



OFFICIAL REPORT  
AITHISG OIFIGEIL

DRAFT

# Local Government, Housing and Planning Committee

**Tuesday 16 December 2025**

Session 6



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Pàrlamaid na h-Alba

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**Tuesday 16 December 2025**

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**LOCAL GOVERNMENT, HOUSING AND PLANNING COMMITTEE**  
**33<sup>rd</sup> Meeting 2025, Session 6**

**CONVENER**

\*Ariane Burgess (Highlands and Islands) (Green)

**DEPUTY CONVENER**

Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

**COMMITTEE MEMBERS**

\*Meghan Gallacher (Central Scotland) (Con)

\*Mark Griffin (Central Scotland) (Lab)

\*Fulton MacGregor (Coatbridge and Chryston) (SNP)

\*Alexander Stewart (Mid Scotland and Fife) (Con)

\*Evelyn Tweed (Stirling) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Nicola Barclay (Built Environment—Smarter Transformation)

Gillian Campbell (Existing Homes Alliance Scotland)

Craig Hatton (Society of Local Authority Chief Executives and Senior Managers)

Ian Hughes (Construction Industry Training Board)

Councillor Gail Macgregor (Convention of Scottish Local Authorities)

Robert Nicol (Convention of Scottish Local Authorities)

Professor Sean Smith (Chartered Institute of Architectural Technologists)

George Tarvit (Sustainable Scotland Network)

Elaine Waterson (Energy Saving Trust)

Clare Wharmby (Scottish Climate Intelligence Service)

**CLERK TO THE COMMITTEE**

Jenny Mouncer

**LOCATION**

The David Livingstone Room (CR6)



## Scottish Parliament

### Local Government, Housing and Planning Committee

*Tuesday 16 December 2025*

*[The Convener opened the meeting at 09:30]*

### Decision on Taking Business in Private

**The Convener (Ariane Burgess):** Good morning, and welcome to the 33rd meeting in 2025 of the Local Government, Housing and Planning Committee. I remind all members and witnesses to ensure that their devices are on silent. Meghan Gallacher, Mark Griffin and Fulton MacGregor are joining us online this morning, and Willie Coffey has offered his apologies for the meeting.

The first item on our agenda is a decision on taking business in private. Do members agree to take items 3 and 4 in private?

**Members** *indicated agreement.*

## Draft Climate Change Plan

09:30

**The Convener:** The next item on our agenda is an evidence session on the draft climate change plan, and we are joined today by two panels of witnesses. On the first panel of witnesses, with whom we will focus on the role of local authorities in delivering the draft plan, are: Craig Hatton, climate change lead, Society of Local Authority Chief Executives and Senior Managers; Councillor Gail Macgregor, environmental and economy spokesperson, and Robert Nicol, chief officer, environment and economy, Convention of Scottish Local Authorities; George Tarvit, director, Sustainable Scotland Network; and Clare Wharmby, co-director, Scottish Climate Intelligence Service. I welcome you all to the meeting. You do not need to turn your microphones on; we will operate them for you.

I will start our questions with a general one about the current position with council delivery on net zero. To what extent do you have the sense that the current draft of the climate change plan would help you drive the progress that needs to happen? Gail, if I could start with you, that would be super.

**Councillor Gail Macgregor (Convention of Scottish Local Authorities):** Thank you, convener, for inviting us along this morning. Local government fully supports the plan and its delivery by 2045. On how we get there, the devil will be in the detail. We are committed to working with the Scottish Government to deliver the plan.

At this point, we probably need to see more detail on the deliverables. The plan focuses on Scottish Government policies, which are costed, but it does not take into consideration the role that we play within the just transition, the areas that we need to cover locally and how that work will be funded—that is, surety of funding and multiyear funding. We need to work with the Scottish Government to co-produce a route map showing who does what, when, how and where, and then ensure that the funding behind that is sufficient. Colleagues may wish to pick up on other areas.

**The Convener:** Does anyone else want to come in?

**George Tarvit (Sustainable Scotland Network):** We would concur with that. The Sustainable Scotland Network is a practitioners' network in the public sector—it includes local government plus the wider public sector. The plan is a substantial document; there are many references to important material, and the Scottish Government has done a great job of pulling various actors together. It is great to see a

stronger focus on the just transition in the plan. However, delivery is critical, and most of our members are asking where the implementation plan is. There could be more in the plan to give that surety about what the next steps are.

**The Convener:** That is similar to comments that we heard in our round-table session. Does anyone have anything else to add? Craig Hatton is on the point of saying something—come on in, Craig.

**Craig Hatton (Society of Local Authority Chief Executives and Senior Managers):** Thank you. I agree with what has been said. Resource in the form of multiyear funding is absolutely critical. Local government is committed to climate change mitigation. As noted in your papers and as has been well presented previously, most councils have declared a climate emergency, and clearly the ambition and desire are there. However, we need clarity about delivery plans.

We also need resource in the form of multiyear funding. We simply do not have the resource while dealing with all the other challenges that local government is facing. Equally, capacity and expertise are required. We have well-established networks—we work with SSN, the Edinburgh Climate Change Institute and the climate delivery framework. We are getting the infrastructure to support delivery in place, but we require the funding and clarity on the route.

**The Convener:** Gail Macgregor mentioned the idea that we need to collaborate on a route map. How should that collaboration take place, and what should the timescales be, given that a parliamentary election is coming up and that local authority elections will take place in 2027?

**Councillor Macgregor:** I think that there is an appetite to develop a route map. Again, through working with all stakeholders, including the Scottish Climate Intelligence Service, mechanisms are in place around the delivery framework. It is about looking at the short-term, medium-term and longer-term plans, and ensuring that, with all the partners in the work that we are doing to develop a delivery plan, those are co-produced with Government. We are aware of what has happened with previous funds and policies. For example, funding was put towards active travel, but the methodology and the means for councils to bid in for that did not work for local government. Through continuing discussions and working with the Scottish Government, we have created a more straightforward way of dealing with active travel. The same could cut across transport, heat in buildings and all the other things that we are entrenched in. Co-production with partners and the data and analysis that are emerging through Clare Wharmby's work will be very important.

**The Convener:** Is the framework of the Verity house agreement helping that better communication in terms of co-design?

**Councillor Macgregor:** I think that, within this brief, it certainly is. I am looking at Robert Nicol, who does a lot of the officer work, but, certainly within that political space, there is a real appetite for us to work together. We have a climate delivery framework oversight group—it will meet tomorrow afternoon—which includes me, the vice president of COSLA, Susan Aitken from the Scottish Cities Alliance and cabinet secretaries. It is a real step forward that we are in the room together. We are looking at the fine detail of what we need to do in transport, buildings and planning, who will do it and, ultimately, how we fund it and whether we have the skills and the capacity. We have to be cognisant that we have a £750 million shortfall in social care, so we need to ensure that Government fully funds our essential statutory work, which will enable us to get on with this incredibly important brief. This is not only about the climate delivery framework; it is about ensuring that the shortfalls in the rest of local government are covered so that we can get on with this work.

**The Convener:** Robert Nicol wants to come in, and then I will come back in with a supplementary.

**Robert Nicol (Convention of Scottish Local Authorities):** We have the building blocks in place. We have a good partnership arrangement with the Scottish Government through the climate delivery framework, which is embedded in the Verity house agreement. It has been operating for about a year. Given the timeframes that you mentioned, convener, I would like us to press ahead as soon as possible. It is very important that we make progress. Realistically, we will not develop anything that looks much like a delivery plan or route map until after the parliamentary election, but I would like to think that we can then make rapid progress, with priority for carbon budget 1, because that is absolutely essential to getting us started on this journey. If we do not achieve carbon budget 1, many questions will be asked about the credibility of the whole journey to 2045. We have the beginnings of it in place, but there is much more to do.

**The Convener:** Thanks. I have a point of clarification for Gail Macgregor. I had the good fortune to go to a fantastic event that was run by Moray Climate Action Network with Moray Council and the Scottish Climate Intelligence Service. It was tremendous. I say to Clare Wharmby that it was incredible to see the data and the way that councils can work with it. Gail, are you not only looking at the work that you need to do within the local authority and its estate, but taking leadership across the territory, for want of a better word?

**Councillor Macgregor:** Absolutely. The Scottish Climate Intelligence Service is still in its infancy, but it has hit the ground running. The data that is being gathered now will help us to benchmark and look at good practice, and it is great that councils are invested in that. However, we have to look at local government as an enabler. We have the authority, through planning, building control, building standards and all the other areas, so we can enable the private sector and other sectors to come on that journey. We need to be as efficient as possible. That is crucial, particularly with house building and developments.

**George Tarvit:** One thing to emphasise is that the whole public sector is covered by the Climate Change (Scotland) Act 2009 and the duties on public bodies under it. They relate to the functions of the public bodies, so it is not just about putting your own house in order. We have always worked in that context—that is, that one of the critical roles of the public sector is to help Scotland transition towards net zero.

One thing that we are all emphasising is that we are not starting from scratch. We have built a good ecosystem for delivery—we are very much focused on delivery and the messiness of putting a plan into action. Scotland is in a very advantageous position when it comes to shifting gear from the plan, which can be a very static document, into the very active process of making sense of it. The Scottish Climate Intelligence Service is bringing that data wraparound to allow us to see the route forward. However, we also emphasise capacity building, bringing different parts of the public sector together, and the public sector's role with local key partners.

**The Convener:** I wonder whether the message is filtering across. Gail Macgregor mentioned the £750 million shortfall in social care. Money and budgets are tight and we do not quite know what we will get until next year. One concern that I have had flagged to me is that, in some local authority areas, there are questions about the role of the climate team, which suggests that we are going backwards. Are local authorities getting the message that they need to prioritise this?

**Craig Hatton:** I am not hearing of any council cutting back on its climate team. Chief executives are absolutely committed to the climate change agenda. That is not to say that the environment around social care is not very challenging—it clearly needs significantly more funding, as Councillor Macgregor has laid out. There are other resource-intensive areas, such as education and policies on teacher numbers and class contact time, which puts pressures on local government finance. That is why we need additional funding that councils can direct towards climate change. I think that all councils are absolutely committed

and will not be cutting back, but it is an extremely complex and challenging environment.

**The Convener:** Sure. Certainly, climate is one of the Government's three stated collaborations under the Verity house agreement, so I would hope to see good funding in that space.

**Councillor Macgregor:** I totally agree with Craig Hatton, but I think that we need to be realistic, in that these are very small teams in local authorities, so we are talking about not cutting back on already very small teams and that lack of capacity. If we are to do more, we need more funding, both in revenue and capital. We need the right infrastructure in place, but we need people with the right skills in local authorities to assist with that journey. Small teams are very vulnerable because they are stretched.

**The Convener:** I will bring in Evelyn Tweed to go deeper into funding, skills and capacity.

**Evelyn Tweed (Stirling) (SNP):** Both Craig Hatton and Gail Macgregor have spoken about the infrastructure. If local government has enough funding and if multiyear funding is available, what would that infrastructure look like? What do local authorities need to make sure that they can deliver the plan?

**Craig Hatton:** First, at a number of levels, we need capacity, resource and expertise. Currently, the market is what I term “immature”. I say that because technology is rapidly advancing and what is the best solution today may not be the best solution for tomorrow.

09:45

In respect of physical infrastructure, the grid is a massive concern. I can give two examples particular to North Ayrshire Council, which I work for. The committee is probably aware that we recently opened two solar farms that we funded ourselves. We feed to the grid, and we take money from that to help support council services, as well as helping us to meet that net zero challenge. We first started developing those solar farms in 2016. We had several engagements with the grid and finally made an application in 2019, but they have only just come online. The grid costs have doubled, which creates uncertainty in developing a business case. The council are funding those, but if we had been looking for private investment that would have made it incredibly difficult. That is one example.

I also have an example of a community initiative, which is a solar farm on the Isle of Arran. The community was given a grid connection date of 2028 originally, then 2034, and then as of last week it had come forward to 2030. Who knows how long that date will stay in place? Such great

uncertainty makes it very difficult for communities to become energised in developing what are fantastic initiatives. We are working with that community group to help it to develop the necessary capacity and expertise, and to bring in the right people. That is a large variable.

However, in the council officer space, we have already set up great networks to develop the infrastructure. The Scottish Climate Intelligence Service, the SSN, the climate delivery framework and practitioner groups are all coming together to share expertise. However, the real priority is the resource required to deliver the plan.

**Robert Nicol:** The plan is so multifaceted and the requirements will vary from place to place. For the physical infrastructure, you have to look across the whole of local government at what you may need to do. I will pick a particular sector: transport. We have made quite good strides in recent years in respect of active travel, but we need to do more of that and to go faster. It takes capacity, capital and revenue resources within councils to support all those projects and developments. We need to do more of the same things, but faster and at scale. The big one—which I am sure that we will talk about at some point—is heat, and the infrastructure needed for heat, both in grid connectivity and heat networks, such as working with the market in heat decarbonisation in domestic premises and in public buildings. It is a very multifaceted question.

