



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

TRANSPORT, INFRASTRUCTURE AND CLIMATE CHANGE COMMITTEE

Tuesday 23 November 2010

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Printed and published in Scotland on behalf of the Scottish Parliamentary Corporate Body by
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CONTENTS

	Col.
DECISION ON TAKING BUSINESS IN PRIVATE	3361
“LOW CARBON SCOTLAND”	3362
SUBORDINATE LEGISLATION.....	3410
Cleaner Road Transport Vehicles (Scotland) Regulations 2010 (SSI 2010/390)	3410

TRANSPORT, INFRASTRUCTURE AND CLIMATE CHANGE COMMITTEE
23rd Meeting 2010, Session 3

CONVENER

*Patrick Harvie (Glasgow) (Green)

DEPUTY CONVENER

*Cathy Peattie (Falkirk East) (Lab)

COMMITTEE MEMBERS

*Jackson Carlaw (West of Scotland) (Con)
*Rob Gibson (Highlands and Islands) (SNP)
*Marlyn Glen (North East Scotland) (Lab)
*Charlie Gordon (Glasgow Cathcart) (Lab)
*Alison McInnes (North East Scotland) (LD)
Shirley-Anne Somerville (Lothians) (SNP)

COMMITTEE SUBSTITUTES

*Alasdair Allan (Western Isles) (SNP)
Murdo Fraser (Mid Scotland and Fife) (Con)
David Stewart (Highlands and Islands) (Lab)
Jim Tolson (Dunfermline West) (LD)

*attended

THE FOLLOWING GAVE EVIDENCE:

Paul Brewer (Scotland's 2020 Climate Group)
Colin Howden (Stop Climate Chaos Scotland)
Elizabeth Leighton (Stop Climate Chaos Scotland)
Gordon McGregor (Scotland's 2020 Climate Group)
Duncan McLaren (Stop Climate Chaos Scotland)
Lynne Ross (Scotland's 2020 Climate Group)
Martin Valenti (Scotland's 2020 Climate Group)

CLERK TO THE COMMITTEE

Steve Farrell

LOCATION

Committee Room 1

Scottish Parliament

Transport, Infrastructure and Climate Change Committee

Tuesday 23 November 2010

[The Convener opened the meeting at 14:00]

Decision on Taking Business in Private

The Convener (Patrick Harvie): Good afternoon. I welcome you all to the 23rd meeting this year of the Transport, Infrastructure and Climate Change Committee. I remind members, witnesses and everybody else present that all mobile devices should be switched off.

We do not have any apologies to record; Alasdair Allan is here as the substitute for Shirley-Anne Somerville.

We have four items on the agenda today, the first of which is a proposal to take in private item 4, which is consideration of our work programme. Are we agreed to take that item in private?

Members *indicated agreement.*

“Low Carbon Scotland”

14:00

The Convener: Item 2 is our main business for the afternoon: our first evidence session in the committee's consideration of the Scottish Government's draft report on proposals and policies—and I hope that I can be forgiven if I am the only one who does not always get those words in the right order.

The draft report was laid before Parliament on 17 November. Under the Climate Change (Scotland) Act 2009, ministers must “have regard to” the views of the Parliament or committees of the Parliament on the draft RPP before the final version is laid. The scrutiny of it must take place within a 60-day period. The committee intends to hear from witnesses and from the Minister for Transport, Infrastructure and Climate Change over the coming weeks. I hope that we will agree a report on the draft RPP before the winter recess. We will take into account any comments that we receive from other committees.

I welcome the first of two panels of witnesses: Duncan McLaren, chief executive of Friends of the Earth Scotland; Colin Howden, director of Transform Scotland; and Elizabeth Leighton, senior policy officer at WWF Scotland. They are all members of the Stop Climate Chaos Coalition.

Thank you all for submitting written evidence in advance and for being here to take our questions. I invite one of you to make some brief opening remarks on behalf of the coalition.

Duncan McLaren (Stop Climate Chaos Scotland): Stop Climate Chaos Scotland has 60-plus members; there are 2 million-plus supporters of its member organisations across Scotland. It represents diverse groups, covering faith, development, environment, youth and other sectors. We attempt to take a collaborative, consensual approach to our feed-in on policy. I will not repeat the convener's introduction of the panel.

Our tests for the draft RPP were threefold: it should be credible, transparent and ambitious. We think that it is a good first attempt, in many respects, at meeting those benchmarks. However, although it is a good first effort, it falls short of driving a transformative change, which we think will become necessary—if it is not already necessary. The level of ambition in the draft report is reasonable, although it falls slightly short of enabling Scotland to achieve the 42 per cent target by 2020 without any action by the European Union, which would have been desirable. We believe that other policies could be introduced to deliver that, which would allow us to leave that

uplift should the European Union move to bring Scotland much closer to a fair and safe cumulative budget, which the programme set out before us will not do, unfortunately.

The transparency of the draft report is generally good, although the status of some of the policies and most of the proposals remains unclear with respect to their funding. That might become more unclear as a result of the budget that is being considered in parallel with the draft report, with some of the funds that are identified in it being under threat or partial threat.

It is a mixed picture as far as credibility is concerned. The funding is not guaranteed, although many measures are in the baseline or are contained in existing policies, and they should therefore be credible. Some of the delivery mechanisms are fairly poor, and support is uncertain. As we approached the launch of the draft RPP, we heard from the Convention of Scottish Local Authorities that it did not feel that it could contribute equitably. We believe that COSLA will need to do so. Furthermore, we have not yet seen the public engagement strategy.

Our final point on credibility is that, throughout the draft report, the assumptions are mixed: generally they are fair, but in some areas they need careful probing to ensure that the numbers that have been assigned to different policies or proposals are accurate.

The Convener: Thank you very much. I will open with a general question for the whole panel. Does the document that we have in front of us—the draft RPP—reflect what could have been achieved in about 18 months of development? It has been a long piece of work that has involved dialogue between Government and a number of other organisations, yet Duncan McLaren says that it falls short of being “transformative”. Should we not expect something that can achieve a transformation in thinking, not just in new policies, after 18 months of development? Perhaps some of the other panel members who have not spoken yet would like to contribute.

Duncan McLaren: I will start, as my colleagues do not seem to want to.

That transformation would have been a desirable outcome. The key, though, is to ensure a credible package that achieves the targets that we have in front of us, and we have work to do to ensure that it does even that. The transformative element can, I hope, be introduced from the political side—from the Parliament and the parties—and it is probably in the potential contradictions between the aspirations in the RPP and the aspirations that have been set out by several of the political parties in other areas that we see the lack of transformation. For instance,

the RPP has not yet changed the standpoints of the parties on new road building.

The Convener: Does anybody else want to contribute on that or on whether the proliferation of documents that have been published at around the same time could be seen as either cluttering the policy landscape or as providing adequate clarity?

Elizabeth Leighton (Stop Climate Chaos Scotland): I will comment on whether the RPP represents enough of a change and whether it is transformative. In the area of homes, which is what I am here to speak about today, we do not see much of a shift from existing policy. The level of funding that will be attributed to the energy efficiency programmes and to the fuel poverty programmes remains unclear. Indeed, from the estimates of the number of homes reached, it looks as though the funding will decline rather than increase, which is not what one would expect from a programme that is seeking to achieve significant emissions reduction in an area that can achieve so many benefits for Scotland through the eradication of fuel poverty, the creation and maintenance of green jobs and the creation of greater wellbeing in society. We are not seeing transformation in the housing sector.

On the second question, regarding the cluttering of the landscape, although I see the neatness of looking at the budget alongside an RPP, that puts into question the possibility of adequate parliamentary scrutiny of both documents because of the distraction of budget negotiations. We fear that there will not be enough time to look into the RPP in the depth that it deserves.

Colin Howden (Stop Climate Chaos Scotland): The picture for transport is mixed. The proposals that are set out for transport include a lot of measures that we would regard as “transformative”, to use Duncan McLaren’s nomenclature, especially those that we would call smarter choices interventions—workplace travel plans, school travel plans, personalised travel plans, car clubs, lift sharing and all of that stuff. Those are the really good value-for-money interventions that we can make in transport, and a lot of them are reflected in the proposals that are set out in the RPP.

Where the RPP falls down on transport is in the fact that it is short on economic instruments—there is nothing in it to bring the external costs of transport back into the price paid by the transport user. For example, there is nothing in the RPP on road user charging or on a workplace parking levy, both of which were in previous versions of the RPP.

The Convener: Members will come on to some of the thematic subject areas in a few moments,

but let us stay with the subject of the document as a whole.

I have a question about the approach that has been taken to list the policies—most of which we probably knew about already and none of which is radically new—and the proposals, which have not been adopted as policies yet but which are, if we accept the Government's word, sufficient to more than meet the targets for emissions cuts if they are all implemented.

The RPP says:

"Proposals have been identified from a number of different sources, and do not necessarily reflect current Government policy."

Some people might take from that comment that there is a certain lack of confidence. They may think that it does not send out an adequate signal to the businesses that are looking to supply low-carbon vehicles or high-standard insulation materials, to take a couple of examples, or other stakeholders who want that clarity from the Government.

I am not clear from the document whether the Government's intention is to more than meet the targets. On the assumption that some of what we try might not work as well as we think it will, is an optimism bias, if you like, built into the process, or will the Government at some point in future pick a menu from the proposals that just about meets the targets, but which might fall short in practical terms?

Duncan McLaren: There is a very real risk that is probably summed up in the approach that the RPP takes to elevated delivery of emissions reduction in the traded sector from the European Union's emission trading scheme going to a 30 per cent target. If that does not happen, or if it happens too late, even with all the proposals in the document, we would still fall short on many of the annual targets between now and 2020. We believe not only that adequate proposals should be identified to get to the targets without that elevated level of uplift but that the proposals should be moved rapidly and in a managed way to policy through a process that includes getting them funded and getting agreement from stakeholders. All those steps need to be taken.

We are not saying that the document should have done that for all the proposals. It is reasonable that there are proposals that need to win cross-party support or support from external stakeholders. However, a process needs to be in train to deliver everything that is a proposal and a few other things besides. As Colin Howden and Elizabeth Leighton said, housing and transport are the areas with the biggest gap between the ambition that is set out in the document and what we think could have been delivered. All those

things also deliver other benefits. There are multiple benefits to emissions reduction; it is not just about meeting our carbon targets. In a macroeconomic sense, the value of the benefit for improved health, for example, means that it is cost effective for the nation to invest more heavily in emissions reduction and to aim to exceed its targets.

