



OFFICIAL REPORT
AITHISG OIFIGEIL

Net Zero, Energy and Transport Committee

Tuesday 12 March 2024

Session 6



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NET ZERO, ENERGY AND TRANSPORT COMMITTEE

10th Meeting 2024, Session 6

CONVENER

*Edward Mountain (Highlands and Islands) (Con)

DEPUTY CONVENER

*Ben Macpherson (Edinburgh Northern and Leith) (SNP)

COMMITTEE MEMBERS

*Bob Doris (Glasgow Maryhill and Springburn) (SNP)

*Jackie Dunbar (Aberdeen Donside) (SNP)

*Monica Lennon (Central Scotland) (Lab)

*Douglas Lumsden (North East Scotland) (Con)

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

*attended

THE FOLLOWING ALSO PARTICIPATED:

George Beale-Pratt (Transport Scotland)

Stephen Boyle (Auditor General for Scotland)

Fiona Hyslop (Cabinet Secretary for Transport)

Rebecca Seidel (Audit Scotland)

CLERK TO THE COMMITTEE

Peter McGrath

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Net Zero, Energy and Transport Committee

Tuesday 12 March 2024

[The Convener opened the meeting at 09:15]

Decision on Taking Business in Private

The Convener (Edward Mountain): Good morning, and welcome to the 10th meeting in 2024 of the Net Zero, Energy and Transport Committee. The first item on the agenda is consideration of whether to take items 6 and 7 in private. Item 6 is consideration of the evidence that we will hear under item 4 on climate change governance. Item 7 is consideration of draft correspondence. Do we agree to take those items in private?

Members indicated agreement.

Subordinate Legislation

National Smart Ticketing Advisory Board (Public Services Reform) (Scotland) Order 2024 [Draft]

09:16

The Convener: Our next item of business is consideration of a draft statutory instrument. I am pleased to welcome Fiona Hyslop, the Cabinet Secretary for Transport. Cabinet secretary, this is the first time that you have appeared in front of the committee in your new role—congratulations on your appointment.

The cabinet secretary is joined by George Beale-Pratt, smart policy manager, Transport Scotland; and Natalie Milligan, solicitor, Scottish Government. Thank you for joining us.

The instrument is laid under the affirmative procedure, which means that it cannot come into force unless the Parliament approves it. Following the evidence session, the committee will be invited at the next agenda item to consider a motion for the committee to recommend that the instrument be approved. As always, I remind everyone that the officials can speak under this item but not in the debate that follows.

Cabinet secretary, I think that you would like to make a brief opening statement, so the floor is yours.

The Cabinet Secretary for Transport (Fiona Hyslop): Good morning, and thank you for inviting me to discuss the addition of the new National Smart Ticketing Advisory Board to the Public Services Reform (Scotland) Act 2010. The board commenced operation in November 2023 and is a product of the Transport (Scotland) Act 2019. It will advise the Scottish ministers on topics including smart ticketing arrangements, a national technological standard for smart ticketing and the strategic development of smart ticketing in Scotland.

We intend to add the board to schedule 5 to the 2010 act. That would mean that by order under section 14 of the act, the Scottish ministers could

“make any provision which they consider would improve the exercise of”

the board’s functions,

“having regard to efficiency ... effectiveness, and ... economy.”

Adding the board to schedule 5 to the 2010 act is in line with Scottish Government policy and is considered best practice for new public bodies.

As the board is new, it is not expected that any provision will be needed in the near future to

improve the exercise of the board's functions, but this instrument would confer a power on the Scottish ministers to make such a provision in the future, should it be required.

In accordance with section 25(4) of the 2010 act, the board has been consulted in relation to the proposal to make this order. The consultation took place at the first meeting of the board on 28 November 2023, in person, with all members and the chairperson of the board in attendance. As a result of that consultation, the board confirmed that it was content with the proposal, and no other representations were received. No changes to the proposal were therefore necessary.

Adding the board to the 2010 act will have no financial impacts. I am happy to take any questions from the committee.

The Convener: Thank you, cabinet secretary. I am certainly fairly relaxed, given that the board has approved the move. I just want to clarify in my mind whether all the appointments to the board are made by the Scottish Government. No one is elected to the board; members are all appointed by the Government, are they not?

Fiona Hyslop: That is correct. The membership includes a chairperson, operators of different modes of transport, transport authorities, including local transport authorities—Margaret Roy is a representative—and passenger and accessibility representatives. Transport Scotland is also a member, as well as some board advisers, who are non-voting.

The Convener: Before I open up the floor to questions from committee members, I will ask another question. If board members are all appointed by the Scottish Government, I presume that they can be replaced by the Scottish Government if required. What are their terms of service? I would like to understand that. How long are people on the board for?

Fiona Hyslop: I wonder whether George Beale-Pratt could answer the question about their terms of reference.

George Beale-Pratt (Transport Scotland): The members are appointed for four years.

The Convener: Can they be reappointed after four years?

George Beale-Pratt: Depending on their service, there is an opportunity to invite them for reappointment, but their immediate reappointment is not assumed.

The Convener: They could be re-invited to apply after four years, and again four years after that. Is there a limit?

George Beale-Pratt: I would need to confirm the maximum limit.

The Convener: I am just intrigued to know, cabinet secretary.

Fiona Hyslop: It is really important that we have industry experts. On the board, Strathclyde Partnership for Transport is represented, and we have Alex Hornby, whom many of you will know is the group managing director at McGill's Buses. Those people, who run organisations, are providing their expertise. I do not want to put them off their membership by saying that they will be on the board forever.

We want to ensure that the board's output is timely, to help us to move forward with technology and smart ticketing. I am due to meet the chair shortly to look at its work programme.

Members of the board can be reappointed, but we want to make sure that they can get on with the job. They are very keen. If you have not seen them, reading the minutes of the board's first meeting last November might be helpful background. That shows their enthusiasm in scoping the challenges in relation to getting a more operable and interoperable system, which is what we all want.

The Convener: I am sure that staying on the board forever would not put them off, cabinet secretary; I am sure that they would enjoy that.

I throw open the floor to any member of the committee. Does anyone have a question?

Bob Doris (Glasgow Maryhill and Springburn) (SNP): Just a brief one. Cabinet secretary, what is the National Smart Ticketing Advisory Board's strategic role in relation to transport authorities across Scotland? Perhaps it will use some of the new powers in the Transport (Scotland) Act 2019 and the subordinate legislation under it, which I understand is now live. I imagine that the interoperability of smart ticketing would be essential were some of the regional transport authorities to use the powers in the 2019 act.

Fiona Hyslop: I am considering your question. Regardless of the powers in the 2019 act, we would still be able to have interoperability, and we already do under the current system in many areas. We have integrated tickets on a more regional basis. Should any issues arise, we have someone from a local transport authority represented on the board; she is also the chair of the Association of Transport Co-ordinating Officers.

Different local authorities or regional transport partnerships will want to do different things. We will want to ensure that whatever they do is compatible with smart ticketing. However, 2.5 million people are using smart cards through the ITSO concessionary scheme separately anyway,

so I do not think that there is a dependency issue. The board does not have oversight, if that is what you are implying, but I suspect that it can provide advice to me if any practical issues arise from the implementation of separate parts of the Transport (Scotland) Act 2019.

Bob Doris: I just want to check whether there are any barriers that have to be overcome to allow some of that to happen. For example, I tap on and tap off quite happily using First Glasgow. I am not a driver, so I am on 20-plus buses a week. There are capped daily and weekly fares, but there is no interoperability with other bus services in the city. The technology is there, but the interoperability is not. Is there a role for the national board to enable that? That would be required for, say, franchising, to enable profit-sharing.

Fiona Hyslop: Whether we are talking about the current system or any other system that is provided under the Transport (Scotland) Act 2019, we would want to be able to implement and operate smart ticketing. There is not an interdependency, but there is a correlation.

It makes sense that we optimise what we can do, which everyone is up for. I understand that the Glasgow tripper ticket was introduced, which works between different operators and can be accessed on a mobile phone. We know from research that more people want to use their mobiles as opposed to a card for tickets. We need to ensure that there is an understanding of what technology is commonly used so that we can develop those systems in order for there to be a common interoperability, whatever the type of operation.

Bob Doris: That is helpful, more for my understanding than to scrutinise you in your role as cabinet secretary.

The Convener: I have one further question, if no one has any others. Oh, I see that Monica Lennon wants to ask a question. I will go to her first and then come back to mine.

I think that Monica is waiting to go live.