**Clare Wharmby (Scottish Climate Intelligence Service):** The other thing that is critical to making this work for Scotland is ensuring that the communities that are currently being left behind are brought along on the journey. A huge amount of work is needed to make the transition work for people. That often means working with communities that, frankly, are not the ones producing the largest amount of emissions. We need to invest in that, which means ensuring that travel and transport work for people, so that they have access to sustainable transport to get them to jobs. We also need to start by thinking about heat and energy efficiency to make it more cost effective for people.

A huge amount of investment is needed that will not produce a huge amount of emissions reductions. However, if we do not make that investment up front, it will be very difficult to keep communities on side. With multiyear funding, we will have the security of supply so that we can say to people, “This is happening and these are the benefits that you will get out of it.” We need to sell this transition better to people through demonstrating that yes, they do get access to jobs, better transport, well-paid green skills and lower-cost heating. That is fundamental.

**Evelyn Tweed:** How can data best be used to inform local authority progress in reducing emissions, and to what extent is that reflected in the plan?

**Clare Wharmby:** The Scottish Climate Intelligence Service is working on several things that are critical. First, we need to know where we are at the moment. However, that data set is pretty well defined—everyone knows the size of the problem. The second data set that we need—which we are surfacing a lot at the moment—is about what we are doing and how much we are doing. The third data set that we need relates to whether what we are doing is working at the rate that is needed and in the areas that we expect it to be working.

As an organisation, we are helping local authorities to surface what is happening. That data set is incredibly difficult to produce, because there is no standardised form for working out what an active travel network, a heat decarbonisation project or a community advice centre will do. We have to work through that. Further, we need to know what the indicators are of delivery and progress and what the indicators are that tell us that we are off track and how we course correct. There is a big cycle of data: what is the problem, what are we doing and is it working? We need to keep going around that loop.

What we need from the climate change plan is a clearer idea of the pace of different transitions. For example, with transport, it is quite difficult when you read the plan—and I have read the plan several times—to work out how much we need to get off through modal shift early in climate budget 1 in order to meet the targets. What is the expectation in relation to transitioning to electric vehicles? We need to be able to work with the Government to say, “Transitioning to EVs is good, but relying on an indicator, which is the number of EVs purchased, is unlikely to give you the early warning signals of when it has gone wrong. We are merely adding vehicles to the fleet.” A combined intelligence is needed between local government and the Scottish Government so that we can say what bits we need to transition early on and ask whether we are doing the right things at the right pace to make that change happen.

These indicators are often better than the emissions data set, because the emissions data set is very lagged—it is two years behind. If we rely on that, we will be out of time. We need to look at those early warning signals that come through local government. Local government is often very effective at picking up those data sets and understanding what they are doing. However, we need to ensure that that intelligence gets to the Government and back again.

**Evelyn Tweed:** Thanks. Are there examples of best practice and planning that are delivering for net zero, and how can that best practice be shared between local authorities?

**George Tarvit:** I can cover some of that. It is hard to pick a specific example. Craig Hatton, you are probably closer than anybody to some of them, and you have mentioned some already.

We have evidence from our mandatory climate change reporting that SSN manages. We have 10 years' worth of public body reports that we can delve into to find examples. Every analysis report that we have produced has a suite of spotlights or little case studies. We can share those directly from the reports that the public bodies produce.

SSN runs a range of initiatives, such as producing resources, holding events and sending out communications that are all about sharing examples of activity. One critical thing for us is to create that safe professional space where not only the good news stories are being pushed out but where people can learn the lessons of what has worked, what has not worked and what would help accelerate delivery elsewhere.

We could do much more if we had more stable and long-term solid funding. Some of that is starting to come through. Recently, local government has made a commitment to SSN in that respect. We have the means to do that sharing of best practice. As a practical example, last week at the SSN local authority forum, we had 80 delegates on the call and most, if not all, local authorities were represented. We looked at the climate change plan and shared what the implications are, so that everybody understands that they do not need to do the whole plan in one go.

We also have some funding from the Scottish Government to look at the relationship between local authorities and community climate action hubs. We share information collectively on a quarterly basis, so there is a level of sharing, but not an overload. I am working with our members to co-design and co-develop that work. We certainly have practical means.

The Scottish Climate Intelligence Service does a lot of area-wide work. Our colleagues in the Improvement Service are looking at bringing transition teams together within local authorities to enable cross-departmental learning in what works for delivery in different departments. More widely, there is learning on what works, whether that is engaging with, say, the top 10 employers in an area, or having the community climate action hubs.

**Evelyn Tweed:** On the point about sharing good news and bad news stories, that is so important for local authorities, especially when

looking at new technologies and doing things in different ways. Do people feel confident and safe enough to tell you the bad news stories?

**George Tarvit:** SSN has created a lot of trust, and people value that a lot from SSN. One great asset is the SSN steering group of practitioner representatives: representatives such as those at today's committee meeting are also copied in or welcomed to the meetings, and Scottish Government officials come along, so it creates almost a social capital that allows in-depth learning. That also helps our practitioners keep up to speed with policy changes within the Scottish Government, because that is complicated, and at times, quite opaque for those sitting in local authorities across the country reading the runes on direction of travel or looking to know when things are coming out. That helps to make sure that local authority officers are as prepared as possible. It is fair to say that the SSN has created that space, which is of long standing and well respected.

**Councillor Macgregor:** Just to give an example, six local authorities, including the City of Edinburgh Council, recently put together a structure for collaborating on EV infrastructure, which is absolutely brilliant. The City of Edinburgh Council is leading and doing the administrative side and a company has been brought in to maintain and look after the infrastructure. That is an example of good collaboration across six authorities. The authorities do not necessarily border with each other but by bringing that number of authorities together the scale made it worthwhile for a private company to bid to maintain and manage that infrastructure. I think that the three Ayrshire councils have a similar joint cross-border initiative. A lot of good collaboration is happening out there.

**Craig Hatton:** There is a long history of the local authorities working together. Back in the 2010s, under the Clyde valley waste partnership to divert waste from landfill, five councils came together to procure energy from waste plants and gain economies of scale. That has greatly reduced landfill gases emissions from those councils.

I refer to our solar panels in North Ayrshire because we were the first in Scotland to develop those. The Accounts Commission commended the work that we did with English and Welsh councils to gain that experience and expertise. We need to look beyond Scotland. Denmark is doing a lot of work. We are linking with Denmark through SSN about some of its practical examples, so that we can bring that best practice back.

When you are doing something new and different, mistakes will happen and things will go wrong. That is okay the first time but we should learn from that. Local government has a great

network to enable the sharing of those experiences, which I really believe is a safe space. That goes from SOLACE—the organisation that I am representing today—through to professional organisations such as SSN and wider officer networks such as the Association for Public Service Excellence. A wide forum is there, where people are not only sharing United Kingdom experiences, but also reaching into worldwide experience. There are numerous examples, and some of them have been given this morning.

**Clare Wharmby:** I agree with that. Scotland has a very effectively networked public sector because of the investment made in the existing networks. We work with a Swedish partner on the Scottish Climate Intelligence Service online platform, and it is constantly surprised at how much Scotland's local authorities work with each other. One thing that we are doing with that partner is building an intervention library, so that local authorities can share interventions as best practice on the online platform.

We also have a way for authorities to report barriers, and some local authorities have even asked to be spotlighted so that they can talk to others about what those barriers are. We are also trying to use the platform for surfacing other partner interventions, both through the SSN data set that is collected, and through the private sector. One thing that we are trying to encourage through the online dashboard is for people to see that there is collaborative multistakeholder action in an area, so that we can start to gain some confidence in the transition. If private and public partners are saying, "Yes, we are doing this. We are buying EVs. We are putting in heat pumps. We are putting in heat networks", that gives people the confidence that transition is happening.

10:00

We have a huge amount to be very grateful for in Scotland, in what we do, but those networks and the way that they work needs support and investment as well.

**The Convener:** We are going to move on. You started to touch on the regional partnerships, which is an area that Alexander Stewart is curious about.

**Alexander Stewart (Mid Scotland and Fife) (Con):** Good morning. Each council has an ambitious target to achieve; you have explained some of that in relation to the framework and the delivery plan, and you have touched on collaboration—it is welcome that that seems to be working well across a number of the regions.

You have all touched on investment. If sustained investment is not put into making this work, not much will be achieved. By having a

regional support network, you can share some of the cost and some of the burden on the budget but, without continued investment behind that, the aims are not going to be achieved.

You have made it clear that there is good collaboration, there is a good network and there is a good framework, but it would be good to get a flavour of how successful the work could be if such channelled investment existed. We have talked about multiyear funding and processes along those lines, which would help to make that happen, but if that does not happen, how successful or unsuccessful will this be?

**Councillor Macgregor:** That is a difficult question, because so many areas in this space need to be tackled. If we take transport as an example, we know that the car use reduction targets that the Government has set, which have been changed fairly recently, are absolutely not achievable in some rural areas. We must be absolutely realistic about that.

The city regions will have to do the heavy lifting on those targets, and pivotal to that will be having a good public transport system. In more urban rural areas, if we do not invest in public transport, if we do not improve our bus network, if we do not look at integrated ticketing, if we do not look at further concessionary travel, including rail travel, we will not encourage people out of their cars, and the car use reduction targets will not be met.

Meeting those targets will take a massive amount of investment, and a massive amount of skill and expertise will be needed in local authorities to reshape bus contracts and look at where the bus network needs to be working.

Transport is pivotal. Let us be honest—billions of pounds of investment will be needed. If we do not start to make that investment—whether that is through our regional transport partnerships or through regional collaborations—we will not reach the targets. We must be absolutely honest about that.

Local government does not have the funding to do that on our own, so the commitment will have to come from the United Kingdom Government and the Scottish Government—it is not just for the Scottish Government. We need to look at what others are doing in other parts of the UK. Manchester provides a good example, as it has an incredibly good public transport system and integrated ticketing, which has helped. If we do not look for that ambition, we will not meet the targets—pure and simple.

**Alexander Stewart:** Another major area is support for heat networks, which involves another rural and urban dilemma. People are being asked to put that into the system, but such targets are unachievable in certain areas—it will be easier for

councils that have the support or a bigger network. You have identified that the rural aspect makes it really challenging to create collaboration and partnership working. We know that, across the piece, it is not the case that one size fits all.

How can we square the circle to ensure that we invest in specific areas and bring on the talent and resource that we have across local authorities, partners and sectors that are trying to infiltrate such work? That will ensure that they can work hand in hand and get down the road towards the target, even if the target cannot be met completely.

**Councillor Macgregor:** Robert Nicol can speak to heat in buildings, but achieving the targets will involve collaboration with the Government. I sit on a number of forums with the Cabinet Secretary for Transport, and we have been clear that one size will not fit all. What people are doing in the Scottish Borders or Dumfries and Galloway will be completely different from what is being done in Edinburgh city.

We need to have flexibility and to have a funding distribution model that will fit all local authorities. I would say—Clare Wharmby probably has data on this—that the model is weighted towards city areas. The investment and subsidy are more likely to be seen in city regions than in rural areas, which does not enable our rural authorities to invest.

**Robert Nicol:** I will address some general points first. To go back to one of the first points that were made, you have to understand the challenge. To put the resources in the right place, you have to understand what the problem is and where it is. We need to get to that position and have a unified way of understanding what the local information is telling us and what the national information is telling us, so that we can take collective decisions. That will be difficult to achieve but, unless we have that and unless we know that information, we could put money in the wrong places.

When we have that picture, we can start to have the difficult conversation about aligning resources against the most important things. We want to get to that position in relation to the climate delivery framework. We are not there yet, but we hope to get there with whoever forms the next Government.

We recognise the importance of addressing heat in buildings—alongside transport, heat is the other massive sector. It has proven really difficult to put in place the things that are needed to make the progress that we want. The climate change plan has some positives, but it also moves a lot of the hard discussion into the future. We need to prepare for that and we cannot just wait for that to

happen—otherwise, we will miss the carbon budget targets in future years.

**Alexander Stewart:** You have identified that we need to be realistic about where we go with this. The Government believes that you will get there but, to be realistic, I think that you cannot achieve the aims without sustained investment, without a plan and without the long-term and medium-term support mechanisms; otherwise, we will be setting ourselves up to fail in some locations, which is not the goal of the process. The goal is to work together to make things happen but, as we stand today, I fear that we are nowhere near some of the processes that are needed.

**Robert Nicol:** I will come back on that a little. As an officer, I would want us to surface a lot of the difficult stuff. You are right that we do not want to be saying, “Oh, yes—we’ll be fine. We’re going to make it some day.” That is not how we achieve things. We achieve targets by breaking things down, looking at the problems, agreeing on who will do what and where the money will come from, and then pressing ahead. That is the methodology that we want to use. This is maybe different from what has gone before, but it is fair to say that we have not done as well as intended on delivery and that we want a big change in that. I have described the way in which we would want to go about that.

**Alexander Stewart:** Gail Macgregor touched on data. I ask Clare Wharmby whether some of the data is in the processes. How accessible is that? How realistic is it?

**Clare Wharmby:** We are producing the first cut of the data set, which we are analysing for local authorities and the Scottish Government. That is about the interventions that are in the system against different policies. We have an understanding of what policies are available to us, but we need to track that to what is being delivered. We are analysing what local authorities say is in progress or in planning on the ground versus what the policies say. We need to work out what those interventions will deliver in terms of transitions, which is what we need to make the policies work.