The Convener: It struck me that there was a bit of an absence of criteria for assessing which policies stack up, or which are more favourable than others. In purely carbon terms, we have had marginal abatement cost curves and so on for years. In terms of Government policy, the document mentions the contribution that policies and proposals might make to gross domestic product, the economic opportunities for Scotland and the risks to business competitiveness. It does not mention health, social justice, equality, wider sustainability or other forms of environmental impact. It makes no assessment of whether proposals might lead to carbon emissions happening elsewhere, off Scotland's balance sheet. We should have an assessment process that looks at the overall balance of benefits to the public good.

Duncan McLaren: I agree with you absolutely on the need for a rigorous assessment framework. It is early days. Friends of the Earth Scotland has recently looked at how different benefits might accrue from policy, and it is clear that there are gaps in the literature and issues that need to be resolved before we can rigorously assess health or equalities benefits.

I differ with you in that I recognised in the draft RPP a beginning of an understanding of all of those. They were mentioned—not everywhere and not consistently, but where some of the evidence was available. The issue of off-balance-sheet emissions also comes in occasionally.

I agree with you that we need to turn that into a consistent method for assessing policies so that, if it comes to political choices between policies that are seen as hard in political terms and others that are hard for other reasons, we know the criteria that are being used and that they are transparent.

14:15

The Convener: It just struck me that business considerations are foregrounded in the report. I am concerned that we are not getting an holistic approach. Cathy Peattie has a question on that.

Cathy Peattie (Falkirk East) (Lab): I want to explore that issue. I recall that, way back when we considered the Climate Change (Scotland) Bill, I asked the minister about a joined-up approach across departments. However, from reading the document, it strikes me that although there is a

wee wish list on health measures, it is about one department and not about cross cutting. What are your views on that? Am I just going on about cross cutting again because I believe in mainstreaming? What is your view on departments—education, health or others—working together?

Elizabeth Leighton: For the Scottish Government and local government, there are real opportunities for win-wins when we join up outcomes. For example, for every pound that is spent on energy efficiency and fuel poverty, we win back 42p for the national health service. Such facts and figures need to go alongside figures on carbon abatement potential so that, when the budget is considered in the round, we understand what the benefits are to society as a whole.

Unfortunately, many of the facts and figures are not available because we have not done the research or because we do not collect information in that way. In some cases, that will have to be a task to take forward. Information on the other benefits that we are accruing should perhaps go with the reporting on how we meet our climate change emissions targets. In some cases, the information is available and should be drawn out to support the policies.

The Convener: Duncan McLaren mentioned the European target. I gather from the way that he spoke about it that he does not regard a 30 per cent European target as a prerequisite for Scotland reaching the 42 per cent target, as long as we implement many of the proposals. Another level of dialogue between levels of government is that between Scotland and the United Kingdom. Are there some decisions that we can take unilaterally in Scotland? Is it the case that we cannot implement some of the proposals and policies that you regard as important or crucial because of the balance of power? Do you share my view that, sometimes, the debate on the Parliament's powers—on which we expect proposed legislation soon at Westminster—has focused only on economic levers and not on the levers that we need to achieve a more sustainable society in general, including reduced carbon emissions?

Duncan McLaren: It is clear from the analysis in the report—although we might need to delve a little further into the numbers to demonstrate this—that the 42 per cent target and probably most of the annual targets, if not all of them, could be achieved with the Scottish Parliament's existing powers. Having said that, as far as I am aware, SCCS has not come to a collective view on whether there should be more powers, economic or otherwise. However, Friends of the Earth Scotland sees some areas in which more powers would be desirable for environmental sustainability and climate purposes.

We also see areas in which greater devolution of powers might create difficulty. For example, devolution of fiscal powers over fuel duties might lead to reductions in fuel duties in Scotland rather than to increases as a means of paying for policies that the RPP says will have a positive cost benefit for drivers, such as eco-driving training. We could make bills lower for drivers if we used the money from higher revenue from fiscal duties, but that would not seem to be the policy debate at the moment.

The Convener: Does anybody want to make any other comments on the balance between Scottish, UK and EU responsibilities?

Colin Howden: As far as I am aware, all the transport proposals in the document are within the Scottish Parliament's powers to implement, so it does not need any further powers to implement them. I am not sure what you are suggesting about the Parliament's powers. We have concerns about biofuels, but the UK is bound by a European policy directive. I do not know whether you are suggesting that we should leave the European Union.

The Convener: I am simply asking questions.

Elizabeth Leighton: The RPP includes a section in the part that deals with homes and communities on the need for greater powers in the area of energy efficiency. Again, SCCS has not discussed that, but WWF would support the bullet points in paragraph 4.51, which are on expanding the Scottish Government's powers relating to energy efficiency and ensuring that Scotland gets its fair share of investment and delivery with UK instruments. That is vital, as many energy efficiency programmes are expected to be funded through energy supplier obligations or green deal finance. The proposals are interesting, and we see how they could be furthered.

The Convener: That matter has certainly impacted on the home insulation scheme.

Cathy Peattie: The RPP seems to be keen to promote voluntary mechanisms. I am interested in what SCCS thinks about whether the voluntary approach is delivering in enough sectors. We have already heard that COSLA is not that happy about being involved. I am interested in other partners. Will voluntary measures deliver the ambitions that are set out in the RPP and the 2009 act?

Duncan McLaren: I will kick off on that; Elizabeth Leighton and Colin Howden might add to what I say.

We are concerned that lessons about voluntarism are simply being forgotten and are having to be relearned sector by sector and individual policy area by individual policy area. It is always legitimate to say, "Let's seek voluntarism if

it works,” and not regulating unnecessarily is always a positive thing. However, it appears that, at a general level, regulatory options are being seen as second best when they may be able to deliver higher uptake at lower cost. Those options should be considered now rather than our waiting for voluntary measures that do not deliver adequate uptake and cost more.

The same applies to economic instruments. As Colin Howden mentioned, the application of economic instruments in the transport arena, for example, would drive much more rapid uptake of travel planning and eco-driving, whether they relate to car park charges, which we have powers over in Scotland, or higher fuel duties, which we do not have powers over.

I have found a serious lack of consideration of regulation across at least three sectors: housing, waste and the agri-environment package. In all three areas, the sweeping statement has been made that we should consider voluntarism first. We in SCCS believe that regulatory approaches should be explored, considered and properly assessed right now in all three areas.

Cathy Peattie: Duncan McLaren spoke about the document being “a good first effort”. That is fine; I cannot that argue that, as reading material, it is not. However, I am interested in conversations that SCCS has had with the Scottish Government about funding and financial models for a low-carbon Scotland. How can such financing be incentivised?

Duncan McLaren: I am sorry, but I am not quite clear about what the question is.

Cathy Peattie: I am interested in whether you have had any discussions with the Government on financing models for a low-carbon economy in Scotland.

Duncan McLaren: I am not aware that SCCS has had such discussions. Perhaps my colleagues can help.

Elizabeth Leighton: SCCS has not had such discussions as a group, although there have been discussions to take on board some local authority concerns about needing to explore different financial models. The sustainable Scotland network has promoted the idea that perhaps some sessions should be organised with the public sector around what other models are out there. We would like to see more leadership and that kind of initiative from the Government to assist public sector bodies to identify such alternative models.

Cathy Peattie: It is probably understandable that COSLA is concerned about participating because of the resources situation. Is the issue for public authorities the fact that they are being

asked to deliver but they do not have the resources to do so?

Elizabeth Leighton: Without a doubt that is a concern for COSLA and other public sector bodies. They will have a new duty, when it comes into force in January. We welcome that; it will give the public sector an opportunity to own the agenda and take responsibility for it because it has a tremendous amount of influence. At the same time, the public sector needs the resources, skills and capacity to deliver on that duty. We have called for those to be provided through Government directly or through the alternative financing mechanisms that we have talked about. It could perhaps be done by redirecting savings into energy efficiency programmes. We have explored some models with the green new deal programme that we can share with you.

Duncan McLaren: Stop Climate Chaos Scotland has specifically called for a strategic climate fund to help public bodies to deliver. However, we should recollect that a regulatory approach can be used to mobilise money from the private sector into delivery. Also, the additional benefits of mitigation in terms of health and equalities outcomes will reduce costs to local authorities—not immediately, but over the period—and will deliver particular benefits for the wellbeing of local authority populations. It is their duty and role to encourage those benefits.

Colin Howden: I do not think that Stop Climate Chaos Scotland has a specific position on the transport side, but the obvious mechanism is road user charging. It helps to internalise the external costs of transport in the price paid by the user—the polluter pays principle—and it raises revenue. Again, since the Transport (Scotland) Act 2001 came in, local authorities have had powers to implement local road user charging schemes, so mechanisms are in place that could be used to help meet climate targets and raise revenue locally. That was specifically recommended by the independent budget review, which said:

“the Scottish Government should consider the feasibility of adopting road user charging”.

Charlie Gordon (Glasgow Cathcart) (Lab): The draft report contains one proposal on energy supply—CO₂ storage. Is that adequate to deliver the required changes in that sector or could anything else have been added, such as incentives for renewables and low-carbon thermal generation?

Duncan McLaren: Those measures would be beneficial, but we accept the approach taken in the RPP that the traded sector will deliver as per the traded sector bubble, and the RPP is therefore not the place in which to set out all the policies related to the traded sector. My evaluation is that

Scotland has a set of policies for promoting emissions reduction in the traded sector that will outperform the EU average, as long as renewables are allowed to replace existing fossil fuel capacity rather than being seen as additional to it.

I draw the committee's attention to the draft electricity generation strategy that came out as part of the package of documents and which indicates fairly explicitly that there is no need for additional fossil fuel generation capacity in Scotland for security of supply. In effect, we should see renewables replacing fossil fuel generation capacity and driving down emissions in that sector.

14:30

Alison McInnes (North East Scotland) (LD): Good afternoon. The homes and communities section of the RPP relies heavily on existing policies, and SCCS has said this afternoon that the RPP does not explore new proposals. Your submission to us suggests that it falls rather short of what we could expect in that. Can you give us a bit more detail on what proposals we could introduce in the draft document that would deliver a street-by-street, transformational and community-led behaviour change?