Monica Lennon (Central Scotland) (Lab): I was waiting to be unmuted—thank you, convener.

Good morning, cabinet secretary, and welcome to the committee in your new role. You mentioned the work programme, which I understand has to be approved by Scottish ministers. Can you give us a flavour of what you expect to be in the work programme? I think that the board meets about six times a year, but I would like to get an idea of its capacity.

I have another wee question. Out of interest, did the National Smart Ticketing Advisory Board have any input to the fair fares review, or was it consulted as part of that?

Fiona Hyslop: The first meeting of the board was in November, at which time we were moving to the end stages of the fair fares review. Interoperability of ticketing is a key aspect of that work. Individuals who are on the board would have had the opportunity to input their organisations' views on the review, apart from anything else.

In terms of the board's capacity and capability, senior people are operating at board level and there are advisers who are specialists in their area. The chair has been involved in ticketing systems and procurement previously and has extensive experience on that.

I will meet with the chair in the next couple of weeks to go through the board's proposed work plan—as you said, that plan has to come to ministers to be approved. Part of that process will be for me to listen to what board members are saying, because the whole point is that they will want to say what needs to be done. I provide ministerial oversight and am not a technological expert in ticketing. I expect that expertise to come from the board and from the Transport Scotland members who support the board. There will be steps as to what changes need to be made.

George Beale-Pratt might want to explain a bit more about what the board might look at, but I am interested in the point that people want to use mobiles instead of cards that are interoperable. We have talked about the Glasgow tripper being a success. When the ticket became available on mobiles, that increased the bus companies' uptake fivefold. However, barcodes and QR, or quick response, codes are more of an issue. The technological standards are key. Obviously, the board can advise about the capability of different organisations to change or adapt, and whether that causes them issues or otherwise.

George, will you explain a bit more about what we expect from the work programme's scope and coverage?

George Beale-Pratt: There are various statutory requirements setting out what the board must advise on, such as the technological standard for smart ticketing. As the cabinet secretary mentioned, there are no interoperable smart barcodes or QR codes between modes as yet, so that is a key bit of advice. There is also a statutory requirement to advise on the strategic development of smart ticketing in Scotland.

There are requirements, and we expect the board to provide us with advice in that regard, but we also want to give it a bit of space to determine what it deems are the key issues and problems that board members are hearing about from their networks, and we want to invite that challenge from them.

There are two elements. There is the bit that we are expecting that is in statute, and there is a slight space for the board to tell us what is wrong, what needs to happen and what we need to do. The cabinet secretary will meet the chair in a couple of weeks to go through the work programme and will learn more about the detail of it then.

09:30

The Convener: If there are no other questions—

Douglas Lumsden (North East Scotland) (Con): Sorry, convener—

The Convener: I will get to my question eventually.

Douglas Lumsden: There is something in the minutes from the initial meeting about the work programme submission date being 20 May 2024. How will the Parliament and the committee be able to see what the work programme is and will we have any opportunity to make any suggestions on what it might be?

Fiona Hyslop: We need to give the board the space to do its work, which is multimodal and covers different areas—we have representatives with experience from ScotRail and ferries, so the work takes place across those areas. I am open to sharing what we can when we can. I will speak to the chair in a couple of weeks, and one of the things that I will explore with them is how and when we can share, so that you can understand and keep on top of what is happening around that capability.

Douglas Lumsden: That would be helpful.

The Convener: Now, I will really look round the room to make sure that no one else wants to speak before I make another attempt to get my question in. Right—there is no one else, so I am going.

Kevin Stewart wrote to the committee on 15 May last year to confirm the pay rates for the people on the board. I think that they were £194 per day for board members and £238 a day for the chairperson. Are those the current rates? Have they been reviewed? You might not know the answer, cabinet secretary, and I am happy to take a letter if—oh, I see that George knows the answer.

Fiona Hyslop: George, are you happy to answer?

George Beale-Pratt: Yes, I am. Yes, those rates remain current.

The Convener: Thank you very much.

The next agenda item is a debate on motion S6M-12121, which calls for the committee to recommend approval of the draft order. I remind everyone that only the cabinet secretary and members can speak in the debate. I ask the cabinet secretary to speak to and move the motion.

Fiona Hyslop: As I set out in my opening remarks, the motion is fairly straightforward and, in relation to the public reform legislation, it is apt, so I am happy to just move it.

I move,

That the Net Zero, Energy and Transport Committee recommends that the National Smart Ticketing Advisory Board (Public Services Reform) (Scotland) Order 2024 [draft] be approved.

The Convener: There are no contributions from members, so I assume that the next bit will be brief. I ask the cabinet secretary to sum up and respond to the debate.

Fiona Hyslop: It was a very interesting debate—thank you very much, convener.

Motion agreed to.

The Convener: The committee will report on the outcome of the instrument in due course. Are members happy to delegate authority to me as convener to finalise that report for publication?

Members indicated agreement.

The Convener: I thank the cabinet secretary and her team. I will briefly suspend the meeting before our next item.

09:32

Meeting suspended.

09:36

On resuming—

Climate Change Governance Stocktake

The Convener: Welcome back. Our next item of business is an evidence session with the Auditor General for Scotland. The committee has agreed to hold two evidence sessions on how the Scottish Government is working to address the challenge of climate change and to make Scotland net zero in greenhouse gas emissions by 2045.

Audit Scotland produced a report last year called “How the Scottish Government is set up to deliver climate change goals”. We are delighted to have Audit Scotland here to discuss the main conclusions of that report and other issues to do with the effectiveness of the Scottish Government’s governance arrangements in relation to climate change.

I am pleased to welcome Stephen Boyle, Auditor General for Scotland, and Rebecca Seidel, senior manager, Audit Scotland. Thank you for joining us this morning.

Before we go to questions, Stephen, I believe that you would like to make a brief opening statement.

Stephen Boyle (Auditor General for Scotland): Many thanks, convener. Good morning, committee.

I am very grateful to the committee for the invitation to join you this morning to update you on our work on the Scottish Government’s climate change governance arrangements, and I am also very happy to engage with the committee on our more recent report on heat in buildings.

Climate change is a priority area of work for me as Auditor General for Scotland. The Scottish Government’s aim of reaching net zero emissions by 2045 and the need for action to adapt to the effects of climate change will require huge public and private sector investment. That, of course, is in the context of increasingly challenging fiscal public spending decisions.

My role is to examine the public sector’s response to climate change, to judge whether resources have been used effectively and to recommend improvements if they are not. It is a complex policy area, with the causes and consequences of climate change sitting across a range of ministerial portfolios and Scottish Government directorates. That means that clear governance arrangements and plans to support the delivery of climate change goals are hugely important. They can support policy development and financial decision making and identify risks to

delivery. Transparent governance arrangements also help to ensure that different parts of Government can be held to account on progress.

As you mentioned, convener, last year I reported that the Scottish Government’s governance and risk management arrangements for climate change had improved since 2019 but that there was still work to do to strengthen them. I made several recommendations to help the Scottish Government to do that.

As I mentioned, last month I also reported on the Scottish Government’s approach to decarbonising heat in homes. My report highlighted the need for the Scottish Government to set out a clear delivery plan to support large-scale change in how we heat our homes and to carefully consider how to maximise the impact of public spending in that area.

My reporting on climate change to date has identified some key themes, including the importance of effective governance and risk management arrangements, the benefits of joined-up working across Government, challenges around workforce capacity and the need for clarity on how public policy and spending will impact on climate goals. I will continue to report on climate change over the coming years, reflecting the importance of that issue and the scale of public spending that is required to address it.

Rebecca Seidel and I are delighted to be with you this morning, and we look forward to answering your questions.

The Convener: I am sure that you will comment at the end of the meeting as to whether or not you have enjoyed it, but we are delighted to have you.

The first question is for you, Auditor General. The director general net zero told the Public Audit Committee that he accepted all the recommendations of the Audit Scotland climate governance report. What changes have been made as a result of the findings, and are there any particular areas where no change has been made but change needs to be made?

Stephen Boyle: Many thanks for your question, convener. Between us, Rebecca Seidel and I will look to address that.

A broad range of areas were in our report, which came out in April last year, on the Scottish Government’s governance and risk management arrangements to address climate change. When the Public Audit Committee takes evidence from accountable officers following a briefing from me and my colleagues, one of the first questions that the convener asks them is whether they accept our recommendations. We were very clear that the director general net zero publicly accepted our recommendations, which gives us a route

thereafter to track and monitor progress. I can say as much as you would find helpful about that process and how we look to measure the impact of our work. We are happy to give the committee a flavour of the progress, which is across a number of different themes.