For different local authorities across Scotland, we know very well where the emissions come from—there is an effective picture of the different sectors. It is true that climate budget 1 will not be delivered evenly across Scotland because of the urban and rural divide and because of what happens in relation to transport and heat. However, we need to keep an eye out in relation to agriculture and land use in the future.

We need to make sure that we do not exclude from the funding process different solutions that are available. For example, shared vehicles could

be an effective transport solution in rural areas where an entire bus service cannot be supported, but we need to ensure that the available funding is flexible enough to deal with different options and different technologies as they become available. The funding needs to become a bit more technology neutral in order to support the solutions that will work for areas and deliver the transitions, which will provide benefits to rural communities.

We are starting to get a really good data set—it is probably better than what anyone else in the world has, because all 32 local authorities are submitting stuff at once. However, it involves a huge amount of work and effort by a very stretched team of officers to get the data in and to put it in a format that can be used to provide the analysis of what is working. I want to make people aware that there is an opportunity cost to doing such work, because a lot of officer time goes into it.

**Alexander Stewart:** Officer time is vital. You have huge demands on your time and your talent, but dealing with climate change is a major aspect of the Scottish Government's way forward, and I have no doubt that that will continue to be the case in the next session of the Parliament. It will take up a huge amount of your resourced manpower and management time. How do you balance that when you are trying to fit everything else into the equation?

**Craig Hatton:** That is challenging. If I think about how I use my time, dealing with social care and the financial picture for it is very challenging. I am here to represent SOLACE but, if I can talk about North Ayrshire, it has one of the highest levels of deprivation in Scotland—40 per cent of our residents live in deprivation. How do we make sure that we have the resource to deliver on climate change while trying to address the challenges around poverty and deprivation and the additional demands that they bring for our services, which result in some of the financial pressures that we face?

Such a situation is replicated across Scotland, so the question is incredibly difficult. I think that all council chief executives are committed to delivering on climate change plans and recognise the threat that climate change poses, which we need to address. However, there are intense competing priorities and, to be perfectly honest, social care is here today—it is in the here and now. People are starting to feel and see climate change, but not as much as other immediate challenges. That makes the environment very difficult. We require additional funding across local government per se, but we require additional funding to invest in addressing climate change, which is a really important area for us.

**The Convener:** I want to pick up on a number of things. I remind us all that we are talking about the climate change plan and about what the committee can recommend that the Government needs to do—one question is what we can recommend on your behalf. If people pulled their answers back to what needs to change in the plan in general, that would be super.

On the car share piece that Clare Wharmby brought up, the Government's just transition transport plan says that it wants more car shares, but I was involved in a car share scheme that had to wind up a year ago in October for insurance reasons. Craig Hatton talked about physical infrastructure, such as the grid, but we need to ensure that other kinds of infrastructure are in place so that we can carry out the climate change plan.

Another thing that has been sitting with me in the conversation, which Craig Hatton touched on, is the idea that social care is with us, whereas people are just starting to get climate change. However, climate change is with us. I am a member of the Rural Affairs and Islands Committee and I know that, if you come into contact with farmers or people who work on the land, they are really seeing the flooding, drought and wildfires—they are at the front end of that. That is filtering through, and more people are understanding that we are in the midst of a climate emergency—it is here with us.

10:15

Clare Wharmby talked about the need to involve communities that are getting left behind, but a bit of a message seems to be entering this space that we do not need to deal with net zero, yet all of us who are in this room today and all the people you are representing today understand that we absolutely need to deal with it.

I will ask a general question before we move on to specific policy areas. In your responses to the next questions, will you give your thinking on how we can support the Scottish Government to run with this? I do not know whether this might involve the Scottish Climate Intelligence Service, but what do we need to do to bring more people on board with recognising that we are in the midst of climate change? It is not starting—we are in it and we should have been taking action 30 years ago. The situation is so difficult now because we are having to act all of a sudden. In my region, Highland Council is dealing with so many wind farm applications, and people are—understandably—distressed by the intensity of what needs to happen.

**Councillor Macgregor:** I will chip in first. There were lots of questions in there, convener—thank

you. On taking our communities with us, I think that Craig Hutton is absolutely right that we know from consultation in local areas—we are good at working with our communities—that there can be a bit of resistance to active travel schemes, because some of the climate change agenda does not seem to be as tangible to a lot of people.

As a recently retired farmer, I know the absolute challenges of the weather; someone who is entrenched in that has their mind to it. However, if all that a person is worried about is getting a meal on the table for their child after school, their child's free school meal and how their nana needs social care, they are not concerned about a walkway or cycleway. We need to consider how we take our communities with us, how we consult them and how we ensure that what we are creating locally to mitigate climate change chimes with our communities. That almost involves a level of education and includes what we are doing in schools. Behavioural change will not come if people do not buy in. Consultation and taking people with us are pivotal.

On supporting the Government with the climate change plan, if I were to be a critical friend, I would say that it is a high-level plan. There is no question but that we are absolutely signed up to it, but we need to see the delivery framework, which is the route map that the Net Zero, Energy and Transport Committee suggested in its inquiry. At the moment, the plan is incredibly high level and very policy driven, and it is not telling us what we need to do, who needs to do it, how they will do it, who is going to pay for it and when it will happen. We need that granular detail to flow from the plan, because that involves the work that our officers and stakeholders will be doing. A high-level plan is great, but it does not tell me what tangible things I need to do in Lockerbie to ensure that we meet our targets.

**The Convener:** I will now invite members to ask questions on specific policy areas, some of which we have touched on, and we will see where we get to with that, again remembering that we want recommendations for the plan.

**Fulton MacGregor (Coatbridge and Chryston) (SNP):** Good morning. It has been an interesting session so far. As the convener highlighted, I know that you have touched on some of the issues that I am going to ask about, but I will ask my questions anyway.

Before I do so, I apologise to our witnesses for any background noise that they might hear—unfortunately, the sound of the washing machine is unavoidable from where I am sitting, and I am not sure whether you can hear it.

On the local heat and energy efficiency strategies, I know that, in their submissions, some

local authorities expressed concerns about their capacity to deliver heat networks in particular. What progress have local authorities made on the development of the local heat networks, and what do you think is needed to drive those strategies forward?

As I am not in the room, I am quite happy to allow the convener to suggest who should answer.

**The Convener:** I saw George Tarvit indicating that he was going to pick that up.

**George Tarvit:** Thanks for the question. Local heat and energy efficiency strategies have been part of an important common approach across the local authorities, and it has been fantastic that all 32 have worked on that requirement together. I think that you heard evidence on the issue from colleagues at Highland Council in a previous meeting, and our comments would chime with what they said. As is the case with the climate change plan, we are at the start of a process, with work going on at the strategic level, and people are looking for support to help them drill into what Gail Macgregor was talking about in terms of what needs to be delivered, when, how and by whom. People are looking for that shift from the strategy phase into the planning and delivery phase.

A range of individual social and material challenges face those who are responsible for LHEES in terms of the clarity of policy signals regarding how we are going to deliver the strategy and what the route map is. The balance between gas and electricity prices is always one of the first things that comes up in relation to this issue, and it is really important to tackle that in order to take advantage of the potential around electricity-based renewable technologies. There are also issues around capacity, certainty and consistency. We have LHEES officers who have experience in terms of pulling these plans together, but we need to think about how we hold on to that talent, invest in that process and take it forward.

The last thing that I would say—it is maybe an issue for Clare Wharmby—is that the Scottish Climate Intelligence Service and the ClimateView platform have been really useful resources in terms of helping accelerate the process. At least we had that common approach to area-based LHEES planning in place that could then fit into the SCIS process.

**Councillor Macgregor:** I will briefly touch on other spaces that I work within. Local heat and energy efficiency strategies are quite a big area of discussion within our high-level group on planning performance, which will meet again tomorrow. We have been looking at retrofitting, listed building consent and all the things that present a challenge to private landlords and home owners who want to bring their properties up to a certain standard. I am

not suggesting for a moment that we should suddenly start to delist buildings across Scotland—we will always treasure our precious ones. However, we must be realistic about the fact that we have a lot of old buildings, particularly in rural areas—when was the last time you saw a cottage being built in the countryside?—that are not fit and will never come up to a standard that will enable them to help to meet our heat in buildings target. We need to have conversations around planning and some level of relaxation or permitted development rights. Again, we must be careful not to bring about any unintended consequences, particularly in relation to the private rented sector and fuel poverty measures, that could reduce the housing supply.

**Fulton MacGregor:** Moving on, I am interested in how councils are improving energy efficiency and decarbonising their own stock. What are your views on the Scottish Government's proposed target to decarbonise heating systems by 2045, and what local authorities can do to contribute to that?

**Craig Hatton:** Our own housing stock is a real challenge because, without funding coming in, the sizeable investment that that work will require will have to be funded through rent increases, which will have an impact on tenants. Most councils are developing plans, but, again, funding is a big issue. We need to think about how we can support that investment in a way that does not place a burden on tenants and mean that we end up with disproportionate rent increases for our residents. Councillor Macgregor has mentioned some concerns in the private sector and the rented private sector. Where will the burden of cost lie? That is a real concern, and we would like there to be Government help and support in that space.

A combination of technologies will be required to deliver local heat networks, as not all areas are suitable for large developments. We would be looking at using public sector buildings and large anchor organisations—almost using a community wealth building approach—to help support the necessary baseload for local heat networks. However, in many areas outside the major conurbations we would be looking to use air-source heat pumps and would need to think about how we can develop those and introduce them at scale through an area-based approach.

**George Tarvit:** We are working reasonably closely with the Scottish Futures Trust, which has an estate management layer approach to the decarbonisation of the public sector estate. That is an indication of the way in which we need to proceed, ensuring that climate change is embedded within public sector disciplines. Rather than seeing it as another thing on the list to tackle,

it should be embedded in how we would manage our estate.

That links to an earlier point, as one of the key aspects of the climate change plan that could be enhanced concerns the importance of public engagement or consumer engagement—you can approach it in terms of citizens or consumers. The public sector has a huge role to play in terms of public engagement, with regard to building up confidence. One of the key things that we could draw on is the fact that we have quite a range of diversity within the public sector. Letting people hear about the near-term impacts of climate change from trusted voices that they might not have heard talk about the subject before—for example, people in the farming community, emergency services or the cultural sector—can often cut through very effectively when you are trying to change behaviour. People in the public sector could play a very active role in that public engagement process because they know their business across a range of disciplines.

**The Convener:** That is a great suggestion.

**Clare Wharmby:** Going back to the recommendations about the plan, I would just say that a target is not a policy; it is a target. It might be a useful backstop to give people a framing of the situation but, without a clear idea of the levers that are going to be used to enable that target to be delivered, it is just another target. As Gail Macgregor said, we need to know exactly the who, what, where, how and when of delivery over the carbon budget periods. We need to know how we are going to eat this elephant bit by bit, because there are an awful lot of buildings to decarbonise and some of them are very tricky, so I think that, when we look at the plan, we have to be ruthless about ensuring that it contains policies, not other things.

**The Convener:** Thank you for that clarity.

Craig Hatton talked about the need for investment in this area. Are we making the best use of the Scottish National Investment Bank? Could it support the funding of retrofitting social housing stock? The money needs to come from somewhere and it could end up coming from people's rent increases, which would be terrible in many situations. Could we get investment from the Scottish National Investment Bank in the form of a long-term loan? Can local authorities tap into that?

**Robert Nicol:** That option has some limitations. We will need to check the position, but I think that the Scottish National Investment Bank is quite limited in the way that it can invest its resources.

The general question about how we secure the necessary resources—not just from public funding but from other sources—is the right question to ask, and I note that the Scottish Government has

done green finance reviews on heat in buildings. On what is missing from the plan in terms of heat, I totally back up what Clare Wharmby said: we need the detail of how we get there. However, that needs to be matched by the money, and I mean money in the broadest sense: the issue concerns how the economy will adapt to deliver what is needed.

The public sector input will be a component of the investment, but it will not account for all of it. We need to understand how big that public sector component will be, what we need to do in that regard and the levers that we need to pull, but we also have to consider where the other money will come from that will enable us to do what needs to be done over the broader timeline towards 2045. I suspect that parts of the work will be done at different paces, so—although I do not know this for sure—the public sector money might need to come first, with the private sector money coming in after that. We need to understand all of that in order to make those delivery decisions in future.

10:30

**The Convener:** At the moment, companies are buying up bits of Scotland to plant trees in order to achieve their carbon offsetting targets. An architect called Craig White gave a presentation in Parliament and talked about the idea—which I do not think originated with him—of taking that a step further by looking at locking up carbon in housing through retrofitting and building with Scottish timber. Instead of planting trees and having them potentially being taken down by storms or whatever, which means that we would not be certain that the carbon would be locked up, we could ensure that the carbon was genuinely locked up by using it in houses. I have not had a chance to delve into that suggestion, but I think that it is interesting with regard to our thinking about building housing stock in the future and also retrofitting existing stock. There is potentially something there.

What are your thoughts on the Scottish Government's plans for the energy efficiency standards for the private rented sector? Do you think that that will help us get anywhere with regard to climate change? I accept that that target is just a target, but is that a helpful policy that will help us get somewhere?