Elizabeth Leighton: SCCS has called for a significant upscaling of investment in the area-based programmes so that, by building on the home insulation scheme and the universal home insulation scheme experience, we will have a national retrofit programme that will cover all Scotland by 2015. If we really speed up, we will get the early delivery and early wins, and we will win on economies of scale. That delivery should be provided alongside an attractive financial package similar to the energy saving Scotland home loans pilot, which was very successful but has not been continued in the RPP. We would like to see the upscaled area-based scheme and a loan scheme alongside that, with the introduction of minimum standards for existing housing by 2015, which will escalate thereafter.

The RPP has an enabling or supporting proposal for minimum standards for existing housing. I understand that it is there because of a concern about double counting, in that carbon abatement and emissions reduction benefits that might accrue from that policy might be counted elsewhere, for example in relation to city of Edinburgh rapid transit programmes. However, shoving it in that corner leaves it in a limbo in which we do not know what the policy's value is. I would ask the Government to give us a notion of what carbon abatement potential it thinks could be ascribed to that regulatory measure, which would be a backstop to the other measures, which are

voluntary. At the moment, the homes and communities section relies 80 per cent on voluntary measures and 20 per cent on regulatory measures—and that is only in terms of new build.

We have, through the drafts, seen a strengthening of the language on the introduction of new-build standards. The Government is still talking about an intention to introduce stronger new-build standards by 2030. It has added a platform for the introduction of net zero carbon standards in 2016, but with the caveat, "if practical". We would like to see that language strengthened such that it is a clear road map for the building industry in that those will be the standards in the future for a 60 per cent reduction in 2013 and net zero carbon by 2016, which would keep us in line with the rest of the UK.

Accompanying that, we would like proposals on the skills agenda and non-compliance to become policies: a recent consultation on building standards indicates that some 96 per cent of respondent stakeholders believe that there is a huge compliance gap. If we do not address that, then what has been included on carbon abatement potential for new-build standards is questionable. We need to address both those aspects.

Alison McInnes: You said that you wanted a national retrofit programme by 2015. Have you been able to quantify the costs and benefits of such a scheme?

Elizabeth Leighton: We have costed that at £100 million per year. That would be the cost of accelerating and amplifying—in a sense, improving on—the HIS and new HIS programmes and of providing an adequate finance mechanism, such that people can start to deal with the hard-to-treat properties. Let us remember that one third of Scotland's housing stock is hard to treat. The policies that are represented in the RPP do not touch those properties, so yet again we are leaving people out in the cold and either in, or at risk of, fuel poverty.

The extra investment would allow for free loft and cavity insulation and a whole-house survey. It would give people a whole-house programme. Zero or low-interest loans would also be offered Scotland-wide, and post-2012, once we know what the UK programmes will be post-CERT and the green deal finance, we would probably need to supplement them—to fill the gap and provide a safety net—as we are doing now with CERT through the HIS programmes, so that Scotland is not disadvantaged.

Alison McInnes: My other question is about the energy efficiency action plan, which the document points us to, and the housing policy statement that we are still awaiting. Do you think that the energy efficiency action plan meshes well with the other

policies in the RPP, or do you think that there are problems?

Elizabeth Leighton: The energy efficiency action plan restates policies that exist and does not give us much of a look forward in terms of upscaling what is required, despite the fact that in its consultation on the plan the Government stated clearly that a step change is required. I do not think that that is seen in the energy efficiency action plan, with the exception of the overall energy demand target of 12 per cent. That is ambitious, and we welcome it, but we would like more detail on how the Government believes it will be met across the transport, housing and business sectors.

The Convener: You commented earlier on the need for more regulatory approaches instead of voluntary approaches. Does that apply to the retrofit programme on the existing housing stock, and are public attitudes ready for an approach in which requirements are placed on home owners and landlords?

Elizabeth Leighton: That is why it is so important to introduce the intention to put in place minimum standards of energy performance as early as possible—so that there is time for people to take action and to take advantage of the universal home insulation programme now. It would give them added motivation to take up the incentives.

That would also be another reason to leverage more money from UK programmes and private citizens. In other programmes in Europe that have provided Government investment, for every £1 that has been spent by the Government, £5 of investment has been leveraged in from private sources. We are losing out on that investment because we do not have the proper incentives and signals in place. If we signal now a fair minimum standard—we are referring to a standard that already applies to the social housing sector, so it would involve establishing only a level playing field—and bring the houses that are substandard in energy performance off the market so that they cannot be rented or sold without improvements up to a good energy efficiency standard, enough finance would be available and there would be enough notice. After all, we would be saving householders money, so it would be to their advantage to take action. With an adequate lead in, you could bring consumers with you.

Cathy Peattie: My question is based on the idea of bringing consumers along with us and the issue of community-led behaviour, which links to Alison McInnes's question. Is it time we had a public engagement strategy to take ideas forward?

Elizabeth Leighton: We await, of course, the overall public engagement strategy for the Climate

Change (Scotland) Act 2009. In area-based delivery, we have already seen gains in how climate challenge fund projects have won huge differences in community engagement and in getting measures in houses. It is a question not just of knocking on doors and of how many people we reach, but of how many measures are put in houses and the difference that that makes. Engagement with a home insulation programme may be counted as good, but there has been at best a 10 per cent uptake in measures for inside houses. We must do better.

Jackson Carlaw (West of Scotland) (Con): You have touched slightly on this subject already. The RPP outlines some of the areas of complexity in the interactions between the UK and Scottish policies for business in the public sector. Do you believe that the public sector is appropriately structured, funded and led for it to deliver the vision of a low-carbon Scotland? We could generally ask, I suppose, whether it is appropriately structured, funded and led to deliver any sort of vision, but let us stick to the issue in hand. What transformational proposals beyond the public duties that are currently under development are required to meet that end?

Duncan McLaren: I will take a stab at that fairly huge question. Clearly, public bodies need to be showing leadership: they need to be standing up and setting clear targets. Government needs to say to them that they will have to report on those targets, that those targets will be properly and independently scrutinised and that failure to set targets could leave them open to judicial review. Those things would sharpen minds across the larger organisations in the public sector.

Across the piece, coherence is critical—that ties in to Cathy Peattie's comments about the public engagement strategy. The last thing that we need is a public engagement strategy that says, "Do as I say, not as I do." We need one that says, "Public bodies and Government are doing this, and we want you to do it, too."

Elizabeth Leighton: In terms of how decisions might be made in land use planning, transport planning, energy planning and so on, we are talking not so much about a new burden as merely about a different way of doing things. Some support is being offered by the Scottish Government in developing methods of carbon assessment. One might have the most energy-efficient house in the world, but unless it is set in a place that has been designed as a sustainable community—for example, one with a good bus service or good access to services—the gains will not be nearly as great as they could be. The decisions of public bodies will need to be informed by knowledge of the influence that they will have on the carbon impact downstream. That is a

different way of doing business that does not necessarily involve additional work.

Colin Howden: I have to say that it is not a question that we have considered in any detail so far, but I can think of two issues off the top of my head. Prior to August, Transport Scotland's main responsibilities were in trunk road maintenance, trunk road construction, rail planning and concessionary fares. Following the merger of Transport Scotland with the Scottish Government's transport directorate, it now has a wider range of responsibilities and skills. Does it have the skills to deliver on all the measures and proposals that are set out for transport, such as eco-driving, low-carbon vehicles, car clubs, community hubs and so on? A lot of that is fairly new territory, so it would be interesting to know the degree to which the organisation feels ready to deliver on that agenda.

I can also see problems on the local authority front. Local authorities are not skilled in delivering the sort of proposals that I have just mentioned. At a time of reducing local authority budgets, we would raise concerns about the possibility that they might have to use their funds for existing duties, such as road maintenance, and will not have money to expand carbon-saving measures in other areas.

14:45

Jackson Carlaw: At a previous meeting of the committee, we investigated planning and its impact on public transport policies. It was suggested that some European models of local government structure were, for want of a better description, slightly more dictatorial than our models. Because of our models, are issues sometimes fought to a standstill?

Elizabeth Leighton: Are you referring in particular to planning proposals?

Jackson Carlaw: Yes.

Elizabeth Leighton: An example of good practice is work that we have done with the local footprints project, which involves the sustainable Scotland network and several local authorities. In the project, we have considered how strategic environmental assessments can be used productively to consider the impact on climate change. Clackmannanshire Council has a local plan and South Lanarkshire Council has a transport plan. That work has led to interesting conclusions on the prospects for reducing emissions. I do not think that such issues would have been addressed otherwise.

That kind of work can lead towards a more balanced decision being taken than would be the case if only economic or social impacts were

considered and if climate or environmental impacts were considered only as an afterthought. Whether or not that leads to stalemate in the council chamber, I cannot yet tell you. The strategic environmental assessments have only just been done.

The Convener: I would like to move on to transport, and to some questions for Colin Howden. The RPP is by no means silent on reducing the need to travel. However, I suggest that it has much more to say on changing how people travel than on reducing the need to travel, or on the adoption of policies to manage the demand for travel.

Only two milestones for transport are set. One relates to the mature market for low-carbon cars and the other relates to the charging infrastructure for electric vehicles. Later on, the report says that

"the policies that will have the most significant impact on emissions reduction lie with the EU and the UK Government".

The milestones relate to changing the technology of transport, and not to the wider transport economy or to demand for travel. There is also a suggestion that everything depends on the EU or the UK Government. Does that sound to you like there is any acceptance in the RPP of Scottish responsibility for transport issues?

Colin Howden: In the hierarchy of measures in the RPP, the headings are broadly correct. However, from a sustainable transport perspective, they are presented in the wrong order. Reducing the need to travel should always be the first thing to consider. Then, we should consider modal shift. Only finally should we consider greater efficiency and better technology for the transport that remains. The RPP takes a very different approach: it considers the technology first, and then eventually gets on to measures for demand management. The order of the hierarchy is wrong. I do not profess to know a great deal about the hierarchy waste policy, but members will all know about reduce, reuse and recycle. In the transport hierarchy, we have got things the wrong way round.

We have no problem with the milestone on low-carbon vehicles, which is to get down to 95g per kilometre CO₂ equivalent. Reaching that milestone will be a large part of our efforts to meet our targets.

I am not sure whether Stop Climate Chaos Scotland has a position on this, but from a Transform Scotland perspective, I would say that there is too much emphasis on electric vehicles. If we were to suggest a replacement milestone, it would relate to smarter choices—giving people more options for sustainable travel. It would not

relate simply to a switch to a different type of vehicle.