From the engagement with the Scottish Government that we have had following the publication of our report in April last year, it is clear that the Government has made good progress in addressing many of the recommendations and themes in the report. In my evidence to the Public Audit Committee, I was clear in recognising that there has been a relatively short space of time since the report was published. However, when we look at, first, governance arrangements and the risk management arrangements that sit alongside them, and then at the transparency of reporting, we see progress across a number of those fronts. I can go into as much detail as you wish and structure it in a way that you would find helpful, convener. Rebecca Seidel and I can go into all the topics, as you see fit.

The Convener: We might be here all day if you went into all the topics. You said that the Government has made good progress in some areas, but you did not say all areas, did you? It might be interesting to know about the areas in which further work needs to be done.

Stephen Boyle: I am very happy to do that. I clarify that I do not want to give the impression that this is grudging, because we have seen quite good progress. We are at pains not to underestimate the complexity of the challenges that the Government faces to deliver its climate change ambitions and to raise the profile of adaptations. That was a feature of our reporting in April, when we said that progress towards net zero had more prominence than public policy and public spending requirements to tackle the effects of climate change.

On that point, I am keen to stress that we see more structure, more governance and better risk management around the adaptations element of the response to climate change. On risk management, similarly, we see clearer arrangements in place that flow through to governance; there are red, amber or green ratings on risks that are better defined, with timescales managed.

On your question, convener, an area in which more work is to be done—or, to phrase it better, an area that is under on-going monitoring—is workforce planning. Rebecca Seidel might want to say more about this point. We commented in our report—there were echoes of this in our heat in buildings report, which was published in the past few weeks—that the area under the director general net zero had been slow in building up its

capacity to tackle the challenges that were in front of it. We are now clearer that workforce planning is more of a constant activity in that area, but, inevitably, it is one that will have to be kept under close and regular review, so that the Government is satisfied that it has the right capacity in place to tackle all the challenges that are before it.

If you are content, convener, I will pause and invite Rebecca Seidel to say a bit more about that or any of the other areas that we have observed over the past few months.

09:45

The Convener: That would be helpful, especially as the committee's report last year identified workforce planning as one of the key issues for local authorities with regard to net zero.

Rebecca Seidel (Audit Scotland): As the Auditor General has said, workforce planning is now an on-going exercise within the director general net zero area, with a continuous process of mapping the commitments under DG net zero to the resources and budget that are available and trying to align them and prioritise where necessary. Those discussions happen at the global climate emergency programme board and, where necessary, conversations are escalated to the executive team.

Over the past year, we have seen much better evidence of those discussions happening more regularly in the DG net zero area. As part of the new performance monitoring process, the global climate emergency programme board now receives a dashboard on a monthly basis at its meetings, providing it with oversight of progress against all the programmes that it oversees or is responsible for overseeing. That dashboard also gives RAG ratings of progress, including monitoring progress against resources and finance.

Therefore, the programme board, which is at the centre of the governance arrangements for the climate change programme, now sees on a monthly basis an assessment of where things are with resourcing and financing the programmes that it is responsible for delivering. Where necessary, any related risks are escalated up to the executive team; moreover, it sees the same dashboard on a quarterly basis, so, again, it has oversight of that. It feels as if people are in a much better place now with regard to having on-going oversight of the resources that are needed and being able to prioritise things to deliver the objectives that they are working towards.

The Convener: It sounds as though you are fairly relaxed about this. Is that a result of the governance framework that you put forward to the

Government? Has it responded to that as you hoped that it would?

Stephen Boyle: There are a couple of things to address in that question, convener. First, it is probably fair to say that I am not relaxed about this, and I do not think that the Government is, either, given the scale of the challenge in front of it to deliver its net zero ambitions. How I would characterise it is that we have seen progress and an appropriate response to our report.

The only slight comment that I would make is that our engagement with the Government has been just that—engagement. We have not audited anything in that wider sense as we regularly do on the back of our reports; in other words, we have not carried out an impact audit or a more formal assessment as to whether a public body—in this case, the Scottish Government—has responded directly to what we have said. However, considering all the engagement that we have had with the Government, we are pleased with the response since our publication in April.

The Convener: I understand that you are not relaxed about this, but you think that things are going in the right direction.

The deputy convener, Ben Macpherson, wants to come in with a question.

Ben Macpherson (Edinburgh Northern and Leith) (SNP): Good morning. I just want to build on your responses to the convener's questions. I found it uplifting and helpful to hear that good progress has been made and that there is good co-ordination and collaboration within Government. However, as you suggested in your opening remarks, there are some challenging competing priorities facing the public sector. How is the Scottish Government managing action towards meeting net zero among those competing priorities? Would you like to comment on that at all?

Stephen Boyle: I am grateful to you for that question. The framework that is now in place we felt was still evolving when we reported last year on the Scottish Government's governance arrangements. None of that should detract from the fact that there are competing priorities and difficult choices to make, given the fiscal context in which the Scottish Government is operating, but our assessment today is that the Scottish Government is better placed to make some of those challenging choices than it perhaps was last year.

You mentioned that collaboration will be a key component of this. At the risk of stating the obvious, it is clear that tackling climate change challenges will require collaboration and effective working across Government. One of the features of last year's report was a recognition of sticking

points or gaps in some of the directorate governance arrangements. As we have discussed today, and as has been set out in some of the Scottish Government correspondence, the structure of governance is important, and I note that the global climate change programme board has a clear reporting route into the Cabinet sub-committee on climate emergencies. It is appropriate that there is an appreciation of the breadth of risks in the way that Government is operating at civil service level and an ability to escalate to the Cabinet sub-committee. None of this will be straightforward. Ultimately, it will come down to a policy choice for politicians to determine how best to allocate resources.

On Thursday, I will give the Public Audit Committee a briefing on our recent paper on the delivery of the national strategy for economic transformation, which has parallels with the arrangements to deliver net zero ambitions. That strategy also has to have an appropriate underpinning of internal governance arrangements and an escalation route.

Stepping back, we have seen that there are now clearer processes in place for challenging decisions to be made effectively than there were last year.

The Convener: We had a new First Minister last year, and there has been a bit of churn around the cabinet secretaries and ministers. Sometimes it is confusing to know who we are quizzing on what subjects, because of the way in which roles are formed. Has that had any effect, or are you confident that everything is still moving forward?

Stephen Boyle: I do not think that, through our audit work, we have seen any suggestion that changing ministers or ministerial portfolios has interrupted progress or had a direct bearing on it. As I mentioned to the deputy convener, we have seen better clarity around roles and responsibilities within directorates and that they are better able to make a more informed assessment without ministerial changes impacting on progress. There might be one or two points that arise in terms of transparency of reporting and assessment—I can get back to you on that—but we have seen no evidence that ministerial changes have had a direct bearing on progress.

The Convener: We will probably have an opportunity to come back to that issue and, before the end of the meeting, I certainly want to raise the issue of heat in buildings, because it is a subject that causes me concern. However, at this point, I invite Monica Lennon to ask her questions.

Monica Lennon: Good morning, Auditor General. You have mentioned the workforce plan a couple of times already this morning, and I am

quite struck by the fact that the number 1 key message in your April 2023 report said:

“There has been no workforce plan in place for the DG Net Zero area since it was established in November 2021”.

The report then goes on to say that

“one is expected in spring 2023.”

What is your understanding of the reasons for that delay?

Stephen Boyle: You are absolutely right to say that one of the key features of our report last year was a recognition of the fact that workforce planning had not moved quickly enough in the director general net zero area. Especially given that a climate emergency had been declared by the former First Minister nearly four years previously, we would have expected to see clearer progress on delivery of workforce planning capacity building arrangements within that area. To reassure the committee, I will note that we have seen progress. In September, the director general told the Public Audit Committee that the level of workforce planning had improved, and that is borne out by our engagement with the director general’s area since then. A workforce plan should never be a static item. Due to the level of change that is happening in the area, it has morphed into more of an on-going process, but with the right underpinnings.

Rebecca Seidel can say more about our current understanding of the situation.

Rebecca Seidel: When the director general net zero gave evidence to the Public Audit Committee in September last year, he described a prioritisation exercise that all the directorates under his responsibility had undergone, in which they had looked at what resources were needed to deliver their objectives and then made a decision about how to prioritise the resources that were available. That led to an increase in teams in some areas—for example, the team that is delivering on the heat in buildings strategy was increased and a new directorate with responsibility for offshore wind was developed—but that meant moving resources from other areas. That prioritisation exercise was ratified by the executive team.