**Councillor Macgregor:** I will turn to George Tarvit in a moment. It is a helpful policy for us to get there but, again, we must think about the unintended consequences, particularly for those in the private rented sector. I will give an example. In my part of beautiful Dumfries and Galloway, which is very rural, there are very old houses, and landlords and estates are really struggling to bring them up to an energy performance certificate

standard that will enable them to continue to be rented out. Are we suggesting that we are going to make people homeless if we cannot meet that standard, which will require millions of pounds-worth of investment? The target is honourable, absolutely, but it cannot be reached at the expense of people who need a roof over their heads.

There needs to be a bit of flex in some circumstances until such times as the work can be done, or perhaps there could be a time limit that enables that investment. The same would apply in villages and towns where registered social landlords cannot bring all their properties up to standard immediately. How we manage the policy in our local areas is important.

**George Tarvit:** I do not have anything much to add other than to recognise that the private rented sector is important. The issue is complicated in the sense that there is always a short-term profit incentive in the sector. It strikes me that there is a real need for patient capital. We are talking about an investment in Scotland's infrastructure and we need to think about how to get patient capital into that space. There will be difficulties in the rental sector, because, often, it involves short-term lets and people looking for payback on their investment in the shorter term. Therefore, there is a need for more patient capital in that space.

It strikes me that the Scottish Government and local government are an anchor in terms of bringing that more stable investment capital into that space, and we need to ensure that the investment has long-term public benefit. The public sector is in a stronger position to invest in the opportunities that will give a good return on the investment. The discussion needs to move from a focus on the near-term cost implications to a focus on getting more patient capital into that space.

**Clare Wharmby:** It strikes me that this is partly a conversation that involves the banks. When banks lend mortgages, there is an asset. If the asset is at risk because there is a standard that someone is not going to meet, you end up with a potential cliff edge. However, I think that what we are trying to do here is ratchet up the market to deliver the necessary change. We do not want to have a cliff edge where people are left with a property that is either unrentable or unmortgageable; we want to create a sustainable market that also delivers the other things.

Going back to the question about how we can sell this, we need to explain that climate solutions are also solutions to lots of other problems, and that the retrofitting of the housing sector has a huge potential for jobs creation. The projects involve spending money in a way that creates local jobs and local tax revenues that provide benefits to communities. That is a different way of

doing it. Using cliff-edge targets that say that something must be done by a certain date is less effective than having a slow ratcheting over time, so that the housing and jobs markets can adjust and the mortgage companies can start to price the issue into how they offer capital. We need to get that capital to move, but that has to happen sufficiently slowly to enable us to get the benefits from it.

**The Convener:** That is a good point. We need to think about the infrastructure piece, as well as the issue of insurance. What you have said is interesting, because it seems to me that someone needs to enter this space. Leadership needs to be shown by local authorities or individuals who realise the job creation potential and the opportunity that exists for companies to enter the retrofit space. We will need such companies all over the country, so some initiative needs to be shown.

I am aware of someone in my region who has just painstakingly retrofitted their own cottage, which involved going down the road of learning and understanding all aspects of the process. They are now considering whether to take that further and set up a business, because they have an incredible amount of knowledge that could be shared, but, as Clare Wharmby said, we need financing to be available so that private home owners can take that leap.

I have a few more questions to ask. Staying on housing, I would be interested to hear what your thoughts are on whether we need to have a bit more clarity with regard to building standards and planning. At the moment, we use timber frames, and we congratulate ourselves on doing so—we say, “Yes, we use timber frames whereas, south of the border, they don’t use timber frames.” However, we still use concrete blocks in the walls, which involve a lot of embodied carbon.

Is there a need for more clarity in that space? I know for a fact that it is possible to build great buildings using timber. There is the potential to use more Scottish timber, but simply by using timber in general we can get the embodied carbon out of what we build. Does the plan need to be clearer on that? The issue is about not only what we emit, but what we emit through embodied carbon emissions.

**Robert Nicol:** I am not an expert on building standards. Craig Hatton used to chair the buildings standards futures board—that job has now transferred to another colleague.

A very active discussion is under way about the future of building standards and the standards that we will need for future buildings, and that discussion brings in a wide variety of issues.

Obviously, heat and—increasingly—cooling are factors in that, but other factors are at play as well.

I do not think that we are able to answer your question at this point, but I suggest that it would be interesting to ask the Scottish Government how the building standards component of the plan will support its delivery, as well as how we should shape building standards in the light not only of the types of individual building that we need, but of the volume of buildings that we need, because that is important. We probably do not have the detail to say what types of construction would be needed, so I could not answer that.

**Craig Hatton:** It is a really interesting space. I will say two things. First, it is clearly easier to build to modern climate change standards than it is to retrofit. That is the case every time. Higher levels of energy efficiency will always be achieved that way, so I absolutely believe that there should be a focus on that through building standards and building regulations.

Equally, however, we must consider the life cycle and lifespan of buildings that we construct in Scotland and the wider UK and the materials that we use, because people invest many hundreds of thousands of pounds in a home that will retain a value. It is important that the materials that we use and the construction approaches that we take maintain a quality that will last for decades. That is what people are looking for.

It is important that we get the right balance. In the context of adjoining properties, the use in house building of dense materials is the best way of absorbing sound. If we start to change the approach, we need to look at how the use of different techniques that require different levels and styles of workmanship could spread into a range of areas, including neighbour disputes and antisocial behaviour. The point that I am making is that we are talking about a far broader issue, which we should not look at only through a climate lens. We must look at things in the round and not just in isolation.

**The Convener:** Thank you for that.

I have another quick question. The building materials are an issue, but so is what we are building. I have an interest in co-housing. That relates to the aspect that Clare Wharmby brought into the conversation, which is that we do not immediately think, “This is directly related to climate change and reducing our carbon emissions.” The national planning framework 4 talks about placemaking and local neighbourhoods, which, in cities, are 20-minute neighbourhoods. In other communities, it talks about sustainable living. In rural communities, they are not quite 20-minute neighbourhoods.

Co-housing offers the idea of built-in community, which involve a lot more shared resources—shared spaces and shared transport. There is a natural fit between co-housing and things such as car sharing. Mention has been made of the need to look at other countries. Co-housing is embedded in the Danish system—municipalities take it into consideration when they develop their equivalent of local development plans. They say, “This is a place where we believe that co-housing could happen.”

There are some Scottish local authorities that are familiar with co-housing—I would say that Moray Council is one of them. Is that something that you might consider, even if the Scottish Government does not introduce legislation that says that that must be done by local authorities across the board? Might you look into that? Is that a direction of travel that volume house builders could potentially take? In Denmark, co-housing has historically been a grass-roots thing, but construction companies are now coming in and taking it forward.

**Councillor Macgregor:** I do not know an awful lot about co-housing specifically, but our regional economic partnerships are an example of what can be done. In the south of Scotland, we have many stakeholders round the table, and housing is one of our three key priorities. We now have a strategic plan for the south of Scotland. It is pivotal to that that we identify what type of housing is needed in communities.

For example, in Langholm, we need more one and two-bedroom properties. Providing such properties will enable elderly people to move into smaller properties in a kind of co-sharing environment in which they feel safe, which will free up the three and four-bedroom houses that families need.

It is a question of identifying at local level what is required in a settlement—what infrastructure is needed, what schools are needed and how many nursery places are needed. We need to look at the totality of that. At the moment, in some areas, I am not convinced that we are building the right types of houses. We are still very much building generic two, three and four-bedroom houses when, in fact, people are living alone for longer. We are not tapping into that market or encouraging house builders to go down that route.

**Clare Wharmby:** I have a point to make that cuts into the embodied carbon aspect of the issue. There are various tactics that we can use to make resources lower carbon. Craig Hatton mentioned the lifespan of buildings. Building things for longer means that we attenuate the embodied carbon over a longer period of time, which means that the carbon in use becomes more important. We can increase the intensity of use, including the

intensity of use of space, by sizing things correctly. Weirdly, that goes for cars as well as housing. Low-carbon materials are another aspect. In a way, those are all strategies that we should be using to decide how we can get the best return on our investment in our transport infrastructure and our housing infrastructure.

10:45

Sometimes, we end up focusing narrowly on batteries or concrete. Embodied carbon life cycle assessments require a holistic view to be taken of how a resource will be used over its lifetime and how we can make that as effective as possible. If we are going to spend carbon to do it, we need to think about how we can get the best use out of it. That is why there are risks with the move to EVs and lots of heat pumps. We need to think about whether that is the best use of the resources that we could use. The same goes for the grid. We have a grid that has been designed around peak use when there is a lot of temporal arbitrage to be had as well.

It is partly a question of looking at the various strategies and policies and asking whether we are considering all the possible strategies that we could be using to decarbonise the entire system.

**The Convener:** There is lot more nuance in what you have said. It seems to me that you are getting at the fact that the plan needs to contain granular information so that you can deliver it.

**George Tarvit:** The plan could maybe emphasise the importance of innovation—not just technological innovation but social innovation—in this space. Co-housing is an example of a solution that people have found to the sustainability challenge, but it is just one example. In the grand scheme of things, it probably feels a bit too much of a fringe solution. It would suit a certain percentage of the population. One of the weaknesses of the plan is the fact that it looks at some of the big-ticket issues; it is quite mainstream. There might be a need for the plan to recognise the importance of innovation.

For me, that throws up the challenge to local government, which is the capacity of the planning system to deal with innovation, diversity and so on. There is a knock-on impact with regard to the ability of local government to respond to communities and to empower them to find their way in this process. All of that is important, but the skills and capacity issues are particularly important.

**The Convener:** I have a couple more questions to ask, and I will give you a little hint about them. I will ask one question on waste outcomes and another on transport—which we have touched on

already, but I would like to explore a bit more—and on renewable energy.

Have you a sense that the draft plan gives clarity on what will be expected of local authorities in delivering outcomes on the waste aspect and on how that work will be resourced?

**Robert Nicol:** I will start and then perhaps others can fill in. If there is one area of national policy where we at least understand what is happening, it is waste. That comes from our good working relationship with the Scottish Government. The issue with the waste aspect is that many things are happening on that more broadly across the UK. For example, the extended producer responsibility scheme has recently been introduced. Although it has just started, money from it is beginning to flow into councils that can be used for a variety of purposes in the areas of waste, recycling and the circular economy. We are also waiting for the introduction of the UK deposit return scheme, which should have similar results. There are many external factors beyond what is happening here. Other such factors include the shape of the economy in general, what people are buying and the shape of waste markets.

As for what we want to see being achieved, we want to work with the Government on the statutory code of practice that stems from the Circular Economy (Scotland) Act 2024. That is a big, important piece of work for us and will have sizeable implications for councils and involve sizeable resources. Some of those resources might come from the extended producer responsibility scheme, but we cannot be sure about that. There are real complexities there.

Compared with the heat and transport sectors that we have talked about so far, the waste sector is just as important but it is much smaller. It is a very important part of the picture and it touches people's lives but in terms of carbon it is comparatively small. We need to understand that and respond accordingly.

Other factors are also worth recognising—for instance, the UK emissions trading scheme applies to energy from waste plants, which can have a knock-on cost implication for councils if they have to put money from waste to energy or to energy from waste. It is a very complex scenario for what amounts to 3 per cent of the emissions. There is a lot in there, but we are working very well with the Scottish Government so if there is one area that we probably understand reasonably well it is where we need to go in waste.

**The Convener:** So we are winning on waste in general.

**Robert Nicol:** I hope so. *[Laughter.]*

**The Convener:** Do not speak too soon.

**Craig Hatton:** We should think about the progress that has been made on waste in the past decade. When recycling collections and wheeled bins were first introduced people were against them, but if we tried to remove them now there would be outrage. There has been massive progress on waste, but the focus now needs to be on buildings and transport.

**The Convener:** I would like to ask about transport. You might have touched on this already—although our conversation has been really good, it has been a long one, so I am not certain. Based on the indications in the plan, transport is clearly one of those sectors. Have you a sense of what the role of local authorities will be in delivering on the transport aspect?

**Councillor Macgregor:** Transport is probably one of the most complex areas that we are dealing with at the moment. As members will know, 40 per cent of transport emissions come from car use and 68 per cent from entire road use, which is incredibly challenging.

Fundamentally, it comes back down to investment in our infrastructure and bus and rail networks and trying to encourage people out of their cars, otherwise we simply will not meet the targets. I am sure that Clare Wharmby will have a lot of data on EV infrastructure and use. We need to escalate that shift, but again it is about dealing with the unintended consequences. We must take the public with us, and the process has to be just. Everything that we ask or expect of the public will be difficult for some people, and we must acknowledge that. Some will simply never be able to afford to make the move. Investment from both the UK and Scottish Governments will be absolutely pivotal. Transport is probably the single biggest issue that we are dealing with.

**Robert Nicol:** As we said at the beginning of the discussion, transport is a really critical policy area for delivering carbon budget 1. It will be critical right the way up to 2045, when it will begin to taper off as we hope that by then we will be making emissions reductions. As Councillor Macgregor said, 40 per cent of emissions come from transport and 68 per cent of them come from road transport, so we can see the correlation between delivery of carbon budget 1 and car use.

