in it.

Any transition needs to be commensurate with the skill set and the needs of the community, which is why I come back to the point that you cannot turn one tap off today and turn another one on tomorrow. We have to gradually change, develop and transition away from a largely hydrocarbon-based world to a different world, and we have to do that in a fair way and take people with us.

The key thing is having the right business models. The money is there and the investment is coming, but we need the right business models to make projects investable.

**The Convener:** I say to Claudia Beamish that we are seriously over time and I do not know whether we will have time to come back to Arne Grtner. I have to bring in Angus MacDonald to ask a final question.

**Angus MacDonald:** You will both be aware that many of us in Scotland look enviously across the North Sea to Norway's sovereign wealth fund, which is, as I understand it, now sitting at well over US\$1 trillion. Meanwhile, Scotland, or the UK, has never set up an oil fund. Based on the Norwegian experience of its sovereign wealth fund, are there lessons for Scotland or the UK about how to support an intergenerational green recovery?

12:15

**Arne Grtner:** For me, as an industry leader, that is maybe beyond my remit to comment on, but I want to make it clear that Equinor is listed on the stock exchange in Oslo and New York and our shares are owned by the Norwegian Government and private investors. The Norwegian sovereign wealth fund is managed by the Norwegian central bank, which follows a framework for fair investment policies as decided by the Norwegian Parliament. All the investment policies are regularly up for political debate, but Equinor does not have a standpoint on that, as such.

The Norwegian Government is clearly committed to investing heavily in the transition. The Prime Minister made an announcement yesterday to support the substantial investment in carbon capture and storage value chain and the northern lights project.

**The Convener:** We will have to leave it there. Thank you for your time this morning. I am sorry that we had to rush at the end, but we have run out of time and we have one more item of business to get through today.

I suspend the meeting briefly to allow the minister and her officials to come on to the broadcast.

12:16

*Meeting suspended.*

12:22

*On resuming—*

## Subordinate Legislation

### Marine Licensing (Exempted Activities) (Scottish Inshore Region) Amendment Order 2020 [Draft]

**The Convener:** The second item on our agenda is evidence on the draft Marine Licensing (Exempted Activities) (Scottish Inshore Region) Amendment Order 2020 from Mairi Gougeon, the Minister for Rural Affairs and the Natural Environment. She is joined by officials from the Scottish Government: Joyce Carr, the head of water environment, and Jane Rougvie, the head of aquaculture. Good morning to you all.

Members have a couple of questions about the instrument.

**Mark Ruskell:** I have a number of questions. We have a fish health crisis at the moment, and the amendment order is part of the context of that. What proportion of treatments of farmed salmon are being undertaken by wellboats as opposed to tarpaulin-based methods being used? Is there an increase in the use of wellboats as a treatment method?

**Jane Rougvie (Scottish Government):** Wellboats—[*Inaudible.*]

**The Convener:** We might have to check whether other people's microphones are on. Try that again, Jane.

**Jane Rougvie:** Wellboats and tarpaulins are used equally by farmers on their fish farms. I cannot tell you what the proportions are. Farmers make a decision on what is suitable for the fish that they are treating at the time. If you want statistics, I can ask the Scottish Salmon Producers Organisation for them, but it really depends on the farm at the time and the solutions that it is using.

**Mark Ruskell:** It would be useful if we could get some data. The amendment order is about regulating a potentially growing source of treatment for our fish farms, so transparency on that would be useful.

On the back of that, I have another question. A number of community stakeholders are concerned that, in the wellboat operations that they are seeing, a number of wellboats move away from the fish farms to discharge effluent into the sea and there is a lack of adequate monitoring of where the discharges are taking place—because they are not taking place right next to the fish farm—as well as what the wellboats are discharging. There has been a lot of speculation about what is actually coming out of the wellboats



as well as about what its impact might be. That is perhaps compounded by an exemption in the regulations that is based on force majeure. If an operator decides that weather conditions are particularly bad or judges that there is a safety issue, they can, in effect, discharge wherever they want to.

Under the new regulations, how are you going to monitor and ensure that there is transparency about how, where and what the wellboats are discharging?

**The Minister for Rural Affairs and the Natural Environment (Mairi Gougeon):** First, if Mark Ruskell is aware of communities that have particular concerns, he should contact me about them. Obviously, we want to be aware of them so that we can look into the matter.

In essence, the order simplifies the licensing process for the regulators and the wellboat operators. It will not change in any way the protections or the regulations that are currently in place. There will not be any diminution of those. As I said, the order simplifies the whole process for the regulators. SEPA was consulted in the drafting of the instrument, and its feedback was taken on board and influenced the final drafting of the order.

When somebody applies for a marine licence, Marine Scotland normally consults SEPA for its input. The order makes sense because, rather than operators having to go through the process of applying for a marine licence and then a controlled activities regulations licence, it will all fall under the CAR licence.

Again, if there are particular concerns, please let me know, so we can look into them. However, we do not anticipate that the order will be an added burden for SEPA in terms of the regulation or the monitoring that should be happening.