Since then, we have seen that that was not really a one-off exercise but a continual one. It is also fair to say that that happens beyond the DG net zero’s area as well and involves continually looking across at the priorities and trying to map the available resources to them. The challenge for the Government is to continually keep staff resources and budgets under review and to ensure that it is able to deliver on the areas that it chooses to prioritise.

Monica Lennon: That is helpful. Before I move on to talk about the climate change plan, I want to understand the baseline and where we have come from. It appears that we did not have a permanent DG for net zero until January 2023, I believe. Not only was there a lack of progress, there was no workforce plan until sometime last year. We hear a lot of witnesses at this committee, and workforce planning and skills are big among the themes that come to us.

Given what you said, Auditor General, about the need for tackling climate change to be a priority for Government, and given that the former First Minister declared climate change an emergency, does it seem a bit strange that there was no permanent director general for net zero and no workforce plan until a date in 2023?

Stephen Boyle: Our assessment in the report from last year was that progress had been slow in creating structures to respond to the climate emergency that the Government declared in 2019. That a structure is now in place is welcome, but it has been there for only a few short months. It is reasonable that the director general’s position is that workforce planning is to be kept under regular review. That feels appropriate, Ms Lennon.

If I may, I will reflect on some of the evidence that I gave to the Public Audit Committee on heat in buildings. Given the scale of the challenge that the Government faces, it will require regular review, assessment, refinement—if necessary—and prioritisation of the resources that are necessary to deliver on its climate ambitions by the mid-2040s.

The Scottish Government cannot do that on its own. It will need to have a workforce plan for within the Scottish Government to deliver its ambitions, but also, looking externally, it will need to play its part in ensuring that the right skills are in place in the wider economy. Whether it is for heat pumps or other services, the Government has to get skills planning to a satisfactory place across the public and private sectors.

For today, we are content that progress has been made. We also accept the director general’s position of keeping the issue under regular review.

Monica Lennon: That is all helpful. You have touched on all the main points that were part of the committee’s net zero inquiry, including the collaboration that is required with public and private sector partners.

I just want to understand how significant the delays and gaps have been. We want to understand what has contributed to the delay of the drafting of the climate change plan. We have looked at what the Government has been doing in the past wee while—how it has set things up and organised itself. You have made some strong

conclusions in your report, and given some recommendations that the Government is accepting.

From your assessment of how the Government has been operating to deliver climate change policy, how much of what you have said in your report explains the climate change plan delay? Can you give us a feel for what has contributed to it?

10:00

Stephen Boyle: It is not unreasonable to say that those will all be relevant factors, together with external influences on the Government's decision on the timing of publication of its climate change plan. Like the committee, we assume that the plan will be published later this year.

It is also not unreasonable to assume that the delays in establishing capacity in the Scottish Government's net zero directorate would have had a bearing on its ability to make judgments and assessments on compilation of the climate change plan. The Government is now in a stronger place. It has a dedicated director general for net zero, who is building capacity within his team to deliver climate change.

Earlier, we touched on other factors, such as there being stronger governance and risk management arrangements and better collaboration across Scottish Government directorates to tackle the scale of the challenges that they face. We are far from giving them a clean bill of health, but we would say that there has been genuine progress from where we were nearly 12 months ago.

Monica Lennon: Earlier, you mentioned that risk management was one of the areas that you had examined. Did the Scottish Government recognise that there could be a risk of delay to the draft climate change plan?

Stephen Boyle: You are right to raise that. I will ask Rebecca Seidel to check whether we have with us the detail on our understanding of the Government's risk register at that point. If we do not have it here, we can certainly come back to you in writing if we have it.

Before I hand over to Rebecca, I point out that risk management can be a bit of a dry subject; it is not always one that engages people. However, given the scale of challenge that the Scottish Government faces, the fundamentals of effective practice in running it need to be there. We found that there needed to be improved clarity on risks, and clearer actions, timescales and so forth, if the wider policy objective is to be delivered. We are seeing progress on those aspects.

Rebecca might want to say a bit more about the performance dashboards, which are another important step forward, as well as to address your earlier point about the extent to which the climate change plan featured.

Rebecca Seidel: In answer to Ms Lennon's question, we do not have the specific details on individual risk registers. However, since we reported in April last year, we have seen that the Scottish Government team that oversees the climate change programme is now much more active in monitoring and managing risks. There are clearer reporting lines from individual risk registers up to the global climate emergency programme board. There are also clearer escalation routes, which was an issue that we had identified in our report, in which we recommended that such routes should be clarified.

We have therefore seen progress on how the risk management process is working. It is now much more clearly documented, and people understand much better the process in the context of the climate change programme. There is monthly reporting on programme risks, and risks are escalated to the GCE programme board where necessary. The programme board also does quarterly deep dives on specific risk areas. We are finding that risks are being discussed much more openly and actively now than they were when we reported towards the start of last year.

On the specific details of the risks, the programme board is overseeing progress towards the climate change plan, the adaptation plan and the just transition plans. Although I do not have those specifics, given that those are the board's three broad areas of responsibility, I anticipate that it will consider delays to the climate change plan when it considers the risks to overall progress.

Monica Lennon: That is helpful, thank you. I will look forward now. Can you say more about the delivery of the next climate change plan? You have identified governance groups in your report. Where do you think that that responsibility ultimately lies? Are there now sufficiently clear lines of sight and responsibility, and have changes and progress been made?

Stephen Boyle: I am not sure that we can say much more about the overall responsibility, beyond my expectation that it is a statutory requirement for the Scottish Government to prepare a climate change plan. We are awaiting the annual progress update against the climate change plan—we expect that in the next few weeks—and, thereafter, the publication of the draft plan. I think that I am right in saying that that will be no later than November to give the Parliament the opportunity to scrutinise it in advance of its publication in early 2025. We await those developments and look forward to seeing

information on a couple of things that the Committee on Climate Change has stressed about the scale of the challenge and the transparency of actions and choices that the Scottish Government will make.

Stepping back once again, if I may, the Scottish Government is better placed to deliver against the recommendations that we made in our report, and we would expect thereafter to see that those feature in a clear and robust climate change plan and that that results in the necessary actions. Like the committee, we will be tracking developments closely in the next few months.

The Convener: Yes, the committee is waiting for the plan. I think that the latest that it can come to the committee is November for publication in mid-March. We do not know any more at the moment.

Last year, when we were told that the climate change plan would be delayed, which was very much made a point of in the Parliament, that was due to changes to the United Kingdom-wide policies. However, from what you have said this morning, it appears that the delay was as much due to the fact that there was insufficient workforce to draw up the plan, but that has now been rectified. Have I misunderstood that or is that a correct summation?

Stephen Boyle: I certainly would not want to contradict the Government's position; the interaction of its climate change plan and wider UK Government policies is, clearly, its stated position as the reason for the delay. What our report, which we published in April last year, showed was that, at the time, in order for the Government to deliver, it needed to take a number of steps to have more robust arrangements, whether that was related to the climate change plan or the delivery of climate change goals more widely. As we have already touched on this morning, we are pleased to see some progress in those areas.

The Convener: I take the point that is being made, and I think that I understand it.

Douglas Lumsden: In light of the answers that you gave to Monica Lennon, Auditor General, I was thinking about the 2030 emissions targets. Is the Government now in a good place to reach those 2030 targets?

Stephen Boyle: As I said in my evidence to the Public Audit Committee on the heat in buildings report and, again, tracking the consultation on the bill for the interim targets, it is clear that the targets are looking challenging, if possible. I should say that we are not climate scientists and that I am drawing on the work of, particularly, the CCC expressing doubt and reservations about whether those 2030 interim targets will now be achieved.

We are noting the views of others, rather than expressing our own.

Douglas Lumsden: So, you have not done any work on those targets; you have listened to what others have said.

Stephen Boyle: That is a fair assessment. Like others, with regard to prioritisation, we have to take a view about where we will achieve best value and where our work will have the most impact. To date, our work on climate change has considered the overall arrangements. Last year's report concerned the Scottish Government's governance arrangements in delivering its net zero ambitions, and the more recent publication—our report on the Government's heat in buildings strategy—started to drill into the specifics of individual policy progress.

The next phase of our work on climate change, which is under way, is on progress towards the delivery of the Government's ambitions to reduce car mileage, and we are scoping out work on adaptations. That feels like the right place for us, rather than making an assessment of progress on reducing carbon emissions in itself.

Douglas Lumsden: You mentioned transparency earlier. If the Government is not going to hit the targets, the sooner it is more open with everyone, the better, I would imagine.