The convener referred to EU powers. At some point in the RPP, it is stated that most of the powers that we need are in the thrall of the EU. However, I do not think that that view is supported by the numbers in the report. At the moment the balance between proposals coming from Scotland and policies being delivered as a result of EU action suggests that the former is just below the latter, but previous drafts have suggested that more than 50 per cent of proposals have come from Scottish policies. As a result, I think that the statement in paragraph 6.4 of the RPP that

“the policies that will have the most significant impact on emissions reductions lie with the EU and the UK Government”

is simply wrong.

The Convener: I was going to ask about previous drafts. It has been reported in the press that some earlier drafts included clearer commitments on speed limits, workplace parking levies, increased on-street parking charges and road pricing schemes. It was also reported that certain elements, particularly the increase in parking charges, were actually in the initial published version of the RPP and that, within hours, that version was taken down from the Government’s website and replaced with one that did not mention those things. Can you shed any light on the process that seems to have led to that last-minute decision?

Colin Howden: No. You will need to ask the minister about that.

The Convener: That might be a good idea.

Do you agree with the RPP’s statement that innovative financing models will be needed to deliver large-scale changes in transport infrastructure and behaviour? What sort of financing models might be under consideration in that respect? Is there enough emphasis on infrastructure in general in the RPP’s transport section?

Colin Howden: I suspect that that is a reference to the non-profit-distributing model that was set out in last week’s budget. Stop Climate Chaos Scotland certainly has no specific views on that at this stage but, as I said earlier, there should be greater focus on economic instruments, as they will give us an opportunity to raise revenue instead of our relying only on measures that largely require extra public sector spend.

Duncan McLaren: If there is political will, existing financing mechanisms should be able to mobilise adequate finance for infrastructure. The question whether funding will be found for low-

carbon rather than high-carbon infrastructure should be directed at the minister.

The Convener: On the question of infrastructure and—to put it bluntly—the choices that the Government makes about what it spends money on, there are a number of references to certain planning policy changes that could, for example, provide greater sustainability in any infrastructure that is built. It strikes me that this would have been the moment to talk about reviewing or revising the Scottish transport appraisal guidance system which, after all, directs a lot of Government decisions on expenditure on infrastructure. What are your views on that?

Colin Howden: We have so many opinions on STAG that I am not quite sure where to start.

The Convener: Is it any good?

Colin Howden: We certainly think that STAG needs to be fundamentally reviewed. Transport projects are still prioritised according to time savings and vehicle operating costs, but that is the wrong basis on which to appraise transport infrastructure proposals if climate change targets are to be met and energy security concerns dealt with. We think that any appraisal system should be more firmly based on energy and climate change emissions.

I suspect that Duncan McLaren also has views on this topic.

The Convener: It has been suggested to us in previous inquiries that, with regard to transport modes, the Government’s order of preference is walking, cycling, public transport and then car and other vehicle use. However, the RPP states that the policies that will have the most significant impact on that order of preference lie at EU and UK Government level. Is that order demonstrated in current decisions on transport policy and infrastructure and what is needed to ensure that such an approach is taken in the future?

Colin Howden: The number 1 priority for investment should be walking and cycling. They are the most sustainable modes. The committee had its active travel inquiry earlier this year and, among other things, called for greater investment in active travel infrastructure.

One of our concerns is that, although the RPP indicates that we should invest in walking and cycling, last week’s draft budget stripped out the cycling, walking and safer streets fund, which is a major component of the funding for cycling infrastructure in Scotland. We will lead evidence on that topic when we come to talk about the draft budget.

Rob Gibson (Highlands and Islands) (SNP): I would like to hear the panel’s thoughts on how the

land use strategy ties in with the RPP to provide a decision-making framework.

Duncan McLaren: We would like to see a lot more ambition in that area. The current draft of the land use strategy does not set out the proposals and policies that are needed to meet sustainable land use objectives, so its links to the RPP are fairly limited.

As we noted earlier, the RPP contains a series of proposals that are particularly weak in their identification of potential regulatory moves, leaving aside the idea of cross-compliance in the agricultural budgets until 2018. There is some discussion of peatland and its restoration and, perhaps in one respect, it is right that a cautious approach should be taken to that, until we see what decisions are made at Cancún and some more detailed evidence. However, the large magnitude and high cost-effectiveness benefits that the International Union for Conservation of Nature report on peatland restoration identified gives a greater urgency to considering and identifying savings there.

I am being prompted to note that one of the few areas in which the RPP is overambitious is in the contribution from biofuels, because they tend to have negative carbon impacts due to land use change and associated fertiliser use. Whether they are produced in Scotland or elsewhere, they represent a significant negative. It is a European policy, and it is an area in which we are counting a saving, but emissions are actually displaced to other parts of the world through those land use effects.

Rob Gibson: There are several points to follow up there. If I remember rightly, the RPP talks about sustainable biofuels. I cannot put my finger on it at the moment, but I think that I read that this morning. Does that alter your view about that small part of what you said?

Duncan McLaren: It does not. The analysis that has been done of the biofuels that the EU describes as sustainable suggests that they will still lead to a net increase in carbon dioxide emissions across the life cycle system. Sustainability criteria need to be significantly toughened before biofuels can be described as sustainable.

Rob Gibson: That is interesting and we will explore it further.

In the land use strategy's relationship to the RPP, is there a means for resolving the conflict between competing priorities? If the two are to dovetail, such resolution is obvious. Is that noted in the RPP?

15:00

Duncan McLaren: My assessment is that I have not yet seen that there is conflict to be managed. The RPP has got to the stage of identifying a number of desirable or potentially desirable policies. The issue has not generally been considered from the perspective of considering the optimum use of a particular piece of land. That is what I hope to see in the land use strategy after it has been subjected to the perhaps critical reviews that it will get in the on-going consultation.

Rob Gibson: Assuming that that happens, do you have any ideas about how all landowners can contribute—as they must do—to delivering emissions reductions in the land use sector? I am thinking about the voluntary approach of the farming for a better climate scheme. The monitor farms are a start. I am concerned about the fact that you keep saying that there are more proposals than policies, yet SCCS's written submission states that

"a third of total effort described to meet the 2012 target comes from proposals",

which therefore means that two thirds of the effort must come from policies. In the land use sector, what is the balance?

Duncan McLaren: I do not have the figures to hand.

Forgive me, but I have not said that there are more proposals than policies. If anything, I indicated that there are more policies than proposals and that the majority of effort is not new.

On land use, you asked for our comments on what should be done. We are broadly supportive of the farming for a better climate proposals, but our view is that many of them urgently need to be made compulsory. For example, a policy of compulsory nutrient management planning would be a simple regulatory tool that would encourage the adoption of measures that improve the timing of fertiliser application, avoid excess application and encourage the use of the right sort of biological cover to fix nitrogen. All those measures reduce emissions of what is a fairly potent greenhouse gas.

Rob Gibson: Thank you. That opens up an area for us to take further.

You mentioned peatland. There is the potential for rewetting and for increasing the maintenance of peatland. In a sophisticated way, the Government does not have to pay for that directly in total. Has SCCS had any discussions about the contribution that academics, public bodies and landowners should have in that area?

Duncan McLaren: SCCS has been happy to delegate the issue to the IUCN programme, which

is currently conducting an open inquiry into peatlands, their contribution and the possibilities for management. That is drawing together stakeholders from all those groups, and we are contributing as another stakeholder in that process. That is where we drew the figures from that we have provided to the committee.

Rob Gibson: So, given the necessity to deliver 600,000 hectares of restoration, you think that it would be a start for us to be able to measure exactly what the rate of regeneration is and what gases are emitted at different stages in that process.

Duncan McLaren: Exactly. Work by Edward Maltby and Philip Immirzi that Friends of the Earth commissioned in about 1994 looked at the life-cycle approach to peatlands and which gases are emitted when, so there are good data going back quite some time. It is desirable to fix the data and improve them for the Scottish situation, but the general principles are adequately established to allow us to move forward with urgency to a peatland restoration programme. That is particularly urgent given the non-climate benefits that would emerge for biodiversity and for water management as a result of such a programme.

Rob Gibson: I want to take that a little further, as I have hosted debates on the issue in the Parliament. The Scottish Further and Higher Education Funding Council has to consider the kind of research that it calls into being. We are calling on it to spend more of its money in areas that would be helpful for practical applications. There are already examples, such as in the flow country in the far north, where there is potential for local academic institutions such as the environmental research institute in Thurso to become involved. Should such outcomes be specified in the RPP?

Duncan McLaren: It would be desirable for the RPP to identify areas across the range of interventions where research funding from Scottish funding institutions should be directed to support the measures that the RPP sets out. That is particularly so for areas such as peatlands, where uncertainties have been identified. I would welcome that.

Rob Gibson: I turn now to the tax system and its influence on how land use decisions are made. Does the current tax system provide enough incentives for the land use sector to reduce emissions?

Duncan McLaren: I am not expert enough on that issue to comment. I suspect that, as with any tax system that has not been tailored to deliver climate outcomes, a reassessment or redirection of it could improve the climate outcomes that it

supports. I am afraid that I cannot offer you any specific reforms that I might seek.

Rob Gibson: In much of the draft document there is talk of a need for further powers for the Scottish Parliament. You have all sidestepped that in your approach to the matter. Do you not think that a discussion about tax systems and so on could be beneficial, as we might find other sources of income that we could apply to the ends that we are pursuing?

Duncan McLaren: Colin Howden from Transform Scotland has offered you several areas where his organisation—and the others that are represented here, I suspect—agrees that economic instruments should be used to generate revenue. Broadly, Friends of the Earth Scotland would support an investigation into how the tax system in Scotland could be harnessed to deliver environmental and climate outcomes. As part of that, a reassessment of which powers are allocated to Scotland and which are allocated to the UK would be entirely appropriate.

Marlyn Glen (North East Scotland) (Lab): The RPP appears to contain no new proposals for the waste sector, and certainly none to be used in the short term. The draft report appears to focus on how to deal with waste, rather than on fundamental questions about resource efficiency in the Scottish economy. You have already spoken about regulation. In your view, will existing policies on waste be adequate to deliver the required emissions reductions in the sector? What other proposals could be considered for the RPP?

Duncan McLaren: The existing policies under the zero waste Scotland programme, if they are implemented effectively, will deliver the numbers in the RPP.