There are a lot of moving parts. To be fair to Transport Scotland, it has done a lot of analysis of the problem, so we understand that. It is not that we do not understand what we need to do; it is more a question of seeing how we go about it, how we do what needs to be done and, ultimately, how we equip the public to make different transport choices. Those are the most important things.

It has not been mentioned in detail this morning, but the climate change plan puts a lot of emphasis on electric vehicle uptake over the next five years. The projections in there are ambitious, and we must be alive to the fact that if those ambitions are not realised that will have consequences not just for transport but for the entirety of the carbon budget's delivery. Lack of delivery on electric vehicles and other measures that support our ambitions is one of the warning signs that we must be watchful for, because that will determine whether we will be successful overall.

To echo the previous discussion on public transport, it is absolutely critical to provide viable alternatives, but we will not be able to shy away from having other, harder conversations. For example, some councils will potentially seek to do road charging as well. That is not a conversation that we necessarily want to have, but we must be prepared to do so if we want to meet our future obligations.

**The Convener:** At some point, the Climate Change Committee indicated the need for a 20 per cent reduction in private car use. That then points in the direction of the real need for reliable public transport infrastructure that you have mentioned. There are certainly challenges there. I take public transport to and from work. Sometimes a train is cancelled and I have to take the bus instead, as happened last week. The bus was late initially because the driver hit traffic coming out of Aberdeen, which meant that he had to have a longer break when he reached Inverness, which then meant that the bus was 40 minutes late overall. I am used to that. However, if people have to choose between the convenience of either getting in their car and getting home or waiting for a bus on a cold night, there is a difficulty there.

Are the roll-out and potential expansion of the under-22 bus pass scheme helping? The aim is to get young people used to using public transport and understand that it is reliable to a point, even if it is not 100 per cent reliable.

**Councillor Macgregor:** Reduction in car use is a really interesting area. Things have shifted so that there is around a 16 per cent reduction in emissions and a 4 per cent reduction in mileage. Every journey that I do not take with my car is good. That is absolutely the case.

The under-22 bus pass scheme has had its challenges as well as successes, but the scheme can only be as effective as the bus network. For example, for a teenager in Ecclefechan the under-22 bus pass is not of huge value, but for a teenager in Lothian or Glasgow it is great—absolutely brilliant. Again, investment, particularly in rural bus infrastructure, is vital, to ensure that we know where we need to have buses and what times they need to run at, so that, for example,

they will tie in with an 18-year-old getting to their Sunday job. It is about having local knowledge. The scheme has been great, but it does not benefit those who live in predominantly rural or remote rural areas.

**The Convener:** Based on my experience in the region that I represent, I certainly agree on needing to have the right infrastructure in place. In every press release that I have put out about travel for under-22s I have always included the need for the network to be improved.

Does anybody want to talk about the role of local authorities in delivering on the renewable energy aspect?

**Robert Nicol:** It is not my area.

**The Convener:** Craig Hatton, the question is being passed to you.

**Craig Hatton:** It is very painful. Renewable energy presents a great opportunity for local authorities. They can develop business cases with the SNIB, which we spoke about earlier, or with funds that used to be managed by the Public Works Loan Board. There are many opportunities for councils to get a return to support their budgets.

There are networks for sharing our experiences. For example, South Ayrshire is developing a solar farm and all the councils across Scotland and the wider UK are looking at that approach. There is definitely an opportunity for councils there. In our case there is what I call a triple bottom line: it is good from a revenue perspective, it is great for the environment and we are using some of the money to support local communities with their own initiatives.

It is incredibly painful, though. If I could change one thing, it would be the role of National Grid and the grid providers. Uncertainty is caused by the constantly changing environment and the lack of responsiveness. Our manager who was dealing directly with that organisation described it as the most difficult that he has ever had to deal with. We have so many parameters there that it would be very easy to give up when you have so many demands on your time in the climate change space.

**The Convener:** Earlier you spoke about a farm—not the Ayrshire solar farm, but a community one—where they had a date that was shifted from 2028 into the 2030s and then back to 2030. Were you, or they, able to scrutinise why that change happened? Can we get to the bottom of why National Grid is being so—

**Craig Hatton:** You are almost getting into Winston Churchill's definition of the Soviet Union back at the end of the war there. It is impenetrable.

11:00

**Councillor Macgregor:** To reinforce that point, NESO—Robert Nicol will have to remind me what the acronym stands for, because it has gone out of my head—is doing a piece of work that is akin to a local development plan around energy infrastructure and the plan that we need for the next 10, 20, 30 or 50 years. Across Scotland, we are finding a desire for investment in solar and other renewables, but there is no grid link and there will not be until, as Craig Hatton said, 2032, 2035 or 2040.

The work that NESO is doing around that infrastructure plan is about where we need more load and why we need it there, which will help to get the big energy companies to invest in that infrastructure. However, without that, we are shackled by what we can do or what we can encourage communities to do.

**The Convener:** Is that something that needs to be addressed in the climate change plan?

**Councillor Macgregor:** Potentially, yes.

**Robert Nicol:** The intersection of the climate change plan and broader UK policy is really interesting. NESO—the National Energy System Operator—which is relatively new, is working really closely with councils and trying to engage with them. Its regional energy strategic plan could be quite powerful, but it is not in place yet.

At the COSLA board that Councillor Macgregor chairs, members frequently raise the importance of local energy projects to their areas and of ensuring that communities get genuine benefit from the infrastructure that is developed. That is not a new issue, but it is becoming more acute, and not just because of onshore wind farms but because of a whole lot of other different types of infrastructure, including, increasingly, battery farms. We have to recognise that people will look at that infrastructure and wonder where the benefit is for them. Electricity prices are staying the same, so what is in it for them? That issue is one that keeps coming up at our committee. We work with NESO and with the Scottish Government, but it is a difficult area because of the intersection of Scottish and UK policy.

**The Convener:** You talked about benefit, but I am also hearing calls for ownership and for some kind of real, genuine stake. What do you think about that?

**Robert Nicol:** It is a good thing.

**The Convener:** So we need some more support from the Scottish Government to pave the way, describe the situation to renewable energy companies and help the process become easier.

**Robert Nicol:** Probably. Great British Energy is a new player in this area as well. There are lots of different parts to this, and for people to navigate that they must understand who is doing what and who they should go to first. There is an interesting conversation to be had about how that intersects with the climate change plan.

**Clare Wharmby:** We are going through an enormous system transition with the electricity grid, so it is easy to forget that, essentially, what we are trying to do now is electrify the two other big energy users in the system. I have spoken to people at SP Energy Networks who say that to deal with this we need to build in 20 years what we have built over 200 years.

There are two points. As Craig Hatton said, there is an opportunity around renewables. There is a benefit to be had, and keeping that benefit locally within the public sector is very important. However, it is also about enabling the local authorities, which are probably the bodies that really understand the transition to electric vehicles, heat pumps and heat networks and where it is going to happen spatially, to communicate that to NESO. Local authorities hold that future temporal planning space and if we make sure that they have the capacity and skills to communicate that effectively, we will be able to plan the system's needs out better in the future without that becoming a problem.

There is a risk that is not really talked about in the plan but we need to think about it. As we decarbonise transport very heavily in the first period, we potentially soak up an awful lot of our grid capacity that we then need to decarbonise our heat system. We need to work out how we flex the system to allow temporal displacement of use, or we need to work out where we need to put things in, or we need to constrain some parts of the system in order to have bits later on. There are big system risks when we are transitioning to an entirely different energy system. Local authorities need the capacity, skill and time to be able to communicate effectively with the national operator about what that temporal planning looks like and about the fact that it will change. It is iterative; it is constantly moving, so we need to keep it up to date.

**The Convener:** Certainly, having seen what you do, the database interface seems to be an incredibly useful tool for local authorities to use to do some of that factoring.

**Clare Wharmby:** We have spoken to NESO, which is also very interested in it. We hope that it will enable local government not to have to double handle data but to be able to put it in once and then for that communication to be more effective.

**The Convener:** That would be great. I think that is maybe why you are called the Scottish Climate Intelligence Service—we need some intelligent service in this area.

I have to draw our conversation to a close. It has been really constructive to hear from you all, and it has been good to have different representations from different parts of local government this morning. We very much appreciate your views on the plan and I am glad we were able to pull the discussion back to the plan. Thank you so much for joining us.

I suspend the meeting briefly to allow for a changeover of witnesses.

11:06

*Meeting suspended.*

11:11

*On resuming—*

**The Convener:** With our second panel of witnesses, we will focus on the role of advice and support for the public, the skills and training that are needed to deliver the draft climate change plan, and the plan's building outcomes. We are joined in the room by Nicola Barclay, chair, Built Environment—Smarter Transformation, otherwise known as BE-ST; Gillian Campbell, director, Existing Homes Alliance Scotland; Professor Sean Smith, honorary fellow at the Chartered Institute of Architectural Technologists; and Elaine Waterson, policy manager for Scotland, Energy Saving Trust. Online, we are joined by Ian Hughes, engagement director for Scotland, Construction Industry Training Board. I welcome you all to the meeting. There is no need for you to operate your microphones; we will do that for you.

I have a couple of initial general questions. The first one is for you all to respond to, and I will go to Gillian Campbell first, because I know her. I would be interested to get the Existing Homes Alliance Scotland's views on whether the draft climate change plan is going to drive the progress that we need to reduce emissions and build on the previous climate change plan.

**Gillian Campbell (Existing Homes Alliance Scotland):** Thank you for the opportunity to give evidence today. I have a fairly short response to that question, to be honest. Clearly, we welcome the ambition that is set out in the plan and we welcome the recognition of the importance of fuel poverty as part of the picture. However, to be honest, there is no detail on any new policy in the climate change plan, and we are pretty clear that doing more of the same is not going to deliver what is required.

**Nicola Barclay (Built Environment—Smarter Transformation):** I welcome the opportunity to give evidence on behalf of BE-ST. BE-ST is our national innovation centre for construction and the built environment, and our mission is to accelerate the just transition to a zero-carbon built environment.

We feel that the climate change plan is a start, but it is certainly not going to take us where we need to get to. It should not focus on clean heat alone; it needs to take a much more holistic, retrofit approach. We need to talk about repairs, maintenance and building fabric, and we cannot miss the opportunity to look at climate resilience as well. Climate change is not something that is going to happen; it is already happening. Heavy rain and strong wind have impacts on our existing building fabric, so we need to look at that as part of the plan as well.

We also need to look beyond a home-by-home piecemeal approach. That is not going to shift the dial. We need to look at housing archetypes on a systematic basis to make any progress on this. I am sure that we will come on to detailed questions on that later.

11:15

**Elaine Waterson (Energy Saving Trust):** Thank you for giving us the opportunity to provide evidence today. We are obviously very pleased that the plan has been published, and we welcome the ambition in it. We particularly welcome the commitment to transition to clean heat by 2045. From our perspective, it is also really positive that the plan recognises how important it is to make the journey as straightforward for people as possible. Within that, it is important that there is nothing along the way that discourages people from either starting or continuing their journey towards installing energy efficiency measures and clean heat.

Many of the actions that are listed in the plan are things that the Scottish Government is already doing. It is very good to see the commitment to maintain existing advice and other support. Many of these programmes are viewed very positively: they do good stuff, and they are the envy of other parts of the UK. However, we are going to need to see huge increases in the scale of action over the coming decade, and the detail of how that scale-up will be achieved is not terribly clear in the climate change plan. Having that detail is important because it would provide certainty, and having that certainty is important for scaling up delivery and for the supply chain. It is also important for householders, so that they can make informed choices, for example as their boilers reach the end of their lives.

Although it is not totally clear at the moment whether the plan will drive the progress that is needed, it looks like the detail of how that big scale-up will be achieved might be in the heat in buildings strategy and delivery plan, which the climate change plan says will be published at the end of next year. I think that that will be an important publication.

**Professor Sean Smith (Chartered Institute of Architectural Technologists):** On behalf of the Chartered Institute of Architectural Technologists, I thank a former colleague, Professor Sam Allwinkle, who is chair of the education and skills board at the CIAT, for producing our written submission to the committee.

The climate change plan has ambition, but is it a plan? Not really—it lacks the detail that you would expect to see in a plan, and it lacks the deliverables in terms of where the skills investment is going to be made. The prioritisation of key areas is lacking, specifically in relation to rural housing and rural communities. There is a lot of great work going on in Scotland that the Scottish Government is funding, but it is not mentioned in the plan. One therefore wonders whether, when the report was written, there was engagement across all the departments to see what is going on and what great work the Government is funding. Information about that was certainly lacking from the document.

When we look ahead in terms of specification and the points mentioned by others, if you are going to scale up you need archetype approaches. That is not new; it has been mentioned many times before. For example, it was mentioned in the report of the zero emission social housing task force as a priority four years ago. It took a year for the Government to respond to that ZEST report, and even then the follow-on actions did not happen. That is a real gap. We talk about the lost decade, and I think that we have experienced some of that in some of the issues that have arisen.

**The Convener:** I want to give Ian Hughes an opportunity to speak, because he is online and it can be difficult to come in. Do you want to come in on this general question, Ian? It is fine if you do not want to.