Stephen Boyle: There is certainly nothing for us to disagree about on transparency in climate targets, the fiscal position, policy priorities and the choices therein.

Mark Ruskell (Mid Scotland and Fife) (Green): On the back of that, I would be interested to hear whether you feel that the Government is making enough progress on systemic change. Systemic change might not come up in relation to the progress that is made from year to year to meet annual carbon reductions, but it might point to increasing capacity and more of a change in systems that would deliver progress in the years to come and beyond 2030. We might also consider the relevance of that for the 2045 target. We are looking at big, systemic changes. Is Government on track to turn that supertanker around?

Stephen Boyle: I know that the committee knows this, but the complexity of the situation must not be underestimated, given the scale of challenge facing the Scottish Government, other public bodies, businesses and individuals, and given the choices that we will all have to make about how we lead our lives to deliver net zero ambitions.

Let us consider a couple of things specifically. The report produced back in April 2023 was about underpinnings and whether the Scottish Government had the right structure to support its

oversight and decision making. It was felt that there were probably gaps at that point. Fast-forwarding 11 months, we have now seen appropriate responses and better internal arrangements have been put in place to allow the Government to facilitate the kind of systemic change that you are referring to.

Our recent publication on heat in homes goes into a bit more detail on one of the pillars of the Government's response to climate change. Perhaps illustrating the scale of how the public sector plays its part relative to wider choices, the Scottish Government is planning to spend £1.8 billion in the current parliamentary session to decarbonise heat in buildings, through a combination of improved insulation in homes and grants or loans to support householders to choose green heating systems. Alongside that, the forecast is that more than £30 billion will require to be spent across businesses and by individuals to decarbonise heating systems.

The scale of the challenge must not be underestimated, and I appreciate that the committee is doing anything but that, but internal arrangements within the Government are now stronger and they give it the best chance of making the 2045 target—notwithstanding the challenging policy choices that will need to be made in between times.

The Convener: The next questions are yours, Jackie.

Jackie Dunbar (Aberdeen Donside) (SNP): Thank you, convener, and good morning, Auditor General. You have emphasised the need for greater priority to be given to climate change adaptation planning and risk management. In a statement to the Public Audit Committee, you said that there should be parity between emissions reduction and adaptation planning. Is that parity in terms of investment and resources or in terms of the approach taken to risk management?

Stephen Boyle: Good morning, Ms Dunbar. I will bring in Rebecca Seidel, as she may wish to say a bit more about the overall progress since we reported.

One of the key judgments that we made in our report last year was that the Government's focus seemed to be more overtly on carbon emissions reductions, rather than on adaptation planning and dealing with the effects of climate change that are already with us. The revised governance arrangements are clearer. We can see from the climate change projects that report to the climate change programme board that there is now parity among the delivery of the climate change plan alongside adaptations and the third plank of the programme, which is just transition.

10:15

In the overall scheme of things, 11 months in the delivery of climate change policies is a short period of time—the blink of an eye. However, the Government has responded, which I think is an appropriate step change. There is no doubt that it will be really tough. *[Interruption.]* Sorry, Rebecca, I will pass to you in a moment. Delivering some of the climate change mitigations will require significant capital investment and we have seen some of the challenges in the Scottish Government's budget. Evidence that was given by Scottish Government officials to the Public Audit Committee last week shows the real strain that is on the capital budget. All that will have to be gathered together in a prioritisation exercise about where adaptation planning and spending will sit alongside other aspects of policy priorities. No doubt, there has been progress in the past 11 months, which Rebecca Seidel can say more about.

Rebecca Seidel: We have started to see adaptation coming through much more in the Scottish Government's governance and risk management arrangements. When we reported, the extent to which the GCE programme board—which, as I said, is at the centre of the governance arrangements for the climate change programme—was considering adaptation in its work was unclear. However, since then, the Government has clarified the programme board's responsibilities. The adaptation plan is one of the three areas that the board has responsibility for, alongside the climate change plan and the just transition plan. Adaptation has come through much more clearly in the governance arrangements, and it is being built into the risk registers for the various programmes that sit under the GCE programme board. As a result, adaptation risks are being discussed more regularly, as well as monitored and escalated when necessary.

The development of the new Scottish national adaptation plan, alongside the monitoring and evaluation framework that will accompany it, will be a huge help in that area. We sometimes find that things get more prominence if they can be measured or if targets are set. The monitoring and evaluation framework will be a huge help with that. Reporting on progress against the plan will feed into the GCE programme board, so we will expect to see adaptation continuing to gain prominence.

Jackie Dunbar: I take it from your response that you have seen and read the draft Scottish national adaptation plan, which my next question was going to come on to. Are you saying that its content helps to address the recommendations from your 2023 report? If so, should adaptation be

given greater priority? I probably know the answer to that question, but I will ask it anyway.

Rebecca Seidel: As we reported last year, we recognise that adaptation had been almost a poor relation of mitigation for a number of years. I expect that the new national adaptation plan will give it more prominence. As I mentioned, the monitoring and evaluation framework that sits alongside it will be very helpful, as it will give adaptation more visibility. One of the challenges with adaptation is that being able to assess progress on outcomes is a lot more challenging than identifying, for example, quantifiable emissions reductions targets. Certainly, it will be a challenging piece of work, but having a robust monitoring and evaluation framework in place for the new adaptation plan will be an enormous help.

Mark Ruskell: I will ask about the joint budget review work between the Parliament and the Scottish Government. The first strand of that work has already been delivered and there is a narrative on climate alongside the budget. This year, a taxonomy has been introduced that attempts to classify areas of spend and an annex has been attached to the budget. Is that piece of work meaningful, or is there room for improvement? What is your assessment of it?

Stephen Boyle: That work is really important. It is consistent with our on-going reporting across a range of fronts about the importance of transparency in public spending, delivery of policy and outcomes. Audit Scotland has been reporting for many years about the value of the national performance framework—if I can digress for a second—and the importance of linking spending to outcomes, starting from the budget and the associated disclosures.

I will mention a couple of things. Overall, the detailed taxonomy down to individual budget lines—down to level 4 of the budget—is a step forward. However, we are mindful of the reporting and analysis that the Scottish Parliament information centre has done in this area. In its report, which there is no reason to question, the overall assessment is that there is still some work to do in this area to deliver further enhancements, given the scale of challenge.

I note that SPICe is somewhat direct and critical in its analysis of that progress, and says that the increased taxonomy does not yet go far enough to support the Parliament's ability to scrutinise and assess the Government's progress in delivering on climate change ambitions. On the one hand, we welcome the progress, but if the Parliament is to effectively scrutinise the scale of challenge that climate change presents, it would be hard pushed to identify any directorate spend that does not relate to climate change. There is more work to do in this area.

Mark Ruskell: Thanks for that. I am sure that there is more work for this committee to do on that as well.

The third area of that work is the net zero test. We understand that the Government is now piloting a net zero test. Do you have any thoughts on the progress of that work, including on where it is beginning, what the early outcomes are and the prospects of ensuring that the whole of Government is able to apply that test whenever it is making balanced decisions?

Stephen Boyle: We have not yet scoped any audit work around that. We are always mindful of where best public audit comes in. As you will know from your work on the Scottish Commission for Public Audit, historically, audit has been a retrospective function. Auditors would come in after many years, after the policy had been implemented and the public spending had happened. The profession and our approach have moved on that in recent times. The two reports that I have mentioned are good examples of that. We get to a point where we think that we are adding little long-term value to the Parliament or the public more generally, especially in a long-term programme such as addressing climate change. If we were to come in in the mid-to-late 2040s and produce a report that asks, "How did it go?", that would be far too late.

We are shaping a programme of work. Some reports have been published already. We will be doing more on transport and on agriculture in due course and, relative to Ms Dunbar's point on adaptations, we will be preparing to report on some of the specifics of that in a couple of years' time. How and when we position ourselves is something that we keep under close review.

I will ask Rebecca Seidel to comment further.

Rebecca Seidel: As the Auditor General said, we have not done any specific work on the implementation of a net zero test in the Scottish Government. However, as we highlighted in our report in April last year, we would be supportive of any process that gives decision makers more information to enable them to make informed decisions about how they are prioritising spend and use of resources. Overall, we would be supportive of that approach, but we do not have any information on the specifics of it, I am afraid.

Mark Ruskell: So, there might be a point when the net zero test has been piloted in a particular department that would allow for reflection about how it has driven certain decisions or improved decision making.