You raise a wise question, in that significant reductions could be achieved elsewhere, in particular in the emissions associated with our imports, if we moved from waste management to a resource management paradigm. Zero waste Scotland attempts to do that, but many more measures could be taken, including the whole suite of regulatory tools that were enabled under the Climate Change (Scotland) Act 2009 but which have been put to one side by the RPP. There are definitely opportunities.

Much stronger guidance needs to be given at this critical moment, when infrastructure is being put in place to manage waste for the next 10 or 15 years. Too many proposals are still coming forward in areas such as Inverness and East Renfrewshire—I have seen two in the past month—for facilities that take mixed waste and degrade it into a fuel instead of separating it to renew resource. Whenever we burn waste, trees are cut down somewhere else in the world or

minerals are mined or chemicals are processed. That generates associated emissions from our consumption of things that replace the things that we choose to burn. Even if that does not appear in the production accounts on which the RPP focuses, it will appear in Scotland's consumption accounts.

Marlyn Glen: So the RPP definitely needs to take into consideration wider resource consumption issues. Do any proposals reflect that?

Duncan McLaren: I am afraid that we have not looked at that area. As I said, the two things that I emphasise are the regulatory set and interventions in the current system of approvals for infrastructure projects.

The Convener: The Climate Change (Scotland) Act 2009 requires the Government to produce a model for reporting consumption-based emissions. That should give us a different perspective on the issue, if it is produced before the end of the session.

Duncan McLaren: That would be very useful in seeing whether waste measures are adequate.

Jackson Carlaw: Did I understand you to say that you are distinctly lukewarm about the proposal to build Europe's largest incinerator in East Renfrewshire?

Duncan McLaren: Indeed.

Jackson Carlaw: How very encouraging.

Duncan McLaren: Indeed, it mildly describes my view, which is that it would be insane to build Europe's largest incinerator in East Renfrewshire.

Jackson Carlaw: A rubicon has been crossed between me and Friends of the Earth Scotland.

The Convener: Perhaps that bodes well for the future.

Alasdair Allan (Western Isles) (SNP): I turn to the issue of monitoring. The RPP states that there will be a more comprehensive approach to monitoring by the end of October next year. What shape would you like to see it take in future?

Elizabeth Leighton: The RPP breaks down monitoring into sectors—it takes a milestones approach. That is helpful, even if we do not agree with the milestones that have been selected in some areas. The approach is useful, but we would like the Government to improve on it by selecting an overall ambition for the sector and then setting adequate milestones to measure progress.

I turn to the issue of consumption emissions. We need to look at them alongside territorial emissions so that we see in the round our

contribution to addressing the global challenge of climate change.

Duncan McLaren: I believe that the representatives of Scotland's 2020 climate group on the next panel can tell the committee more about the key performance indicators. Clearly, it is desirable to have a set of KPIs that look at outcomes in the real world in terms of behaviours and so forth. The monitoring suite also needs to contain a proper benchmark for the fair and safe cumulative budget for Scotland's emissions. If that is not the case, we may well go down a track of saying that we will meet the annual targets and measures in the RPP, but find ourselves well behind the curve when the information is properly gathered.

Alasdair Allan: How are the consumption emission calculations arrived at? What lies behind the exercise in terms of information gathering?

Elizabeth Leighton: I understand that the Scottish Government has not come to a conclusion on how it will develop that reporting or when it will report on consumption emissions, even although that is a requirement in the Climate Change (Scotland) Act 2009. We would support regular reporting on consumption emissions so that we can see our progress in that area alongside our progress on territorial emissions and to ensure that we do not just offshore the problem to elsewhere in the world but make a contribution on our global environmental impact.

I am aware that the Stockholm Environment Institute, which produced the first carbon footprint or consumption emissions result for Scotland a year or so ago, is likely to be contracted by the UK Government to produce a set of consumption emissions accounts over the next five years. Perhaps we can look to our UK colleagues on the development of methodologies so that we work with a consistent set of figures.

15:15

Duncan McLaren: My understanding is that consumption emissions calculations are based primarily on adjusted trade accounts. As someone who tried to do such an exercise for the UK about eight or nine years ago, I know that it is a challenging process, but it is appropriate to try to go through it to understand the mechanism.

In some ways, that approach is not dissimilar to the approach that has been taken for the carbon assessment of the budget, which involves assessing the carbon intensity of different types of activity in the economy and adding together the mix of those types of activity in the spend. It would be wise to pursue an approach that allowed those two mechanisms to be fully comparable, because there are shortcomings in the carbon budget

assessment that need to be addressed for future years.

The Convener: Are there any other proposals or policies that are not in the draft RPP that the panel would like to see included in it? Are there any other issues that we have not touched on as regards which changes are required in the draft RPP? I think that we have covered most of the subject areas, but there might be some specific issues that we have not mentioned.

Duncan McLaren: I think that the issues that we have not touched on are probably relatively minor. If we may, we will deal with them in writing, rather than take up your time listing minor issues.

Colin Howden: I would make three additions, the first of which is on aviation. I note that the aviation multiplier of 1 is used when we argue that a figure of 2 might be more appropriate. The present figure probably underestimates aviation's share of emissions.

Secondly, on travel planning, the proposals are somewhat unambitious. More could be done on workplace and school travel planning. An earlier draft said that 100 per cent of schools would have school travel plans by 2020. Given that we are at 80 per cent at the moment, that is rather poor.

My third addition relates to the budget line on freight modal shift. Last week's draft budget saw the cancellation of the freight facilities grant, which has been going for 25 years and has been leading a substantial shift from road to rail. If the RPP is saying that we should be expanding that area, that is undermined by the decision in last week's draft budget to cancel that spending.

Elizabeth Leighton: My one addition is on the milestones, which I would like to address all our housing stock. In other words, there should be a bullet point on hard-to-treat properties. At the moment, the RPP refers only to the production of some research and technical guidance by Historic Scotland as the solution for our hard-to-treat properties. I think that the committee would agree that for people who live in those properties, that is not good enough. The RPP should have something on solid wall insulation and other measures for hard-to-treat properties.

The Convener: Thank you all very much. I am grateful that you have given your time to answer our questions. As I said earlier, we aim to produce a committee report on the RPP later in the year.

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

15:19

Meeting suspended.

15:22

On resuming—

The Convener: We resume with a second panel of witnesses giving evidence on the draft RPP. I welcome Lynne Ross, head of international climate change at Scottish and Southern Energy; Gordon McGregor, energy and environment director at Scottish Power; Martin Valenti, project manager for Scotland's 2020 climate group; and Paul Brewer, partner at PricewaterhouseCoopers LLP.

I welcome you all to the committee and thank you for spending some time with us to answer questions. Would any of you like to make brief remarks to introduce the group and give any opening thoughts on the RPP?

Lynne Ross (Scotland's 2020 Climate Group): Thank you for the opportunity to make a contribution to the committee's review of the report on proposals and policies. I will give you a brief background. The 2020 group is a collaboration of organisations that represents individuals, small and medium-sized businesses, representative organisations, companies and public sector bodies, as well as environmental non-governmental organisations. It is a voluntary initiative, it is under one year old and it engages all sectors of Scotland's economy and civic society. We are working together to contribute fully to achieving Scotland's climate change targets.

In our opinion, the RPP demonstrates that existing policies and identified proposals can deliver very close to our targets in the run-up to 2020 and to achieving a 42 per cent reduction in our emissions. We are acting as a critical friend to the Government and the Parliament in the process of developing the policy framework around the Climate Change (Scotland) Act 2009, and we believe that the RPP can now put us on the critical path to meet the annual targets. I also suggest that the RPP establishes investment signals for business and the pathway for individuals and organisations, by evidencing the pathway that we are embarking on and underpinning confidence to make the transition to a low-carbon economy.

The Convener: Thank you. If no one wants to add anything, we will press on.

I have an opening question about the development of the draft document. It has taken some 18 months to get to where we are and, although there are probably a range of views on the individual policies and proposals, it might be argued that overall the policies that have been adopted are not news to anyone and that we are seeing a statement of where things stand at the moment and a menu of options for the future. Is the document what you would have expected after 18 months of development, or would you have

expected something that established and took us in a new direction?

Gordon McGregor (Scotland's 2020 Climate Group): As was mentioned in the previous session, the document is a good start after a comprehensive process of development. Some of us work in large companies and organisations, and we know how challenging it is to work across different departments and aspects. It must be recognised that the Scottish Government has done a good job, even across 18 months, of knitting together all the different policies in an internally consistent manner to reach the 42 per cent target. That is not an insignificant challenge, and the Government has responded reasonably well to it.

The Convener: How much input did the 2020 group members have to the document? Furthermore, does the approach of setting out policies already adopted and an additional list of options to which the Government has not yet committed give enough clarity, particularly to the business community, about the options that will be taken? Is it enough just to give a menu of options, or is greater clarity required—setting out some of them as policies rather than just proposals?

Lynne Ross: I suggest that the layout is adequate. We have engaged in discussion on the proposals, which are a fair reflection of policy options at this date. The important thing is the broader context and to send signals to businesses and individuals while recognising that new policy options will emerge and existing policy options may not work in the way that we neatly predict they will today. We need to ensure that there is sufficient confidence and impetus for civil society and all sections of the economy to start researching, developing and bringing forward new processes and technologies to enable the transition to a low-carbon economy. That transition will not happen according to any plan that any Government agency from anywhere around the world could write today.

I think that the proposals are adequate. I have spent a little time trying to disentangle the contribution from the European policy angle and the traded sector while looking at the underlying Scottish policies and proposals. I suggest that, in detailing the traded sector proposals and that sector's contribution, it has sometimes been difficult to look at the underlying Scottish proposals. In many other respects, however, the group welcomes the report. As I said, it is a good piece of work as of today's date, based on the information that we have now.

The Convener: It seems fair enough to me that we give everybody a bit of a break and recognise that nobody has done this before. Nobody has ever set such a long-term plan to reduce

emissions or any other environmental impact, so we will get some things right and some things wrong. Given that we are likely to get some things wrong and that some policies and proposals might not deliver as well as expected, would it be appropriate for the Government to adopt enough of the proposals into policy to exceed the targets? That would give some flexibility later if things went wrong.