**The Convener:** Are you finished, Mark?

**Mark Ruskell:** I have another couple of questions, if we have time.

**The Convener:** Carry on; then we will go to Claudia Beamish.

**Mark Ruskell:** Concerns have been raised by communities with Marine Scotland.

The order simplifies the current licensing process, and it transfers the responsibility fully to SEPA, but I am interested in whether there will be a change in how the licences are monitored. There appears to be a break point in the way that the licence operations have been taking place. If there were to be an opportunity for reform, greater disclosure of information for communities and better monitoring, this might be the opportunity for those things.

My final question is on the back of that. There has been concern about the disclosure of the chemicals that are used. Hydrogen peroxide, for example, is a chemical that can have a low impact on the environment if it is being dispersed, but if there is not a lot of flushing in a coastal area or a loch, it can have quite a high environmental impact. As part of this reform of the regulations and of how licences are being issued to operators, will there also be reforms of the disclosure of the chemicals that are being released and the quantities of those chemicals, including those that, like hydrogen peroxide, could have an impact on the environment if they are discharged in an irresponsible way?

**Mairi Gougeon:** Thank you for the question. SEPA's strengthened regulatory framework, which was published in June 2019, encapsulates all of that. There would be more monitoring. The framework also captures the second point that Mark Ruskell raised. Further to that, in July, SEPA published the "Finfish aquaculture sector plan", which takes that issue into consideration.

12:30

**Claudia Beamish:** My question builds on Mark Ruskell's question, so I will be brief. To what degree is there an obligation on the company to disclose what is being discharged? Concerns have been raised about that and about the possible effect on the wider marine environment.

**Mairi Gougeon:** I reiterate the response that I gave to Mark Ruskell. Since the Environment, Climate Change and Land Reform Committee and the Rural Economy and Connectivity Committee made recommendations on environmental regulations for the aquaculture sector, SEPA has published its strengthened regulatory framework, which captures a lot of the points that Claudia Beamish and Mark Ruskell have made.

**Stewart Stevenson:** Given that the order will simplify the regime of oversight and, I presume, improve enforcement of what is going on, and given that fish farming is a very important industry for many of our coastal communities, will the regulations make it easier for the regulator to make sure that the right things are happening and, more importantly, allow the industry to continue to be as successful as it has been in the past?

**Mairi Gougeon:** Yes, you are absolutely right. It is a—[Inaudible.]—sector for Scotland, but we must also ensure that it is environmentally sustainable. The simplified process will cut down on the burden of applying for two licences, when Marine Scotland would have to consult with SEPA anyway. For SEPA, as the regulator, as well as for the operators, the change makes the process simpler, easier and more understandable.

**Finlay Carson:** The purpose of the instrument is to transfer regulation or exempt an activity. Is there anything that the controlled activities regulations do not pick up when that activity is made exempt from the Marine (Scotland) Act 2010? Is there anything left behind or is absolutely everything transferred?

If the order simplifies things, are more instruments that transfer that sort of power or obligation from Marine Scotland to SEPA likely to be introduced in the future?

**Mairi Gougeon:** In answer to Finlay Carson's first question, in relation to pollution, everything transfers across, so, compared to what there was before, nothing would be exempt as a result of the instrument. Can he repeat the second question?

**Finlay Carson:** Certainly. If the order is just about the process of simplifying things and transferring certain obligations of licensing from Marine Scotland, are we likely to see more of those instruments in other areas of marine licensing?

**Jane Rougvie:** There are no plans to transfer any other obligations across, because no others lean across in such a way. That was the only obligation that we identified as benefiting from better regulation by being monitored by SEPA.

**Finlay Carson:** Thank you.

**The Convener:** Is there anything that the minister would like to add about the order before we move on?

**Mairi Gougeon:** No, I have nothing further to add.

**The Convener:** Under the next item, I invite the minister to speak to and move motion S5M-22577.

*Motion moved,*

That the Environment, Climate Change and Land Reform Committee recommends that the Marine Licensing (Exempted Activities) (Scottish Inshore Region) Amendment Order 2020 [draft] be approved.—[*Mairi Gougeon*]

**The Convener:** I remind officials that they are not permitted to speak to this agenda item.

I invite members to comment.

**Claudia Beamish:** I like the points that were made about the importance of disclosure and the concerns within the community. We must be sure that the wellboat issue is robustly monitored. I am happy to support the motion.

**Mark Ruskell:** I am happy to support the simplification of the licensing process. I listened carefully to what the minister said about the information that can be provided to the committee on the increasing use of wellboats and her comments about SEPA's strengthened fish health

framework. Perhaps that is an area for further scrutiny, because, if the framework does not adequately cover the issues about wellboats that have been raised today on behalf of communities, SEPA will need to do that work quickly before rolling out the new simplified regulatory process.

**The Convener:** The question is, that motion S5M-22577, in the name of Roseanna Cunningham, be agreed to.

*Motion agreed to.*

**The Convener:** I thank the minister and her officials for their time. That concludes the public part of our meeting. Our next meeting will be on 29 September, when the committee will discuss its future work programme in private.

12:38

*Meeting continued in private until 12:59.*

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