Stephen Boyle: Yes. As Rebecca mentioned, we will keep under close review how and when we can best add value. As ever, alongside the Government's own reporting on this, audit has a

part to play. Given the scale of the challenge and the need to support parliamentary scrutiny and public understanding, the Government and its individual departments will want to be absolutely clear about how things are progressing. The issue, therefore, is under close review.

Mark Ruskell: Just to be clear, though, do you see the net zero test as an absolutely critical part of how the Government mainstreams climate thinking across all departments?

Stephen Boyle: That is a pretty fair assessment that I would be hard pushed to disagree with, given the scale of the challenge. Individual departments, and the Government more widely, will want to be satisfied that good progress is being made on the cross-departmental response to climate change.

Mark Ruskell: Thank you.

Douglas Lumsden: I want to ask about the joint report that was carried out last year with the National Audit Office, Audit Wales and the Northern Ireland Audit Office on approaches to achieving net zero across the UK. From that work, how do you feel that the UK and Scottish Governments are working together on this?

Stephen Boyle: There are a couple of strands to that and, before I respond directly to your question, I just want to say that the work is also about the approach of auditors. Referring to my discussion with Mr Ruskell, I would say that, as auditors, we have to think about where and at what point we can best deploy our resources. The profession has shifted away from the retrospective approach; the work that Audit Scotland as an organisation does for me as Auditor General and for the Accounts Commission for Scotland, which audits local government, includes a long-term programme of work on climate change, and we have seen the same with our colleagues in the other UK and Ireland audit agencies. Indeed, we collaborate through the UK and Ireland Public Audit Forum in order to make that assessment.

On a political level, the Scottish Government not only has to work in an effective way internally across different directorates to deliver climate change ambitions, but must, at the right points, look at how to deliver effective intergovernmental relationships between it and the UK Government. What we have not done is an audit of how well the UK and the Scottish Government are collaborating on delivering climate change ambitions, but a point that we made in last year's report is that the Scottish Government and the UK Government will, where relevant, have to work closely to deliver their shared ambitions on tackling climate change.

We are seeing some of that in the current debate over the timescales for the approach to heat in buildings. As we point out in the report that

we published in the past few weeks, the UK and Scottish Governments have different timescales for delivering measures on heat in buildings. Looking at one of the key planks of that strategy, I would say that a successful transition away from carbon-emitting heating systems to green systems will require significantly more capacity in the electricity grid. As some aspects of service delivery are reserved and some are devolved, there will have to be effective collaboration between Governments across multiple policy initiatives. It is, undoubtedly, an issue for both Governments to keep under close review.

Douglas Lumsden: Were any specific actions recommended in that report? You have mentioned the grid and the greater need for electricity as we move away from oil and gas, but did that report highlight any specific actions with regard to how the Governments might work together?

Stephen Boyle: Rebecca Seidel might want to say a bit more about this, but I would point out that we have not drilled down into the depths of how both Governments are operating with regard to their shared climate change ambitions. What has been the case, particularly since the UK left the European Union and the implementation of the United Kingdom Internal Market Act 2020, is that that particular issue will have to be navigated carefully by both Governments when they set their respective policy intents. Rebecca might want to say more, but what we have made is probably more of a high-level comment than an assessment of whether things are operating effectively.

Rebecca Seidel: The overall message from that report is on the importance of co-ordination and collaboration across the Governments. As emissions do not really see borders, achieving the overarching UK net zero target by 2050 will require collaboration across the Governments and prioritisation of action that will not only meet the devolved nations' targets but contribute towards the overarching 2050 target.

There are also opportunities for the Governments to learn from one another. We did not highlight any specific areas in that regard, but because each of the four nations has a different emissions make-up and takes a slightly different approach to achieving net zero, there will always be opportunities for them to learn from one another.

10:30

Douglas Lumsden: Did you find any good practice in some of the other devolved nations that we could copy in Scotland?

Rebecca Seidel: In the report, we did not highlight any specific good practice; we simply recognised that different approaches are taken

across the different nations. Obviously, the audit agencies in the other nations produce reports that are similar to those that the Auditor General produces in Scotland on delivery in specific policy areas. Some of those areas were highlighted in the report. The fact that the various Governments are all taking slightly different approaches is appropriate, given that there will be different challenges and different priority areas among the devolved nations. The devolved nations have different highest-emitting sectors, so it is appropriate for them to target activity in slightly different areas.

Douglas Lumsden: Politics often gets in the way and the four nations are often seen to be at loggerheads, but, underneath that, is there quite a good level of working together?

Stephen Boyle: I think that that is a fair assessment. The engagement that various directors in the Scottish Government have, primarily with their counterparts in Whitehall, but also with people in other devolved nations, is an important feature of their work. The director general for net zero and his team might be better placed to give you the specifics of that, but we know that such engagement takes place, because it is reported through the governance frameworks, risk management disclosures and so forth.

The Convener: Ben Macpherson has a follow-up question.

Ben Macpherson: The convener alluded to the fact that, in a democracy, ministers change. With climate change, we face a challenge that requires long-term attention and engagement. There is less change in the civil service at senior level. In your view, when it comes to intergovernmental working, is the official engagement that takes place in this policy area positive?

Stephen Boyle: I think that the director general for net zero and the permanent secretary would probably be better placed to give an informed view, but we have not seen anything to indicate that such engagement is not taking place. From what is reported in governance settings, it appears that such engagement is taking place and is helping to inform the Scottish Government's approach. If that were not the case, we would probably have had visibility of that by now. Nothing has come to our attention in that regard.

Ben Macpherson: That is reassuring.

The Convener: Because I am going to ask about heat in buildings, I remind everyone of my entry in the register of interests: I have an interest in a farming partnership and in property lettings. All of that is on the official register.

If you are at the cutting edge of technology and you are moving forward faster than anyone else, is

there a risk that that will cost you more money and that it will leave you open to more mistakes, with the result that you might have to come back and learn lessons from what you have done? If you charge ahead, surely you could find yourself out on a limb.

Stephen Boyle: Are you referring to individuals or to businesses?

The Convener: I am saying that if, as an individual part of the United Kingdom, you set targets that are in front of everyone else's targets, there could be a financial risk and a risk of investing in technology that might be unproven. Do you agree?

Stephen Boyle: It probably pushes the boundaries of my responsibilities to answer a question about policy choices. As you will know, one of the requirements of my role is that I must not comment on the merits of individual policies, including timescales for their delivery; rather, I look at the implementation of policies and whether that has been successful.

Our report points out that choices around prioritisation—whether they are to do with heat in buildings or more general governance arrangements—are more likely to be successfully implemented if good governance and risk management arrangements are in place and there is clarity around the implementation costs associated with them. In the round, over the past 11 months, we have seen good progress in that regard.

The Convener: Okay. I will leave it there. Bob Doris may come in now, but briefly, as I want to move on to the next questions.

Bob Doris: Thank you, convener.

This has been an interesting evidence session, and I have been listening carefully. Mr Boyle, you mentioned potential issues in relation to the United Kingdom Internal Market Act 2020. I was not going to follow up on that, but you made an interesting point about the fact that nations and regions are going at different paces, which might lead to what some might call divergence and others might call taking leadership in relation to tackling some of the issues that we face. It would be helpful if you could place on the record your reflections on the potential risks in that regard, given that that act now exists.

I might not get a chance to come back in, so I will ask another question, which concerns certainty about the capital expenditure that is required in the long term. In other committees, we always talk about multiyear budgets and certainty in investment. If nations and regions go at different paces and Westminster sets different capital budgets, with relevant Barnett consequentials, is

that a significant risk to delivering on net zero ambitions?

Stephen Boyle: I am happy to touch on both of those points.

Right at the end of our “Decarbonising Heat in Homes” report—I am not sure whether the committee has it to hand—we set out in exhibit 11 the contrasting timescales that the Scottish Government and the UK Government are operating to in terms of their heat in buildings strategies. Those timescales are all within 12 to 24 months of one another. Some aspects of the policy delivery are reserved and others are devolved, and the implementation of the 2020 act means that working on those aspects will require careful navigation by both Governments in order to deliver successfully for the citizens for whom they are responsible. The Scottish Government’s progress towards interim targets in 2030 and, thereafter, to successful delivery of its climate ambitions by the mid-2040s will have to be navigated carefully, together with the interdependencies that we touched on in discussion with Mr Lumsden, especially as that relates to the capacity of the UK grid. That will require careful handling and effective relationships on both sides.