15:30

Gordon McGregor: As with every plan, there are some risks around the RPP. From my examination of the RPP over the past couple of days, I think that there are three things that it would be useful for the committee to consider further. One involves infrastructure, which was touched on earlier. The issue cuts through the whole of the RPP, but it is not brought out in as much detail as might have been expected. The infrastructure UK plan that was announced a couple of weeks ago at Westminster tries to set out in as much detail as is possible at the moment the role of Government in infrastructure and what the Government will do in relation to publicly funded and privately funded infrastructure in the coming decade.

The RPP does not seem to be as ambitious on infrastructure as it could be. For example, its goal for electric vehicle infrastructure is that there should be 200 charging points by 2020. Similarly, district heating infrastructure, which might be common carriage infrastructure, is referred to in the RPP but is not expanded on—although, in fairness, that might be something for the future. Likewise, how technology will be deployed in relation to other low-carbon infrastructure or even electronic infrastructure does not have as much of a presence in the RPP as one might have expected it to.

The second risk is the dependency on UK policies. I say that that is a risk not because I think that the UK policies will fail but because they are outwith the gift of the Scottish Government. Issues around areas such as the green deal, the renewable heat initiative, the carbon reduction commitment, climate change levying and the climate change agreements, which are subject to reform once the carbon price floor comes in at a UK level, will change quite dramatically in ways that we do not yet know about. We have to have our eyes wide open to the fact that the underlying assumptions of the RPP are subject to change over the next year or two.

The third area that is not dealt with to as great an extent in the RPP as I was expecting is the role of city regions. For example, the sustainable Glasgow initiative is seeking to pull together in an integrated manner all of the carbon management

policies that affect that city. Clearly, the same could be the case in Edinburgh, Aberdeen, Inverness and so on. As policies develop, it might be helpful to consider whether the city regions—or smart cities, as they are called in the European Union context—have a role to play in the wider scheme.

Martin Valenti (Scotland's 2020 Climate Group): As has been said before, the RPP is a good first attempt. A lot of the information relates to existing policy, but it is quite useful for people to see all of that in the one place. Once the proposals are further thought through, they could be elevated to the level of not only policies but real delivery. That would help to win the hearts and minds of the people of Scotland.

Paul Brewer (Scotland's 2020 Climate Group): In the 2020 climate group's finance sub-group, I stress the question of how we will finance meeting the challenge of the climate change targets, particularly the energy usage and generation component. Although I do not think that at this stage of development it is reasonable to expect the RPP to approach the issue in any depth, I think that in certain areas one has to ask how the finance needed to deliver the plans will be sourced and whether there is an underlying economic proposition that the private sector will be involved in attracting the necessary finance. For example, people are starting to debate the financing questions around renewable generation. I do not think that the RPP is the place to take such matters further but we should recognise that a number of financing dimensions, including early-stage financing of emerging technologies or very large-scale finance for offshore wind farms, will need to be in place before the full potential of renewables can be delivered. One would not expect the RPP to put that piece of the jigsaw in place, but it certainly needs to be acknowledged and included in the maturing plan.

Finally, picking up on Gordon McGregor's point, I think that there are many unknowns with regard to the major contribution that city regions can make in delivering, for example, renewable heat targets. However, although we will not be in a position for some time to quantify the precise cost of renewable heat initiatives, we still need to keep an eye to ensure that financing does not become a barrier to achieving plans that otherwise appear sound and will meet targets.

The Convener: One or two members have specific questions about funding and financing but, for the moment, I want to come back to the Government's assertion that Scotland should become the destination of choice for low-carbon investment. The phrase is easy to use and sounds great, but has the Government been clear enough

about what it needs to do to make that a reality? Is such an aim achievable?

Paul Brewer: Low-carbon investment is made up of myriad types of investment. Issues around investment in renewable heat and transport in Scotland are probably not very different from those in the rest of the UK. The approach has focused mainly on making the best use of our natural resources in renewable generation and, in that sense, the Government has not only raised the level of debate, which is important in ensuring that we are on the radar of the various sources of finance and potential inward investors, but contributed very positively to moving the debate forward.

For example, with regard to the national renewables infrastructure plan, the Government through, in particular, Scottish Enterprise acted as a catalyst in getting all the public and private sector players around the table and making it clear that if this collection of essential infrastructure was not developed, it would become a barrier to delivering targets. The question was how, collectively, infrastructure need might be identified and met. We need to focus on certain critical components today to achieve bigger targets in future. Good steps have been taken in certain areas and the approach is now shifting to ensuring that all the players who need to be involved in delivering targets in other areas such as carbon capture and storage have the same focus.

The Convener: As I have said, one or two other members will ask specific questions on this matter.

A couple of witnesses have already touched on the relationship between Scotland and the UK. How do we assess the various proposals out there that have not yet become policies? At the beginning of the RPP, there is a section on presentation of proposals that refers to contribution to gross domestic product, economic opportunities and risks to business competitiveness. However, the same emphasis has not been placed on wider impacts on Scottish society including elements such as health, social justice, equality and other environmental aspects. After all, there are sustainable and unsustainable ways of achieving a low-carbon Scotland; for example, certain carbon emissions could be happening offshore that therefore do not have to be included on our balance sheet. Does anyone have any views on the apparent absence of a framework for assessing the different options and proposals against each other?

Lynne Ross: Convener, might I ask you to clarify that slightly? If I understand your question correctly, it is about some of the ancillary benefits associated with low-carbon investment, such as the social, health and environmental benefits.

The Convener: Associated with each proposal is a judgment on its cost effectiveness, which is based on the price—how much money the proposal would cost—and the carbon that it will save. However, the report does not go into the wider impacts. If a particular proposal had a greater health benefit, it might be better to take account of that, because that would save money elsewhere in the Scottish budget. Equally, social justice measures or measures in relation to other aspects of society that meet additional policy objectives that the Government sets might be worth considering more favourably.

Lynne Ross: Thanks very much for clarifying that.

We have had dialogue with the team that developed the report on proposals and policies and have discussed several times those ancillary benefits, as I might refer to them, and the opportunities for those benefits to be costed, framed, discussed and presented in various ways. Our position is that, through developing the comprehensive carbon monitoring framework, which is referred to in the RPP, during the 60-day consultation period, there is scope to start to quantify some of those benefits. However, I emphasise the word “start”. We are in new territory in trying to capture and properly or fairly represent some of those benefits. The 2020 group believes that there are many ancillary benefits and that they will lead to cost reductions for small businesses and households. In the current economic situation, those benefits are attractive, but they have not been set out fully or claimed, or overclaimed, in the RPP. There is a role in communicating those benefits in a more concrete way. Analysis is under way in the Government to start to frame those benefits.

Cathy Peattie: I want to explore the issue of partners. Is the 2020 group confident that the policies and proposals can be delivered given that there are so many possible partners? We have heard about city partnerships and partnerships between the public and private sectors. Are you confident that those can be delivered?

Lynne Ross: We enjoy strong collaboration in the 2020 group. Since the group’s launch a year ago, various partners have collaborated on several new products and services and new business development proposals. The only way to move forward in the climate policy space is through collaboration. We have a wide number of members and new bodies seeking to participate in the 2020 group. We will make progress only through partnership. I am not sure whether that answers the question.

Cathy Peattie: So you do not see the need for partnership as being a barrier to progress.

Lynne Ross: I would style the discussions that we are having, among ourselves and with Government and Parliament, as constructive engagement.

Gordon McGregor: I will extend the issue to partnership beyond the 2020 group. One interesting thing and one of the biggest challenges of the RPP is that it seeks to re-engineer the whole breadth of society. It does not seek just to ask the department for industry or energy to get its act together; it looks across the whole of society and asks how we can decarbonise everything that we do. Because of the RPP’s all-encompassing nature, it will necessitate partnerships with voluntary groups, the private sector, public agencies and others.

I do not think that there is a holy grail of partnerships. Government and policymakers need to provide the conditions, direction and framework in order that partnerships can flourish. I suspect that those things will occur, and policymakers can encourage them by putting the right framework in place rather than prescribing them.

15:45

Cathy Peattie: How optimistic are you that that will occur and in what timeframe? It is a new way of working for the public and private sectors, and others.

Gordon McGregor: I can speak only on behalf of our company. Often, we compete with one another, with Scottish and Southern Energy and Scottish Power being very strong competitors. However, in other areas, we are very strong partners. That is just an example of what can occur. In our company, we collaborate with and partner many organisations to deliver our multiple objectives, because we understand precisely what we all seek to achieve. We understand very clearly some of the partners who would benefit from working with us. It could be a barrier if there were poor information and a lack of transparency in the RPP. However, I hope that the Government will ensure that informational barriers do not exist.

Cathy Peattie: Will the RPP give business confidence to make investment decisions in Scotland that they otherwise would not make?

Gordon McGregor: That must be considered case by case. Some parts of the RPP are crystal clear today and companies would certainly be attracted to make investments, given the security around the policy. However, some aspects of the RPP today are still in development. Clearly it would take a big leap of faith for people to make investments in the absence of clarity.

Cathy Peattie: Is there then an issue of understanding in sectors? We spoke to the first

panel about public engagement. Is there an issue about private sector engagement? Indeed, is it happening? Do people know what their company or industry can gain?

Gordon McGregor: I go back to the point that I made before. It is very difficult to talk about matters in the abstract; it has to be done case by case. For a policy such as renewables, a clear framework is in place. We have seen the private sector respond constructively to making investments and seeking to make even further investments in what are sometimes high-risk technologies. In other areas, where things are under development, it is too early to say. However, it is encouraging that the Government is engaged with those who will participate in bringing forward the investment and is having open discussion and dialogue about some things that are still proposals but which we are looking to turn into policies. So, that kind of consultation exists.

Cathy Peattie: How robust does the 2020 climate group feel the costings of policies and proposals are in the RPP? What conversations have your members had with the Scottish Government about new financing models?

Paul Brewer: I could not comment on the costings, other than in the most general sense. However, on financing models, we are looking in the report at a huge number of policies and proposals, many of which have financial consequences, some of which will need approaches to financing that are novel in their contexts—things that have not been done before. We can take as an example the potential for green deal financing for households. What we are doing is encouraging people to take up loans based on very small savings that will accrete to something large over a long period of time. The potential impact of the green deal on accelerating energy efficiency in the home is large, but the financing models are untried. In things like that, the Government is at an early stage of engagement and there is a lot of ground to cover.