**Ian Hughes (Construction Industry Training Board):** Good morning. Thank you for inviting the Construction Industry Training Board to the meeting.

We of course welcome the direction of travel in the plan as published. However, we have concerns about its deliverability. There are 13,000 construction companies in Scotland at the present time—small and medium-sized enterprises, micros and large enterprises—and 8,000 of those

companies are registered with the CITB. They are our customer base in Scotland, so we have a vested interest in supporting that part of the private sector, as they will be the main delivery bodies in terms of the plan itself. Workforce planning, skills requirements and the scale of what is required are not covered in the plan. I am sure that we will discuss that this morning, and that is ideal. Our own research estimates that up to 9,000 new jobs will be required to deliver the plan. That is based on academic research that we published in the past six months, which we will refresh in Scotland on a regional basis next year.

We welcome the plan, but, in terms of workforce planning, skills requirements and the skills landscape in Scotland, I think that there are bigger conversations to be had.

**The Convener:** We will have a few more questions on that later, to go into a bit more detail.

You do not all have to answer this question, but I would like to get your views on the Scottish Government's new proposal to legislate for heat in buildings following the election—we were all hoping that it was going to happen in the current session—including the proposed target to decarbonise heating systems by 2045. Maybe Nicola Barclay could come in on that initially.

**Nicola Barclay:** Sorry—what was the question?

**The Convener:** It is about the Scottish Government's proposal to legislate for heat in buildings after the election, including the proposed target to decarbonise heating systems by 2045. We were hoping that that would happen within this timeframe, and now we are stretching things out there.

**Nicola Barclay:** Yes. To address Professor Smith's point, we have had a lost decade and the drifting of policy is not helping any of us. As I said in my introductory remarks, climate change is not going to happen—it already is happening, and the lack of urgency is frustrating and disappointing for all those people who could be part of the solution.

If we want to have a clear, solution-focused approach as a nation, we need a clear pipeline of work for Ian Hughes's members to scale up. They need to know what is coming down the track, what they are going to be building, what they will be retrofitting and to what standards, so a clear direction of travel is needed. BE-ST has done a lot of work in looking internationally at other examples of countries that are doing it, so that we can learn from them. We have a learning exchange, and they have a huge amount of information.

Ireland is an excellent example of that, which I encourage the committee to look at. I am happy to share more information on that. Ireland's national retrofitting strategy has been going for, I think, four

or five years now. It started off with two one-stop shops, back in 2021, and there are now over 20 of them around the country. They have just got on and done it, and they have not been held back. They are providing fully funded grants to alleviate fuel poverty, and they are working hard just to get going. The biggest frustration, sitting here, is that we spend a lot of time with plans and revised plans, pushing dates beyond election cycles, and we are not good at getting on and doing it. I think that that is what holds us back.

BE-ST is an innovation centre. It is a facility that is there for everybody to use. I extend an invitation to the whole committee to come and see all the work that we are doing. Come and have a look at Scotland's national retrofit centre—it has been retrofitted itself, to demonstrate what can be done. It is all open-source data, and everybody can learn from it using home-grown materials. It supports the circular economy. There are so many win-wins in the work that is being done there, but we need to amplify the message and scale it up across the country.

I may not have answered your question exactly, but I have put across some points that I hope are useful.

**The Convener:** You have pointed to the general frustration about our not getting on with things quickly enough.

**Professor Smith:** I agree. One of the issues with the buildings is that industry needs that pipeline. It needs that direction of travel for the investment in skills and for the partnerships with CITB and others for the courses and training that go on and with other skills bodies that are out there. If you create this void, where will that investment come from? Will people take on additional apprentices or will they wait? If they wait, we will miss so many months—half a year or longer. It would have been useful if the Government had done it in phases and said, “We’ll focus on this type of housing stock, and this is our plan”, so that we could crack on with it and you could start to make funding arrangements and set targets, still keeping it generic to a point.

Previously, there was criticism—understandably—because of the potential to increase fuel poverty, so the Government was probably right to take a step back and look again at it. It probably did not help that the front cover of the previous consultation draft had only heat pumps on it. I am surprised that other industry sectors did not take the Government to court for promoting one technology over others, particularly when there are Scottish manufacturers of other technologies beyond heat pumps that have not been mentioned at all. The current climate change plan document suggests that the plan will be technology neutral, but heat pumps are mentioned

about 14 or 15 times throughout the main document. If we really want to drive forward and help the industry with the pipeline, we need to be able to recognise and illustrate to the sector what technologies will be permitted to provide heat in buildings, so that it can plan and gear up.

**The Convener:** The committee has been made aware that, in the fuel poverty space, solar thermal for heating could potentially be very helpful in some existing buildings.

**Gillian Campbell:** A lot of time and effort and stakeholder engagement have gone on in the past few years in relation to the heat in buildings bill, so it is disappointing that it did not come to fruition and was not introduced—particularly given that the Climate Change Committee recognised its potential to offer a blueprint for the rest of the UK. However, we are where we are, and we see the draft buildings and heat networks bill as a starting point that we can build from, subject to whatever happens over the next few months.

We do not, though, think that the draft bill goes far enough. It is incredibly high level and it is a short draft bill. There are no interim regulatory triggers, for example, to drive action—that is similar to the point that I made about the climate change plan. There is no detail in there that shows how we will get there, what the pathways will look like and what will trigger the additional activity. A single heat decarbonisation target of 2045 is good, but it is not sufficient to drive activity on the scale that is going to be needed over the next couple of decades.

Similarly to the draft climate change plan, there is nothing in the bill that gives confidence that the target will be achieved or that decarbonisation of our heating will happen in a way that is phased, manageable and achievable by the supply chain. Without a phased approach, there is a risk that you will end up creating bottlenecks. If we are just gearing towards the 2045 date, there is a risk of creating bottlenecks towards the end of the 2030s, as the supply chain just will not have scaled up appropriately and will not be able to meet the demand. We think that there should be additional legislative triggers—for example, at the point of sale of a property or at boiler replacement—to make sure that we have a phased and managed transition.

The part of the draft bill that contains the energy efficiency elements gives huge powers to ministers, but they are not particularly well specified and it does not give any assurance or certainty that the powers will be used appropriately. So, it really does not add anything to the debate.

One of the biggest risks and challenges that we have in retrofitting homes is the fact that different

standards are applied to different tenures, and there is nothing in the draft bill that suggests that that will be rectified. We anticipate that the private rented sector minimum energy efficiency standard will be introduced at some point over the next few weeks, although time is passing. We are also still waiting for the outcome of the social housing net zero standard engagement and consultation and to hear what is happening on that. So, it still feels as though everything is separate, which is not going to work for place-based retrofitting.

I will just add a final point on the draft bill and the heat networks side of things. The draft bill gives broad powers to ministers, but there is little focus on the consumer end of this and tackling fuel poverty as part of the rolling out of heat networks.

It is early days. The draft bill is a starting point, but it still needs a lot of work.

**Ian Hughes:** The more that the net zero timeframe is compressed, the greater is the number of workers who will be required to achieve it—that is a simple market fact. I reiterate what colleagues have said about the need to give businesses confidence in the pipeline. That confidence will allow them to invest not just in their workforce but in technology and in research and development. They will be part of the solution at the beginning of the journey.

11:30

We are seeing that in the Highlands and Islands just now. We have between £50 billion and £100 billion of infrastructure investment in the pipeline from the Scottish Government and other public bodies, which is giving civil engineers, in particular, the confidence to invest in their technology and their people. We can see that happening, and we have had a number of announcements from Westminster regarding housing investment as well. The climate change plan probably does not have that confidence built into it at the present time, so we need to focus in on that, because that would allow the private sector to engage at the level required to deliver such ambitious plans.

**The Convener:** We will move on to public engagement and confidence building, advice and support. I will bring in Evelyn Tweed.

**Evelyn Tweed:** Before I ask my questions, I have a quick supplementary on Professor Smith's point about the draft plan and the fact that the Scottish Government had done a lot of good work already that was not included in the plan. Could you share any examples of what that work looked like?

**Professor Smith:** On the skills front, the Edinburgh and south-east Scotland deal was the first city region deal in the UK to have a specific investment in skills that was focused on upskilling. It was not for business as usual and it was not for apprenticeships—it was not allowed to be used in that shape and form. It was for upskilling and new entrants coming into the sector; £6 million was invested in the region over a period of seven years, and it has had a huge impact on the number of people trained and upskilled. For example, 200 EV charging installers were trained by the colleges in the region in preparation for, hopefully, further work, and people were trained as solar and PV installers and so on.

It has been great, but that is not mentioned here and, when you look at the numbers in that short span of time and the number of people who were upskilled and trained, it was tremendous. There are good messages out there and models of how that was done. Now, of course, that seven-year period is coming to an end. You have built a fantastic regional approach and we hope that the Scottish Government will look at what we call IRES 2, which is the integrated regional employability and skills programme for the region. That will include more architectural technologists—a key area of specifiers for low-carbon buildings, along with architects—but also predominantly short courses upskilling a transition workforce to move into the sector in the south-east of Scotland.

There are good examples there of that investment in skills and how it came about. There are other good examples of where elements of funding were used on a small scale, such as support for the Energy Training Academy at Dalkeith, which is one of Scotland's best new training facilities, driven by industry and funded by SMEs. A little of the city region deal funding went into that, but all those SMEs that are directly employing people and training more people to come in are having to fight, bargain and delay the pipeline to get any funding from the Government. Therefore, they are going to England, and they are getting funding from England to train the English workforce. That is one of the best facilities that we have in Scotland, yet it cannot get direct Scottish Government investment. Under IRES 2, the request to the Scottish Government is to link the colleges with a few of the private training providers and their training infrastructure, which would then accelerate delivery.

**Evelyn Tweed:** Do you feel that the draft climate change plan provides a clear plan for public engagement in the building sector to enable behavioural change?

**Gillian Campbell:** No is the short answer. To elaborate a little, the Scottish Government

published a public engagement strategy back in December 2023, but we have not seen a great deal of progress since then. The Existing Homes Alliance and others have been talking for years about the importance of public engagement and raising awareness, which should come way in advance of any regulatory intervention, so people are warmed up for it, are anticipating it and understand why regulation is being introduced and what it is intended to deliver.

There is stacks of research that shows how critical awareness raising and public engagement is and identifies where the gaps are. The Existing Homes Alliance carried out some research a couple of years ago with BE-ST that looked into this and ClimateXChange has also commissioned research. We know what needs to be done and we know what the gaps are. One of the important things that the climate change plan and subsequent documents need to do is recognise that people are motivated by different things. Public engagement should appeal to those various motivating factors. I suspect that we will come back to this later when we talk about incentives and other things. A lot of people will be motivated by warmth and comfort, so we need to raise awareness of the potential benefits to households in improving the levels of comfort through making their homes more energy efficient and decarbonising their heating. For some, financial benefits will be the main motivator, so we will need to engage specifically in raising awareness of the financial benefits both in property valuation and in potentially lower running costs if it is done well. For others, climate will be a motivator.

The climate change plan needs to recognise those different motivators and respond appropriately to make sure that people understand why they are being asked to switch and understand that there are not just benefits for the climate but all those hugely beneficial associated factors that will enhance people's lives.

**Evelyn Tweed:** How effective is the existing framework of advice services for energy efficiency and heat decarbonisation, and what scope is there for improving and developing those services?

**Elaine Waterson:** At the Energy Saving Trust, we deliver the Home Energy Scotland advice service on behalf of the Scottish Government. That provides advice to householders across Scotland on energy efficiency, clean heat, water saving and renewables. It is also the referral route into the Scottish Government grant and loan schemes and also fuel poverty schemes, such as the warmer homes Scotland scheme. It is a very successful scheme. The number of people that it provides advice to varies, but I think that the latest figure is around 95,000 households a year, and it is consistently rated highly by high levels of the

people who use it. The advice service results in many people taking action. Around 40 per cent of people who get verbal advice from Home Energy Scotland go into at least one measure and another 40 per cent say that they will install something within the next year. It does really good things and has a big impact.

Obviously, the existing advice services deal with the level of demand that we have at the moment but, if we are to meet climate change targets, that demand will need to skyrocket if we are to achieve enough installations of clean heating and energy efficiency. That suggests that approaches to advice need to change, as delivering that scale of advice will mean doing things differently. For example, we need to offer more digital self-service options so that people who can use them and take themselves through the journey do use them. In that way, support will remain accessible and affordable for everyone and the people who need that extra support can access it. I think that advice will definitely need to change over the coming years to be able to cater for the huge increase in the number of people who will need it.

**Professor Smith:** Skills were mentioned once in the main document. Consumers were not mentioned at all in the main front document, so there was this disjoin. There was a reference later to occupants, but the element of the risk to the consumer in relation to awareness and engagement was not detailed. Part of the reason why the industry is keen on archetype solutions is that they enable you to go to the public and say, "Here is your typical house"—it could be a timber frame, it could be a four in a block or it could be a tenement—"Here are before and after, and here are different types of solutions, technologies or measures."

That is why we set up the Centre for Net Zero High Density Buildings, which is funded by the UK Government. Scotland is in a difficult position versus the rest of the UK. We have a high proportion of flats—38 per cent—and Edinburgh and Glasgow are 68 per cent and 73 per cent flats. The highest quantity of low-income or key workers are in flats, yet the area that is least offered for advice is probably flats.