On the capital requirements, there is no doubt that significant and potentially vast sums of capital investment will be required to deliver our climate ambitions, whether that involves adaptations or investment to transition away from carbon-emitting systems to green systems. As I mentioned a few moments ago, the scale of investment is significant and some of the current changes are important. Some £1.8 billion has been set aside over the course of this parliamentary session to deliver low-carbon systems, relative to an estimate of more than £30 billion to deliver the programme. Of course, the fact that that figure is an estimate is important, because the longer you project, the less certainty you have about how much expenditure will be required.

On the upside, we can expect new technology to reduce the cost of investment that is required. As we have seen over generations, technology is expensive when it is first brought in, but the price falls as people adopt and adapt it. There is a not unreasonable assumption that that may also be the case with heating systems.

On the current investment that is required, we know that there are constraints on the Scottish Government’s capital budget. The director general of the Scottish exchequer set that out quite clearly for the Public Audit Committee in her evidence last week. The UK Government budget brought, if my memory serves me correctly, around £300 million of revenue Barnett consequentials, but not capital Barnett consequentials. There are also newer

constraints on the financial transactions budget, which might have been a source to deliver some of the investment that is required for climate change ambitions. Those are all matters of policy between the UK Government and the Scottish Government, but they will all have to be reflected in a clear plan that is kept under close review to align with the interim targets and the longer-term ambitions.

The Convener: We will go back to Monica Lennon for the next set of questions.

Monica Lennon: I want to pick up on local government. We know that some councils have set net zero targets that are even more ambitious than the Scottish Government’s targets. From your work on Scottish climate governance arrangements and on Scottish councils’ approaches to addressing climate change, can you comment on how well placed our councils are to meet their net zero ambitions?

Stephen Boyle: I will pass your question to Rebecca Seidel. I note for the committee’s awareness that my responsibilities do not extend to local authorities in Scotland. They fall under the responsibilities of the Accounts Commission. However, Rebecca can answer your question.

Rebecca Seidel: At the end of 2022, Audit Scotland published a briefing for the Accounts Commission that provided an overview of councils’ approaches to addressing climate change. We found that there was quite a lot of variation between councils on when they had set net zero targets for, with quite big variations in the timescales for when they wanted to achieve net zero. There is also variation in what councils include in the scope of those targets, and sometimes even in the definitions of some targets. We highlighted a lack of consistency in target setting across councils.

We also reported in that briefing that, in some cases, there is quite a significant gap between the ambitious targets that have been set and the planned actions to reach the final target date. We called for more transparency about how councils intend to reach net zero—essentially, we called for a more detailed pathway to that—and what the challenges are in achieving that. We absolutely would not call on any public body to be less ambitious. Ambition is great in this area, but there needs to be more transparency about how people intend to meet their targets and what the challenges will be in getting there.

In that briefing for the Accounts Commission, we also called on councils to put climate change considerations at the heart of their strategic decision making. We called on them to start building those into policy, financial planning and decision making, and we identified some of the

challenges around doing that. For example, there is a lack of resources in a lot of councils to focus on climate change, and potentially a lack of skills and capacity. I think that the committee will be aware that, when it comes to making decisions and prioritising resources, one of the challenges around climate change is that some of the targets and ambitions seem so far off at the moment—the net zero target is 21 years away, for example—that prioritising climate change can sometimes be quite challenging. Councils have experienced that at first hand when they have had to make more short-term decisions about how to prioritise their resources.

Going back to the question about the targets, I note that there is variation and there will be some big challenges in meeting those targets. Councils need to provide more detailed pathways to show how they want to get there, and they need to be transparent about the challenges as well.

Monica Lennon: I appreciate that there are different targets and situations for different councils, but how confident are you that Scotland's councils can meet their net zero ambitions? Are the targets realistic?

10:45

Rebecca Seidel: We have not looked at that. We know that, as part of their public bodies' reporting duties, councils report annually on their emissions targets and that the Sustainable Scotland Network collates that data. However, Audit Scotland and the Accounts Commission have not done any work to assess how realistic the targets are or what progress councils are making towards them.

Monica Lennon: I want to ask about the Scottish climate intelligence service, which our committee recommended, because I believe that it is starting to come into effect. We have spent a lot of time today looking at the Scottish Government's role and the need for good governance and leadership. What more could and should the Scottish Government do to support local government to meet the collective ambitions to deliver on our net zero and climate obligations?

Stephen Boyle: That is a very broad question about the Scottish Government's role. We have seen that the Scottish Government is delivering on climate change responsibilities and playing a wider role in ensuring the successful implementation of Scotland's ambitions to meet net zero targets by the mid-2040s.

I am probably not in a position today to say whether the Government should be doing this or that to support councils more. We recognise—we touched on this in the two reports that have been mentioned, and particularly in the heat in buildings

one—that the Scottish Government cannot tackle the scale of the challenge alone. Effective engagement with businesses, individuals and other public bodies will be needed to deliver what is required for what we face over the next two decades.

A point that came up in the briefing that I gave to the Public Audit Committee is that there must be a transition to skills planning to support net zero ambitions and that that must give confidence to businesses. There must be a recognition of the opportunity that exists in the market. That must be led by the Scottish Government and the engagement that it has with businesses. Individuals must have the confidence to make the right investment, and they must get the right advice from Government. Councils, too, must be supported. At the risk of restating the fairly obvious, that is hugely complex, and it will require all parts of government—the Scottish Government, local government and the UK Government—working effectively together to make the change that is necessary.

Monica Lennon: It would be helpful for me to get a better understanding of where the balance of responsibility should lie between the roles of the Scottish Government, local government and all the other partners in between.

The point about confidence is really well made. However, to build confidence, we have to build certainty and, right now, a lot of people feel very uncertain about the policy direction.

I know that the convener will come in on heat in buildings, so I will leave that alone for now.

Perhaps Rebecca Seidel could return to the issue of the Scottish climate intelligence service. We had a recent update from the Convention of Scottish Local Authorities to say that the service is now up and running. Could you shed more light on that?

Rebecca Seidel: Probably not on the specifics of the service itself. However, one of the things that the Accounts Commission called for in its briefing was better collaboration not only between councils and partners but between councils to share learning, realise economies of scale and just to work better together. We identified that such collaboration would potentially allow for more consistency around target setting or the ability to make more informed decisions when setting targets. I think that the climate intelligence service will help to support some of that, so it is a really welcome development.

Monica Lennon: Can you point to any really good examples of collaboration? Obviously, at a high level, there is the Verity house agreement. In practice, where do we see really good collaborative approaches between local

government and the Scottish Government emerging?

The Convener: I am going to push you to give brief answers, if I may. You are looking at each other to find out who does not want to answer the question. Who would like to answer it?

Stephen Boyle: Instead of thinking on our feet, we may need to come back to the committee in writing with good examples of that.

The Convener: Okay. So neither of you will answer the question now, but we will get written correspondence at a later date.

I hope that Monica Lennon is satisfied with that answer, because I would like to go to Mark Ruskell for some questions.

Mark Ruskell: I want to build on Monica Lennon's point about where the balance of responsibilities should lie. On heat in buildings, local authorities have been tasked with devising local heat and energy efficiency strategies that will, no doubt, identify where there are opportunities for mass retrofitting of certain housing stock, establishing district heating schemes and so on. Is the governance around that working? Will the progress that is being made drive investor certainty? Is there the right balance of responsibilities, with local government identifying streets and opportunities on the ground, and national Government setting the overall strategy and a regulatory framework for investment? I realise that you probably do not want to comment on policy choices, but does that framework for dividing actions and responsibilities work?

Stephen Boyle: You are right that, ultimately, this is a choice about the structure of implementation of policy on heat in buildings.

There are contrasts with our earlier report. Overall, the governance around heat in buildings started in a strong place, but that does not yet give enough confidence that the strategy will be successfully implemented. Given the current consultation on the proposed bill on the subject, there are a lot of moving parts relating to heat in buildings. If the bill is implemented, it will change, to an extent, some of the timescales and targets.

The point about confidence and clarity of responsibilities is important. I apologise for labouring the point but, as I mentioned, the Scottish Government cannot successfully deliver that policy alone. It must work effectively not only with local government, as Mr Ruskell said, but with individuals and businesses. Our assessment in the report is that there is some way to go before we get clarity on policy intent and before individuals are clear about their responsibilities. Whether it is on changes as a result of the bill, in relation to

obligations on householders around low-carbon systems, or on individuals wanting to make earlier investment, people need clarity.

We are awaiting the results from the consultation on the bill. We are not currently flagging any concerns about the relationship between local government and the Scottish Government on implementation, but there is a wider challenge to successfully deliver the policy ambitions.