There are different layers in financing, for example, renewables or renewable energy generation. For example, the Government has been active in encouraging and facilitating the early-stage financing of emerging technologies, and that has achieved an appropriate level of focus. However, in relation to, for example, the development of offshore wind, we have touched on the fact that infrastructure and supply chain components need to be put in place that require early facilitation and investment, and the renewable infrastructure fund is an appropriate intervention to move that forward at the early stages, when it needs attention.

Larger-scale investments in onshore and offshore wind have largely been the domain of the

private sector, and when the Government does not need to intervene, it will step back. However, as we get into the more complex technologies and risks of offshore wind, a clamour is building from potential developers—and current developers south of the border—to find ways in which the Government can help them to unlock financing by sharing the risks. That was one of the main areas of focus of the green investment bank commission.

The Scottish Government has stayed close to UK developments. I have certainly seen evidence of the Government working closely with the Department of Energy and Climate Change. When a distinctive Scottish intervention is required, such as the renewables infrastructure fund, that has been made. So there is certainly engagement around financing.

Lots of new and innovative models will have to be developed. For example, how do we finance car charging points for electric vehicles? It has not been done before. It probably can be done, but it will require innovative thinking to make it work.

Lynne Ross: On the question of costs more generally, we understand and believe that detailed analysis has been done to arrive at the costings, which are based on sensible assumptions and were done in good faith. However, we expect those costings to change. The RPP does not prescribe precisely what proportion of cost will fall on the public or private sector, or on individuals.

We must remember that the costs of mitigation and emissions reduction are expected to be a fraction of the cost of inaction. We must understand and recognise that context. Today, in the current economic climate, the focus must remain on the fact that there exist proven energy-efficiency technologies that offer a step change in energy consumption. As I say, they will be particularly valuable in the current economic climate, because they will improve the competitiveness of Scottish businesses and offer the opportunity for warmer homes for people right across Scotland. They can do that as of today with the known policies.

Charlie Gordon: The RPP makes just one proposal on energy supply, which is on CO₂ storage. Is that the right balance?

Gordon McGregor: I am not sure whether the carbon capture and storage policy is within the RPP or whether the report just references it. The electricity generation policy statement, which is the document associated with the RPP, goes into a bit more detail.

In contrast to Duncan McLaren's earlier statement, I want to put it on the record that the electricity generation policy statement says that a minimum requirement of 2.5GW of thermal

generation might be required as part of the development of a Scottish energy generation mix. CCS has a strong and vital role to play in that, so we are delighted that it appears in the RPP.

Charlie Gordon: There was a slightly different emphasis in that answer.

I have a different question altogether now. If the Scottish Government had more say over energy policy, what could we do differently in Scotland on energy regulation?

Gordon McGregor: It is really for the Scottish Government to say what it would do differently if it had the powers to manage energy. My understanding is that the Calman review did not suggest that energy should be devolved under the proposed reforms. I think that energy will remain reserved to Westminster. The RPP should recognise, and the draft electricity generation statement suggests, that some important decisions are being taken on energy at the European and UK levels over the next few years, and they will affect the areas of energy policy that have an impact in Scotland.

The generation statement refers to the market reform process at the UK level, which is critical for the development of renewables and thermal generation in Scotland. The statement also refers to the emissions performance standards, to the proposed UK carbon floor price and to aspects of project TransmIT for transmission charging. We are going through a big change process at the moment as far as regulation is concerned and, clearly, that will affect Scotland. As regards the regulation that could be changed in relation to governance, that is not really an area for me.

Lynne Ross: I note and welcome the energy efficiency action plan, which was launched as part of the comprehensive set of proposals around the RPP. It provides evidence of the wide range of levers that it is possible to deploy to reduce energy demand.

Alison McInnes: That is a useful link into the start of my questioning. I am aware that the RPP refers to the energy efficiency action plan, and we would expect such a document to cross-refer to other policies. Does the energy efficiency action plan mesh well with other policies in the RPP across all sectors?

Lynne Ross: Yes, broadly. There is an incredible depth of detail in the energy efficiency action plan. Some of the organisations involved in the 2020 group are more quickly able to get up to speed on the details compared with others. We are looking to collaborate on the energy efficiency action plan, as we are on the low-carbon economic strategy and the forthcoming public engagement strategy.

We recognise what is in the energy efficiency action plan, but we do not have a concluded 2020 group position on it, other than to say that we will be developing proposals and working together within the group to turn the policy into projects on the ground. That is what we are about.

Alison McInnes: You will have heard witnesses on the previous panel telling us that they felt that the level of ambition in the homes and communities section of the RPP was disappointing, and that it falls well short of the contribution that housing can and should make to meeting the 42 per cent target. Does this panel agree with that?

Gordon McGregor: There are still a lot of developments to occur in energy efficiency under the UK green deal. The precise role of the green deal, of the renewable heat incentive and of the way in which future supplier obligations will be developed will provide the backdrop for how publicly funded programmes in Scotland will operate. It would be wrong to suggest that you should wait until those things occur, but it would not be wise to ignore the fact that those things are being developed and that they will have a major impact on energy efficiency in homes in Scotland.

The 2020 group has not taken a view, since the draft RPP was published, on whether or not the public funding for energy efficiency and fuel poverty is too low or too high.

16:00

Alison McInnes: The reliance on policies in the RPP's homes and communities section is unusual, given the focus elsewhere on proposals. Earlier, we heard about a whole range of new proposals including a national retrofit programme and minimum standards for existing houses. What contribution could the members of the 2020 group make to such proposals and do you support their inclusion in a revised draft report?

Martin Valenti: One of the 2020 group's seven sub-groups is the built environment sub-group, which is extremely active and comprises Homes for Scotland, the Scottish Property Federation, Taylor Wimpey and everyone else you can imagine, apart from the Royal Institution of Chartered Surveyors. We are trying to get someone from that organisation to come and play with us and we would welcome it if you could use any leverage you might have with it. That sub-group is working really hard to come up with positions that might be of use, but I cannot go into the issue in too much depth, as it is still work in progress. However, I would certainly be interested in liaising with the committee on the group's work.

Alison McInnes: Do you think that a national retrofit programme is a good step forward?

Gordon McGregor: For sure. Scottish Power and SSE are already involved in the current supplier obligations and retrofit activities for the existing CERT mechanism, and it is likely that we will be involved in the green deal in Scotland and the new supplier obligations. Retrofitting will play a big part in that.

The Convener: On the retrofit programme, the previous witnesses acknowledged that, if we are to get the maximum benefit from the UK context as far as energy regulation and contribution from suppliers are concerned, we will have to adapt and ensure that we fit in well. However, they also argued that any intention to take a more carrot-and-stick regulatory approach, instead of an approach based purely on carrots, should be signalled, even if it was not going to come in for a few years. Does the group have a view on whether a regulatory rather than a voluntary approach is required? I am thinking in particular of the private rented sector, in which the person who owns the property will not gain, or at least see any benefit from, for example, increased rents.

Lynne Ross: I am afraid to say that the group does not have a position on the necessity of targeting specific segments of the residential market. We are looking to pilot a retrofit project involving a variety of property owners in, for example, a tenement building that has a mix of social rented, private rented and privately owned properties.

Cathy Peattie: Retrofitting is obviously important but, given that many of its members come from the business sector, is the 2020 group confident that people have the skills to deliver the objectives that it has been exploring? An article in today's *Scotsman* has highlighted the lack of engineers offshore and we have previously heard that there are not enough skilled people to carry out retrofitting and so on. What conversations have you had with colleges and other bodies to ensure that those skills are available in future?

Gordon McGregor: The 2020 group has not discussed that issue in detail, but the energy sector would certainly echo your point about what is happening offshore. Although we have an advantage in that area, there is clearly much to be done.

Many of the tasks and activities set out in the RPP either are not done at the moment or are in the very early stages of being done and need to be ramped up significantly. There is a big skills and resource challenge in that respect, and the relevant bodies and the Scottish Government are alive to that and are progressing that work. The approach needs to be revised in light of the RPP, and the committee might want to consider that finding.

Jackson Carlaw: You may have heard me asking the pressure groups a question about leadership in the public sector. There is the saying, "Fools rush in where angels fear to tread"; my question may well have been a case of that. However, as representatives of commercial organisations to a degree, do you think, as a result of your engagement with the public sector, that it is properly structured and has the appropriate leadership to deliver on the carbon programme?

Martin Valenti: That is an interesting question. It is tricky for voluntary groups such as ours—I should say that a couple of public sector bodies are represented in our group—to criticise groups such as COSLA or the Society of Local Authority Chief Executives and Senior Managers, because we are not entrenched in the work that they do. We have recently started to engage a bit more with the sustainable Scotland network to see whether our leadership group can share examples of leadership and learn from local authorities and public bodies. We know that there is a bit of a yin-and-yang scenario. Our founding principles are to do with engaging and working with people, and getting together the guy with the hammer and the guy with the bag of nails. We believe that that will take Scotland forward.

Lynne Ross: We have public sector representatives in the group, the sub-groups and the steering group, and new public sector members are looking to join us. The engagement is good, and we are certainly not a group in which the majority of organisations are commercial. That is not the nature of the collaboration that takes place.

The Convener: We will move on to transport. The RPP emphasises technology change in transport—changing the vehicles that people move about in, for example. There is some emphasis on reducing transport demand, but the previous panel argued that the RPP is the wrong way round. The two milestones that are set out in the section on transport are, first, that there is a mature market for low-carbon cars and, secondly, that an electric vehicle charging infrastructure is in place in cities. Does such an approach in the RPP's transport elements represent a proper taking of responsibility by the Government? There are two technological milestones, but less emphasis on demand. The document also states that the policies that will have the most significant impact on transport emission reductions lie with the EU and the UK Government.

Martin Valenti: That is a good point. I certainly did not draw from the document what you have just said and what Colin Howden and the others on the previous panel said, but I am looking at it now, and it is strange that there are not many more milestones to do with behaviour, attitudes

and engagement. In the Scottish Government's defence, I am not sure whether it has deliberately taken that tack. Perhaps the two milestones are there because they would represent a real, tangible difference. People might not notice how I drive or choose to travel, but those milestones would be significant things that people would see and which may encourage different behaviour.

I think that Duncan McLaren referred to KPIs. We have certainly suggested many KPIs to do with changing behaviour, using different modes of transport and doing things in different ways. Lynne Ross mentioned the 60-day consultation period. We have already arranged a couple of meetings with the Government, especially the transport team, to drill down into bits and pieces and discuss where our KPIs could supplement things.