Through our partnership with BE-ST and other organisations, we are testing various archetype solutions to try and drive that forward. All those solutions will then be published via Retrofit Scotland's website, which BE-ST manages. Instead of us going off and publishing something in a different location, we have agreed across the University of Glasgow, the University of Strathclyde, Edinburgh Napier University, the University of the West of Scotland and BE-ST that we will use Retrofit Scotland to help the consumer to see before and after.

The one thing that I would add to that is that, in terms of the consumer in this document, there is so much about heat and not about climate change, because there are so many other things that we need to do to our buildings to get them right. If you speak to some of the installers out there, they are concerned, as is Historic Environment Scotland, about the levels of moisture in buildings. We should be doing building condition surveys before undertaking any works of any grant funding given the scale of what is there.

The final thing on the consumer is that the document does not even refer once to health and safety. We are in the electrification enlightenment. Years ago, when you went to a gas installer, you knew that they were a CORGI fitter; now you go to the Gas Safe Register to find out if that is the correct person. There is nothing to advise the consumer at the moment where they should go to find out that the electrician who has come to their door is on a registered list of approved contractors. There are fire risks from the battery technologies that are going into housing, and there is a lack of guidance. In 10 or 20 years' time, our future generations will look back and say, "Why did you not do it?" I think that we need stronger consumer safety, and that would not be difficult to do. We have major organisations such as SELECT and other electrical and industry sector organisations that would probably be happy to be listed on a Government-accredited website that people could go to in order to check the installer.

Just to finish off, if I may, a few weeks ago, I went to see someone who had just moved into a house, which was a 1950s build. They said that their cooker was not working properly. I went in. This is a learned person. I looked at the cooker and thought that something was not right. It was switching and clicking all the time. I said, "Where is the switch for the cooker?" They said, "There isn't one." I said, "Where is the plug for the cooker?" "There isn't one." It was on an island that someone had built in the kitchen. We then ripped off the skirting boards and found the fridge, the freezer and the cooker plugged into one extension socket that went into one socket wired directly to the wall.

If we are not getting basic safety right in signing off buildings for sale or for rent, which is a standardised approach, look at the amount of electrical operations and works that are coming into buildings. We need something there to help and protect the consumer.

**Gillian Campbell:** Just to build on some of that, HES is an excellent foundation. It is a brilliant starting point. It is a service that is universally available to anyone, and it has been the envy of the rest of the UK for some time but, as Elaine Waterson said, demand will need to increase over

the next few years. The way the system is structured just now, HES would not be able to respond to that demand. Even with increased digitisation of services, the scale of demand will be such that HES will not be able to respond, and the type of demand will change as well. Although the advice and support that you get through HES will be sufficient for many households, a large number of households will need more intensive engagement.

On the points that Professor Smith has made about safety and assurance, there is the idea of a one-stop shop or a retrofit agency that people could access in order to get end-to-end support. Someone who wanted to retrofit their home would visit that one-stop shop or retrofit agency, and it would work with them to develop an appropriate plan for their property and help to implement it and project manage it. It is building on what we already have but trying to plug some of the gaps in service provision.

There are some organisations that are already beginning to provide that service. Loco Home Retrofit is a co-operative in Glasgow, and Changeworks has the EcoCosi service that does exactly that. They work with home owners; they develop a plan that is appropriate for them and appropriate for their home. They can help them to phase implementation dependent on their financial capacity, and they can provide that assurance and make sure that it is the right technology that is being installed in the right way and provide post-installation support as well to make sure it has been done properly and to required standards. Such services are provided in other parts of the UK as well and other parts of Europe. They are becoming increasingly prevalent in parts of Europe as they move towards meeting minimum standards. They are chargeable services that do not need to be paid for by the public purse.

Going back to the point about regulation, those services, as with the whole supply chain, will be able to thrive and grow and start to meet growing demand only if that demand is there, and that demand needs to be driven by the introduction of regulations that set out clearly what it is people will need to do over the next couple of decades and by when. Then the whole supply chain, including those retrofit agencies, can step in and say, "We will help you to do that. We have the confidence to invest in growing our businesses." That will help to get us there.

11:45

**Nicola Barclay:** Just to add to that, I think that we all agree that we need to ramp up the public awareness with a campaign that makes people aware of their responsibilities towards their buildings, including the repairs and maintenance

that they should be doing and ensuring that they have trusted contractors coming in and working with them.

We have some of the leakiest buildings in Europe. On average, we lose three times more heat in our buildings than Germany does, so it is not just a case of replacing carbon-intensive heat source with an electrified heat source; it is about making sure that we have fewer draughts and that we have good-quality insulation in our roofs and our walls—whatever needs to be done.

If we are to ramp up public awareness, we must make sure that the one-stop shops become regionalised. Professor Smith was talking about tenements and flats across the central belt, but in the rural parts of the country, we are talking about single dwellings, with different forms of construction, that are not on the gas supply. The information should be regionalised and much more contextual to the relevant area, as well as to the weather conditions in different parts of the country—we should not forget that the west coast is much wetter than the east.

We must also ensure that we ramp up all of that advice and knowledge and the availability of resource at the same time as we are ramping up skilling the workforce. If we do not do both in tandem, we will end up with a well-educated electorate who then cannot get the work done in the timescales that suit them. We cannot do one without the other—there must be a systemic approach to this and we must ensure that we are getting the skills in place.

However, you also cannot upskill the workforce before the pipeline of demand is there. SMEs will not spend the money and will not take their staff off building sites to be trained unless they think that there is a clear pipeline of economic work for them to grow their businesses.

Doing one without the other will not work, so we have to think of it all in the round.

**The Convener:** Continuing with the theme of public engagement and advice, I will bring in Fulton MacGregor, who is joining us online, who has a number of questions.

**Fulton MacGregor:** I thank the witnesses for their responses so far. I will follow on from my colleague's line of questioning on a similar area.

I am interested in what you think can be done to improve individuals' experience of obtaining publicly funded grants and loans for energy efficiency and clean heat. You will probably be aware that the committee has heard some evidence and lived experience that highlights that people often face difficulties in accessing grants. What are your views on that and how do you think

the plan's commitment to continue those schemes can have the most impact moving forward?

**Elaine Waterson:** I can come in, as the Energy Saving Trust delivers the Scottish Government's grant and loan scheme. We are definitely aware that there has been much frustration, particularly among installers, about the time that it was sometimes taking for payment to reach installers. The grant goes to the householder and then the householder pays the installer.

Over the past year to year and a half, we have done a huge amount of work to improve and streamline processes to make them faster so that it is a much better experience. We are now seeing that work start to pay off and we are getting plenty of positive feedback from installers. We are not getting the complaints that we once were from installers about that frustration, which was totally understandable.

Therefore, changes have been made, and we are hearing that they are making a difference. If people are still experiencing problems, we want to hear about that but, as far as we are aware at the moment, things have massively improved.

**Professor Smith:** From the knowledge that we have, I would also say that, some time ago, people were having issues with the process. More recently, in the past 12 to 18 months, it has got better, based on what we are hearing from some of the installers. The process is not perfect, but nothing is always perfect.

I am afraid there was a bit of a change in June of last year. To make you aware, the technical approach on buildings is that the assessment of the retrofit is done using software called RDSAP—reduced data standard assessment procedure—10. I do not know whether you have heard of that. RDSAP 10 becomes the benchmark calculation methodology that determines, based on the energy efficiency measures you plan for your home, what level of EPC you will arrive at. That trigger point of the EPC releases the funding, so if you do not achieve EPC band B and so on, you will not trigger the release of grant funding.

In June of last year, the RDSAP 10 software was updated, and many of the SMEs in Scotland were just cracking on doing their installations over the summer. Then, in October and November, a number of those organisations and companies, which employ across Scotland, were told that the measures that they put in, which previously qualified and led to people being very happy with their home energy efficiency—including the reduction in their bills, and feeling warmer and more comfortable—no longer qualified. People had done the work but were no longer able to get the grant funding.

We have since heard from two other companies in Scotland about the same issue, but in a different part of the RDSAP 10. I strongly recommend to the committee and to the Government—and maybe to the housing secretary, who will give evidence at the end in January—that it would be very useful for the current Government or this committee to write to the retrofit sector in Scotland and ask whether it is having any issues with this. I know of two companies that have had to stall their retrofit works. They are losing money day after day because they have to pay employees. They are SMEs; they are not multimillion-pound companies. They have installed more than 20,000 retrofits, with fantastic feedback from consumers and customers, but they cannot now install.

It would be useful if the committee were to write to the industry to ask whether people are having issues with the RDSAP 10. This is something that could be corrected, in the software, or analysed further, but at the moment, it will impact jobs and slow down the retrofit.

To come back to the point about consumers, the greatest risk is what we have seen happening in England, with the wrong types of insulation being used. We have seen the issues with using sprayed foam insulation on roofs, which should never have been used in those situations. Governments and others were warned 12 years ago not to use those types of insulation because of the issues, yet they were allowed to qualify and be eligible for grants.

We must give confidence to the consumer. At the moment, I would not say that it is a great sector out there for confidence, given the social media and news coverage of some of the real disasters.

**The Convener:** Thanks for raising that issue and bringing it our attention. I think that we will pick up on that. I am surprised that the Government has not already been made aware of it, but we can check.

**Professor Smith:** To be fair, those companies have noticed only recently, in the past few weeks, as the measures have not qualified for the funding—their customers have written to them to say, “We no longer qualify.”

**The Convener:** That must be incredibly frustrating. Fulton, do you want to continue with your questions?

**Fulton MacGregor:** Thanks for those responses. It is positive to hear that those complaints and suchlike are going down. Obviously there would have been a sort of teething period, so it is good to hear that. I know that the committee was quite concerned about that.

I will move on to my next question. Do you think that the draft plan says enough about how owner-occupiers can best be supported to transition to clean heating systems, what incentives do you think are needed and what role should regulation have in this? I am interested in your views on that.

**Gillian Campbell:** If I could just return briefly to the point about having a one-stop shop and a retrofit agency, I think that they could have a huge role in supporting home owners in particular to transition to clean heat and energy efficient homes.

There are three fairly quick and relatively straightforward changes the Scottish Government could make to the existing advice and support framework that would enable those services to grow. First, if we park the regulation side, if Home Energy Scotland was enabled to signpost customers to the organisations that I talked about earlier—the one-stop-shop services—that would help to generate the demand that would ensure that people were getting the level of support that they needed. Obviously there would need to be a quality assurance framework sitting behind that but that could be built on existing standards. Secondly, policy certainty is absolutely critical to demonstrate that there will be future demand. Thirdly, by making the project co-ordination costs eligible for grant and loan funding, there would be the potential to help these organisations to scale up.

One of the biggest incentives for home owners would be to reduce the gap between the cost of electricity and gas—we cannot get away from that. Even now though, a well-installed heat pump, for example, should not be more expensive to run than a gas boiler because of the higher energy efficiency of the system. Even in advance of the UK Government addressing that so-called spark gap, there are things that the Scottish Government and industry could be doing now to incentivise action.

I talked earlier about people being motivated by different things and responding to different motivating factors. They will also respond to different incentives, and it is important to recognise that. For example, among people who are motivated by warmth and comfort, there is potential for industry-led incentives such as a warmth or comfort guarantee, which could be provided by the installer. For example, the heat pump company Aira, which has a base in Stirling, offers a 15-year comfort or performance guarantee that guarantees that your home will be sitting between 18 and 22 degrees irrespective of the temperature outside. Aira also guarantees that the heat pump will be four times more efficient than a gas boiler. By addressing some of the concerns

that people have, the industry can actually provide some guarantees that will incentivise action.

I talked earlier about the incentive in relation to property value. Research by Santander and Savills over the past couple of years has found that clean heating and energy efficiency can increase the value of a property. Perhaps that motivation, along with products such as green mortgages that are offering lower interest rates could work as appropriate incentives for some people. For other people, it might be that some sort of rebate or discount on land and buildings transaction tax or council tax could be sufficient and grants will always play a role—even relatively small grants and loans can be sufficient to trigger action. For example, I know that the loan that is available to many private landlords is sufficient to trigger them to take some action.

A range of incentives is needed. Up-front cost will always be a significant barrier so the main action that is needed to try to encourage most people to act is probably one that addresses that barrier. That is where the Scottish Government potentially has a role in looking at working with the finance industry to develop financing mechanisms that overcome that hurdle. Products such as heat as a service, whereby the homeowner enters into a contract to buy heat or level of comfort, similar to having a mobile phone contract, offer a solution that could help to overcome that up-front cost barrier.

**The Convener:** Thank you.

**Professor Smith:** Just briefly, on incentives, a big area is the 55 per cent of the housing stock that is privately owned. The vast majority of people who have fully paid their mortgages are probably in retirement and so have limited funds available. One could incentivise them, but what would be attractive to them if they have a limited amount of pension or assets to call upon? We have seen the Government intervene in respect of new builds with help-to-buy schemes. Could you introduce a help-to-retrofit scheme, where the 5 per cent or 6 per cent of the value of the property—the cost of the works—was in the interim subsidised by the Government, and then the Government recuperated that money at the sale of that property at a later date? Then people would not be exposing their pensions and savings, and we would all be achieving the direction and goal that we would like to achieve but not at great risk to the elderly population that does not have that flexibility of income.