Mark Ruskell: On the role of Government support for individual householders, do you have reflections on how the Energy Savings Trust and Home Energy Scotland are operating at the moment? How effective are they, and what is their capacity, given the scale of the challenge that we face?

Stephen Boyle: There are a couple of issues. We did not audit the Energy Savings Trust in order to form a view on how effective it is in supporting individuals and allocating public funds.

It is important to emphasise that we did look at things retrospectively and reflect on the Scottish Government's approach to reducing carbon emissions from dwellings since the start of the 2010s. I am sure that the committee is familiar with that approach, which was about improving the insulation standards in Scottish homes. To all intents and purposes, it got there. Effective work was done by the Energy Savings Trust and others to improve the quality of insulation in Scotland's homes. That is clearly welcome.

However, I will slightly balance that by saying that it felt that the focus was more on that than on investment in and implementation of lower-carbon systems. There was progress, but there is more to do, for the rest of this decade, on the strand of decarbonisation.

Mark Ruskell: I also want to ask about the role of impartial information in allowing businesses and individuals to make choices. I note that, in its letter, which came out at the weekend, the regulatory review group on heat in buildings talks about

"The opportunity for public misunderstanding"

and

"conflicting messages ... coming in from a variety of sources including the media".

What are your thoughts on how the Government can ensure clarity of message, given the speculation that there often is in the media and given that vested interests will argue against particular policies that conflict with their own businesses? It can be quite confusing and difficult for the public to get a genuinely impartial view on what the best options might be for them.

Stephen Boyle: That is such an important point, isn't it? Members of the public face many conflicting sources of information on what will undoubtedly be a hugely significant investment for many households. As, I think, we say in our report, for the vast majority of people, the transition will be from gas boilers to low-carbon systems, and an understanding of tariffs, the unit price of gas relative to electricity and the service options that are available will inform whether people transition through choice or as a result of regulatory requirements.

In our heat in buildings report, we mention that one of the key pillars that the Government has emphasised the strategy's success hinges on is improving public awareness and access to reliable and impartial information. We also note that, in December, the Government published its engagement strategy for implementing the heat in buildings strategy. We recognise that the Government understands the importance of getting this right. It is still quite early days, given when the strategy and our report were published. There is recognition of the need to get this done properly, supported by risk management arrangements that, we say, are now further developed, with governance alongside them, but I cannot give you a clear or clean assessment of all that yet.

Mark Ruskell: Clearly, the risk register shows that there needs to be work on public awareness and access to impartial information.

Stephen Boyle: Yes.

Mark Ruskell: Okay.

The Convener: I am looking round to see whether members have any other questions, but it appears that they do not.

You have commented on the fact that heat in buildings is a huge problem. Indeed, I have heard a figure of £9 billion being trotted out for getting properties up to the required standard. That does not seem unreasonable; I did a brief calculation on social housing in the Highlands and estimated that we are probably talking about a bill of £300 million. If we are talking about £9 billion for social housing across Scotland, the interest on that alone will be £630 million a year without anything being paid back. It is a huge cost and the savings per house per year might be £400 on an electricity bill.

You have also talked about gas, but not everyone has gas. We certainly do not have it across the Highlands. I am therefore concerned that people do not understand the size of the problem. Do you share that concern? Do you also share the concern that, because of the huge amount of money involved, it might be difficult to get people in a cost of living crisis to buy into the targets?

Stephen Boyle: Those are all really relevant factors. Perhaps I can illustrate the situation with some numbers, if that will be helpful. In Scotland, there are 2.5 million homes, more than 2 million of which are on mains gas supply. However, as you have mentioned, people in remote and rural areas might have Calor gas or oil-powered heating systems. Transitioning to low-carbon systems will require effective engagement with the private sector, individuals having confidence and people having clarity about the price of the investment and what it will cost to run the new system.

There are a couple of other points that might be relevant. The Government has not specified a model of heating system that will work for all providers. Clearly, in a detached house in an urban area, an air-source heat pump might be the most likely. Before we mention remote properties, I observe that much of Scotland's housing stock is tenemental. To find the right system for those properties will require careful consideration. As well as air-source heat pumps, district heating systems will have to be considered, and there are also options for enhanced or modern electrical storage systems.

11:00

The scale of investment will be huge—there is no question about that. I already mentioned the £1.8 billion that has been set aside for a combination of grants, loans and on-going insulation activity over this parliamentary session. However, the contrast between that figure and the more than £30 billion that needs to be spent to deliver clean heating systems in Scotland is huge and significant.

That is a hugely complex project that will require many strands. Our assessment is that the Government understands those strands and what it needs to do in a complex environment with changing regulations and timescales. Effective engagement between the UK Government, the Scottish Government and local authorities will be needed. That will all require careful management, but the foundations of that, which build on the response to last year's report on risk management and governance, are in place, and things are moving in the right direction.

The Convener: I hear that. My concern is that there could be no district heating systems for some remote houses in Scotland because the house is the district. Most of them are probably 30 to 40 years old. In a broad-brush generalisation, it will cost £40,000 to convert a two-bedroom house to electric heating. I am not sure where people will get that money from or that they will buy into it if they do not see the benefits, which might result in only a small saving.

It is all right to look at the figures and audit them, but will we be able to get the results? Is the Government on track to get the results that it needs?

Stephen Boyle: I will not predict at this stage whether the Government will achieve the targets. Given the number of variables, the complexity of the challenge that needs to be addressed and the scale of the programme, it is too soon to say with any certainty that the targets will be met. However, in relation to the impact on individuals or groups in society, it is fair to say that the Scottish Government's proposals recognise that we do not all have access to the same resource to meet the challenges.

In relation to fuel poverty and giving people access to the right level of grants and loans, a just transition is part of the Government's thinking. It is one pillar of the Government's approach—rightly, if I may say so, in light of the scale of change that we have seen.

You mentioned cost of living challenges. To highlight the correct numbers, we set out in exhibit 3 of our recent report that 24 per cent of Scotland's population experienced fuel poverty in 2019 and that number jumped to 35 per cent last year. That illustrates the complexity of the challenge of transitioning to low-carbon heating systems while people are experiencing challenges with household incomes. However, it is reassuring that that is part of the Government's thinking and is factored into its transition approach. I hope that the committee sees that.

The Convener: I am glad that you are reassured.

There are no other questions, so I thank Stephen Boyle and Rebecca Seidel very much. We will push on, because we have another item to discuss in public before we go into private session. You are free to go, if that is the right expression.

Subordinate Legislation

Packaging Waste (Data Reporting) (Scotland) Amendment Regulations 2024 (SSI 2024/42)

11:04

The Convener: Our next agenda item is consideration of two negative Scottish statutory instruments: the Packaging Waste (Data Reporting) (Scotland) Amendment Regulations 2024 and the Ethical Standards in Public Life etc (Scotland) Act 2000 (Codes of Conduct for Members of certain Scottish Public Authorities) Amendment Order 2024—I swear that the titles get longer every time.

The instruments have been laid under the negative procedure, which means that their provisions will come into force unless the Parliament agrees to a motion to annul them. No motions to annul have been lodged.

Let us consider the Packaging Waste (Data Reporting) (Scotland) Amendment Regulations 2024. As the paper by the clerks explains, the Delegated Powers and Law Reform Committee has drawn the regulations to our attention on the general reporting ground on the basis that the explanatory note was too brief. The Scottish Government responded to that feedback by providing a revised explanatory note for the instrument, which the clerks have included in the papers for this item.

Do members have any comments on the regulations? It would be worth while putting on the record that the quality of the explanatory notes and policy notes from the Scottish Government varies considerably. Some of them are extremely good but, on occasion, the committee has felt that it was not provided with all the information that it required. Perhaps we should make that comment to the Scottish Government but not make any recommendations in relation to the regulations.

Bob Doris: I have no issue with that, convener. We should draw attention to the good work of the DPLR Committee, which has done its job well.

The Convener: Thank you. We will make sure that that is reflected in our comments.

Does the committee agree to make no recommendations in relation to the instrument but to note the comments that have been made?

Members indicated agreement.

**Ethical Standards in Public Life etc
(Scotland) Act 2000 (Codes of Conduct for
Members of certain Scottish Public
Authorities) Amendment Order 2024 (SSI
2024/39)**

The Convener: If there are no comments on the second instrument, I invite the committee to agree to make no recommendations in relation to it. Are we agreed?

Members *indicated agreement.*

The Convener: That concludes the public part of our meeting.

11:06

Meeting continued in private until 11:23.

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