12:00

**Nicola Barclay:** Following on from that, if we are going to be using grants, we need to make sure that we are paying for the right thing—we

need to take a holistic view of the whole building rather than replacing a gas boiler with a heat pump without doing a full assessment of the home. If we are producing a spec for a heat pump without doing the insulation and the necessary retrofit we might end up putting in the wrong thing and that could be abortive work. We must make sure that money spent is going on exactly what is needed to future proof the home, which will also increase the value of the home. The opposite is the case if you do it wrong, as we have seen, and you end up with properties that end up in worse condition. We must be careful that the money is being spent in the right way.

I agree that we could be offering something—maybe interest-free loans, coupled with grants—that allow people to pay for such work. We know that people are not financially well off and a lot of home owners do not have access to ready cash to be paying for things. Also, the older population is likely to be less concerned about a 30-year payback period, because they are probably not going to be here in 30 years, so they immediately have less incentive to do anything but are more likely to turn on the gas fire or something to heat the home because that is what they need today. We need to think of different messaging for different age groups, housing typologies and tenures that will be driven by different forces.

**The Convener:** We are getting just a bit tight for time. I will ask Fulton MacGregor to ask his next question, which is still in the space that we are talking about.

**Fulton MacGregor:** I realise that the time is quite tight, convener. Does the panel think that the draft plan is clear about the funding required to decarbonise buildings, that split between private and public finance, and how best limited resources should be targeted? There is quite a lot in that question, but I am putting it all together in the interest of time.

**Professor Smith:** I do not think the expected costs are fully disclosed. When we have raised what we see as being the real cost for retrofit of some of the housing stock and certain housing archetypes, we have noticed a few senior people in Government and others shake their heads because they do not believe that that is the cost. However, that is the cost, and that is the cost to housing associations that go through this.

One of the mechanisms to reduce the cost is an archetypes approach. Six housing associations in the south of Scotland partnered together to develop archetype solutions on key archetypes, share that data, and then share it with the rest of Scotland in engagement and planning. We just heard this morning that they did not get the funding. A lot of people out there wanted to partner and deliver on that. The funding that they

had applied for was the Borderlands energy transition programme. Apparently it was too risky a project. So, if the best of the best housing associations with their best technical specifiers and architectural technologists cannot get the grant funding to deliver solutions for everybody, that strikes an alarm bell that the approach is not joined up.

**Gillian Campbell:** Just building on that, the costs will be significant, and we have long said that they cannot be entirely met by the public purse. There is going to have to be a range of financing mechanisms to support the costs. There will always be a role for Scottish Government grant intervention for those who need it, and we need to make sure that there is a very targeted approach to ensure that no one in fuel poverty is excluded from this transition.

I do not know whether we are going to come back to fuel poverty at some point in, but the key element in financing the transition is that we should be scaling up the existing fuel poverty and energy efficiency programmes because they are delivering well and are killing several birds with one stone, in that they are targeting fuel poverty and reducing emissions. Also, because they have a visible pipeline of work, they are enabling supply chains to start to invest in scaling up and training in the skills that will be needed for everyone else to be able to retrofit their homes over the next decade or two.

As for other financing issues, grants will always be required to some extent, but we need to consider developing other place-based approaches that will start to bring down the cost, as Professor Smith was talking about, as well as other financing mechanisms that can help to address the not insubstantial costs for home owners. There are mechanisms such as property-linked finance, for example, where the debt rests with the building rather than the individual owner, so it passes on to subsequent owners, recognising that future owners of the property will benefit from that investment. Thus, investment acts as an incentive for existing owners who may not see themselves having a long-term future in the property and also helps to free up the capital to carry out the works.

**The Convener:** Great—thanks. We will move on to our next and final theme, which is on skills and training.

**Alexander Stewart:** We have already identified an existing skills gap; the witnesses have gone into that in some detail in response to some of the questions this morning. However, it would be interesting to get a flavour of the routes to upskilling and how we ensure that there are opportunities and incentives for workers—especially younger people—to get into these

careers. How do we manage things if the gap already exists and we are struggling to find individuals to reskill?

Ian Hughes touched on that this morning when he gave us some of the figures. What is required to make it happen? If it does not happen, we will continue to see the skills gap grow.

**Ian Hughes:** The solution might be in front of us. In Scotland, as in England and Wales, we say that we have a leaky pipeline of skills. Annually, we have around 19,000 young people studying construction within the further education sector in Scotland, full time and part time. We also have roughly 6,000 modern apprenticeship starts annually. We estimate that of those 19,000 learners, perhaps 30 per cent get employment within the sector and, within the modern apprenticeship programme, we lose 30 per cent of our apprentices within the first 12 to 18 months. Therefore, about 1,800 young people leave the sector.

The leaky pipeline basically shows us that there is no shortage of young people wishing to enter the construction sector. All the research has shown that there are issues with how people are taught, and with linking them to employers who have the jobs available. With that in mind, the Scottish Government has set up a short-life working group, which we attend with a number of other organisations, such as the FE sector. It is a solution-based working group that is looking at the problem of how to get more FE learners into employment in the sector and how to retain more of the apprentices who leave and do not come back into the sector.

The numbers show a vast pipeline of throughput of skilled individuals with varying levels of qualifications; some are employed but most are not. How do we tap into that talent pool to address the issues that are coming down the track, not just in terms of economic and social policy and the wider construction sector and economic development, but the retrofit ambitions as well? We think that the numbers are there, but that there is a mismatch when it comes to what we are doing with those young people to bring them through and, with the right level of competency, hook them up with an employer. What we are talking about here is the level of competency that an employer within construction requires.

Construction is one of the few sectors in which most employers will probably say no if you ask whether they will employ an individual who has never been anywhere near construction before. Employers are looking for someone who has experience or who has touched on issues around the construction industry, which means they are looking for attitude and aptitude, rather than necessarily hand skills at that stage. However, we

know why so many young people leave their apprenticeship: it is because we have an informal recruitment process. We call it a tap on the shoulder, basically. We will employ so and so because we know them, even if they have no experience whatsoever of being involved in the sector. Therefore, it is hardly surprising that, after six months, when they are on a building site or carrying out repairs and maintenance, or in the first year, which is mainly at college, they are turned off and decide that it is not for them and to go and do something else.

On the whole career aspect that you asked about, it is not necessarily about increasing the numbers who want to enter the profession but about increasing retention and keeping people within the sector, providing them with basic skills and then, once they are employed, upskilling them to deal with many of the retrofit issues and trades that will be required. We do not think that the numbers that are required for retrofit and under the climate change plan are about new people. We think that this is about upskilling an existing workforce, which needs to be slightly bigger than it is at the present time.

A number of things have been identified, but we feel—certainly I feel, and the CITB feels—that with a more holistic approach to how young people learn, how we teach them and how we retain them, we would have the numbers. It is about finding solutions for those people and employers to address what we have in front of us.

**Professor Smith:** I very much agree with Ian Hughes. We have been working with the south-east Scotland colleges—colleges in Fife, Edinburgh, the Borders and West Lothian. We have seen increases in the numbers of people leaving school and wanting to come into construction. There is no shortage of people wanting to come in. However, what has happened is that the Scottish Government, no matter the political party, was writing policies but not investing in the skills, so the colleges were turning people away. If you have a plumbing course for 14 people and 55 people apply for it, that is a big loss. I agree with Ian Hughes that, in year 1, the practical side and experience on site can make all the difference.

We know about the success of the graduate apprenticeship in architectural technology, which Scottish Government set up with the CIAT and which, as we have seen, has been hugely successful. Thank goodness we have it, and we are going to need three times the number of people to come through given the amount of building specifications that are coming.

However, the issue then comes down to how we can help industry, particularly the SMEs. The primary purpose of the apprenticeship levy was for

the very large organisations, which often do not directly employ, to fund through the levy, which would then support the SMEs, and particularly the micro sector, to employ and take on apprentices.

The mechanism in Scotland is different from the mechanism in England. The money goes to London and it comes back through the block grant. It comes back through the Barnett formula, even though it is a levy, not a tax—the original Barnett formula was written for taxes, not for levies—and has a direct purpose. The total amount of money that has been paid into the apprenticeship levy from Scotland was £240 million in the first year. If you look at the subsequent years and compare the total investment through the apprenticeship levy with the total spend by the Scottish Government, you can see that there is a considerable gap.

Could that money come back as a direct levy and a payment back to Scotland, instead of through the Barnett formula, although still ring fenced for skills? The Scottish Government could then give more money to the SMEs and micros in the industry to take on apprentices, given that it is quite a cost for companies to take on apprentices.

There is a gap there. We need to incentivise the sector to want to grow. We need the pipeline of activity. The colleges want to skill up and provide better training services. We have the Energy Training Academy, we have BE-ST—we have some of the best facilities you can have, if you will excuse the pun—but we are not really maximising that approach. It would be wonderful to see us turn to the micro and SME companies and say, “We are going to give you more money to take on an apprentice. We are going to try and help you to de-risk it.” That would really help, I hope—I am looking at Ian Hughes here—or at least it might help to galvanise and support the SME sector to take on more people, as well as people who are in year 1, doing practical training.

**Alexander Stewart:** You talk about SMEs. We have heard how upskilling in the workforce is particularly difficult in rural Scotland. Does the climate change plan do enough to encourage and to support employers, especially those in rural areas?

**Professor Smith:** As part of the south-east Scotland city region deal, which I am using as an example, a proposal for a net zero accelerator hub has been made to the Scottish Government. The proposal would expand provision in the colleges so we that could double the throughput, whether in upskilling or of new apprentices that the sector may need. Within that provision, the proposal is for separate buildings, isolated from the main college, the idea being that when the college shuts at half past five or six o'clock in the evening, those buildings will remain open at night, so that people are not losing time during the day on training. The

apprentices could come in and be upskilled in the evening. We have put together quite an innovative model, and my thanks go to all the universities, colleges and employers in the region for helping to facilitate it. My point is that there are models and investment requests that we think could accelerate development, delivery and support. The Borders is the key area, and the Borders has a great relationship with Dumfries College, the idea being you could partner there in the same process.

12:15

**Nicola Barclay:** On the point about rural areas, there is a lack of flexibility at the moment, and we need alternative, inclusive, flexible pathways into the construction sector. We need to look at upskilling, reskilling and including groups who are traditionally underrepresented in construction.

One of the challenges is how to incentivise SMEs. It is similar to the kind of psychology that is used in incentivising consumers. How do you incentivise SMEs to spend money and time on taking their staff off the work and the jobs to go and be trained? That is especially an issue if the training is not flexible and or not close to where the work is; there is very limited incentive there. Yes, you need the financial incentive, but it has to work practically as well.

The policy volatility that we have had—the stop-start nature of policy—and the lack of long-term, clear direction that creates a pipeline disincentivise SMEs from investing any time or money in skills, accreditation, the cost of new equipment and so on.

As for how best to help, Sean Smith mentioned that we have training facilities at the centre in Hamilton. We offer a low-carbon passport, which is a course that is designed for people who are either existing professionals or new entrants, to help them understand what is going to be needed in the future in low-carbon. We have building physics modules for people who have been in the industry for years but who maybe do not understand how the entire building works. They can learn what an element they may add to a building does for the rest of the building, thus helping to avoid future issues such as damp and mould that might come about from people not understanding the knock-on impacts of what they are doing.

Within the factory, we have retrofit training rigs set up with a range of archetypes of different types of building styles. People can practise on them so that they are not making mistakes out in the real world with actual customers' homes. They can try things in our factory, but we are just one factory in one part of the country. We need to replicate these facilities across the country so that people can use

them close to where they live and work, and we can really roll this out nationally. Of course, that needs funding.

**Ian Hughes:** The SME question is interesting when it comes to the structure of the sector in Scotland. We have three main areas of activity: infrastructure, housing, and repairs and maintenance/commercial new build. The areas of housing and repairs and maintenance are relevant to this committee and this conversation.

I am beginning to ask a question about an assumption that we are all making, but I do not think that we have bottomed out whether it is correct. It is about the level of capability within the SME sector to deliver at scale what is in front of us. We are assuming that, with the right incentives, the SME sector, which makes up 95 per cent of construction in Scotland, will be capable of delivering a programme of work of such a scale. I question whether that assumption is correct. Do we know and have the evidence to show that the capability is there? We know that there are the numbers, but that is quite different from capability. I am interested in Sean Smith's thoughts on any economic research that has been carried out in this space, because if the sector is not capable, or is unwilling to step up, who will step up? Are we looking at medium and large companies? They employ literally tens of thousands of SMEs within their supply chains, so there is no getting away from the question of whether the capability is there. If the capability is not there, and we understand why it is not there, we can perhaps look at a solution for the SMEs to become more involved.

**The Convener:** That brings us to the conclusion of our questions for this morning. Many thanks to you all for joining us in the discussion. I feel like we could have gone on for a bit longer and dug into some of the things that you have been talking about, but we can come back to you in writing if we need to do that.

That concludes the public part of this meeting.

12:19

*Meeting continued in private until 12:28.*

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