The Convener: You say that you are in discussion with the Government about whether it will take up those indicators.

Lynne Ross: That is right.

Martin Valenti: We are. In addition, the transport sub-group has a seminar planned for January, at which freight will be looked at. We asked to attend the living with environmental change board meeting that Stewart Stevenson held somewhere in Edinburgh yesterday. There was an interesting group of people there. They are quite keen to engage with Scotland's 2020 climate group because they see the practical examples of what we do to be the last box to tick.

The big national seminar will not be for the usual suspects who already understand the issue—I say this with the greatest respect—but for people such as the fleet managers in the councils and public bodies. People in the Royal Mail, for example, cover 2 million miles a night. People such as the fleet managers will come, possibly to Victoria Quay, to work through some of the issues and chat about the technology that is available to see what works and where they can help each other. That is very important. Those people are sometimes forgotten about when the issue goes to the corporate social responsibility manager, who might just sit at his or her desk. It is the fleet manager in the warehouse with the 400 trucks who needs to buy into this.

Lynne Ross: The question of carrots and sticks is probably straying into a political decision, which we are less inclined to do. Whether you finance and facilitate the enabling infrastructure before you introduce measures to force behaviour change is a political question.

On the practical side, at SSE we are trying various projects—a kind of single-company pilot. For example, we recently introduced a restricted parking arrangement at our headquarters site. We are piloting, on a large site, what happens if we tell

everybody who works on that site, "If you drive to work, you can bring your car only four days a week."

We are taking such actions and sharing them within the group to try to find programmes that work for us, discuss them and share best practice. The fleet manager session in January will be about sharing best practice, particularly with small and medium-sized enterprises that do not have the budgets to research sophisticated information technology systems. It is about getting round a table like this, which we can do in Scotland, and getting a lot of people together to share best practice and achieve cost savings.

The Convener: That is helpful. Your point relates to the next question, which is about the idea of having all workplaces with more than 30 employees having an effective travel plan by the end of the RPP period. I am sure that some members of the 2020 group have experience of trialling travel planning policies in their own businesses. Does anyone else want to contribute to the discussion and share any lessons that have been learned? Can you also comment on the proposed idea of community hubs, which would enable many more people to work remotely—not quite from home, but without much of a commute?

Gordon McGregor: I echo what Lynne Ross said. We have picked up many ideas from some of our partners in the 2020 group about green travel plans for our sites and our company. Such best-practice learning could cut across not only workplaces but other facilities in all parts of Scotland.

What was your last question?

The Convener: I asked whether the idea of community hubs would go down well with the business community. Would there be any concerns about the proposal's impact on working patterns?

Gordon McGregor: There are the standard issues that would affect any organisation, such as the cost benefits and liabilities but, in principle, community hubs are a sound idea and they should be taken much further.

The Convener: Are there any innovative financing models—that is another phrase that crops up from time to time—that are reasonable and practical and would deliver the infrastructure and behaviour changes that are required in the transport section? Innovative financing models is another phrase that cropped up in the section. Are there any comments on that?

Paul Brewer: The term "innovative financing models" is potentially a euphemism for something that we have not yet thought of, so the answer is always yes. It is not an area that I have devoted a

lot of attention to, but within the transport section there will be limited public funds to invest in these areas, so you have to look at how you make users or corporate developers of the relevant infrastructure participate in the financing.

16:15

I will distinguish between financing and funding. To establish whether something is fundable, you need to look at the overall economic model. For example, as a business we have looked at car charging networks. You have to ask whether you will be able to achieve revenue over the life of the assets that will pay for the assets, or whether the Government will need to intervene and put in cash, allocated from other resources, to achieve that. For each proposal and policy you need to see whether there is an economic proposition. If there is no economic proposition for the private sector, who pays? Does one actually take the money from the consumer? Does Government look at it as something that it should subsidise? You then look at the source of the finance. Is it Government grant? Will the private sector be able to borrow, and repay those borrowings?

There are definitely more models to come in transport. There are also links between transport and wider measures. One of the issues that was touched on briefly in relation to reducing transport demand and creating community hubs was the development and financing of broadband and telecom networks, which become increasingly important.

There are myriad financing models, but I do not think that at this stage one can answer the question whether there are a few silver-bullet innovative models that would help to cure problems. We must look at them all on a bespoke basis and see whether there is a fundable proposition and where the finance would come from to deliver it.

Martin Valenti: I refer to the proposal in the RPP for up to 100 community hubs for places that have populations of less than 10,000. I am fortunate enough to live in Comrie. This is not going to be a big plug for Comrie, honest, so do not worry. There are many Comries out there that just need the blue touchpaper lit. People would welcome running a little community hub in the likes of Cultybraggan camp, Fintry, Muthill or wherever. Although it is not an innovative investment model, if it could get started, BT or one of its partners could supply the technology and Stagecoach could provide the bus, for example. A bit of thinking outside the box could maybe get that started. The community hub could be a social enterprise, for example, and the money that it got could go back into the community, which would encourage people in the community to use the

hub. I do not want to drive to Edinburgh, Glasgow or Stirling for meetings; I would much rather nip round the corner and work from there, and I think that there would be an awful lot of people like me.

Rob Gibson: I am interested in the long list of key performance indicators that your sub-group on land use and forestry has produced. Have you considered whether those have been reflected in the RPP?

Lynne Ross: I will answer that briefly. None of the team here today is immersed in the policy depth of the land use sub-group. I must give you that caveat up front.

Some of the indicators are obviously in the report on proposals and policies, but others are newer and I do not think that they are reflected yet. If you look at the detail of the proposals in the RPP, there are not a lot of new proposals and they are not kicking in yet. I think that 2018 is the date at which a European policy on cross-compliance might make a contribution. So, our sub-group considers that there are new ideas and certainly new indicators in the short term to look at trends both in agriculture and in forestry.

Rob Gibson: I talked about land use and forestry because two very large utilities that use a lot of land are represented on the panel. One of the lists of key performance indicators with which the 2020 group provided us mentions the

"Extension of right to buy schemes for community groups tackling climate change mitigation projects".

That could include the production of environmentally friendly electricity. How do you view that as a priority? Has the Government not already hinted at that in its "Speak Up for Rural Scotland" document?

Lynne Ross: It is important to emphasise up front that I am not here to talk exclusively about SSE's position on various policy areas. I recently participated in an interesting finance session, which was about scaling up community-based small-scale renewable electricity projects. There is evidence of engagement across the piece in discussing new business models and ways of collaborating. I do not want to comment further in detail about SSE's particular take on those issues. A wide variety of stakeholders are involved in the 2020 group. At times, we come from different places, but we are having a dialogue about new projects and types of project.

Rob Gibson: Would anybody else like to comment?

Gordon McGregor: I will comment on the KPIs in general. The one thing that is missing from our submission on KPIs is the targets. To be frank, a KPI is interesting but meaningless without the target or reference. That is the missing piece of

the jigsaw. The policies and proposals certainly provide the framework for action, but the delivery must be monitored through the KPIs. The target for each KPI has to link to the carbon outcome that is required. There is some coming together. Now that the RPP is published, we and others can reflect on whether the KPIs can meet the carbon targets if they are expressed correctly.

Rob Gibson: Am I correct in saying that KPIs have been identified for the targets that we passed in secondary legislation to reduce carbon emissions between now and 2020? Is that not a start in achieving the aim?

Lynne Ross: It is. We offer the KPIs in the spirit of dialogue and because we think that they are a useful series of measures that the layperson, the small businessperson or a young person making career choices can look at and understand. They set out in normal, jargon-free and everyday language what the climate policy thing is all about—what it means for people and for their home or job, and what is happening. We cannot yet say exactly how many roofs need to be insulated by a specific date. We cannot do the carbon accounting. That applies not just in Scotland but internationally, although standards are developing. In the KPI exercise, we tried to provide output measures that will give sensible evidence about the rate and type of progress involved in the transition to a low-carbon society.

Rob Gibson: You identify a long list of things that could be achieved in the land use and forestry sectors. That is your vision. Do you expect those to be reflected in the RPP?

Lynne Ross: We would welcome further discussion with the Government. We would like more of the KPIs to be included in the final version of the RPP, but we will be happy if our contribution stimulates thought or turns into specific measures in the carbon management programme.

Martin Valenti: Our brief when we produced the KPIs was to start with a blank piece of paper. We did not assume anything about data that are already collected. We wanted fresh thinking. In some of the dialogue that we had with Scottish Government officials, they told us, "You cannot possibly do that one because it's not our problem," but we feel that certain indicators are useful because they will involve people. Some indicators will probably fall off the table, but we will work hard with the Government to try to help.

Rob Gibson: That is useful.

Marlyn Glen: My questions are on the waste sector. I see that we have another list of key performance indicators on waste and resources. Do the witnesses agree that the existing policies on waste will be adequate to deliver the required

reductions in emissions in the sector? What proposals could be considered for the RPP?

Martin Valenti: I sit on the waste sub-group. On the group, there is Viridor, the William Tracey group, the Scottish Government, zero waste Scotland, the Scottish Environment Protection Agency and others. We have tried to get a really broad collection of bodies so that we can take an holistic view. Zero waste Scotland will have to find its feet, and find where its best successes will be. However, one of them will be the one-stop shop. It has always been tricky for businesses to know where to go for waste advice—SEPA or one of the other bodies. Zero waste Scotland provides a good foothold for people.

A view held by the waste sub-group—it is not necessarily my view, but I want to represent the sub-group's view—was that there was no sense in waiting until 2015 for the ban on food waste. The sub-group feels that if you are going to do it, you should do it now. Why bother waiting? To demonstrate the leadership of the 2020 group, I point out that one of our pledges is to encourage collaboration with the other organisations. There has been successful collaboration between Scottish and Southern Energy and the William Tracey group. In April next year, Barkip in North Ayrshire—the largest anaerobic digestion plant in Scotland—opens. It will take 75,000 tonnes of food waste from Scotland, including industrial slurries and manure, and it will send a total of 2MW to the national grid. Heat generated will be used in the production of fertiliser. That is an example of joined-up thinking. Two non-governmental bodies could just crack on and do it.

Infrastructure issues arise. I understand from the waste sub-group that 153 different types of waste collection exist in Scotland. When you tell that to someone who is not involved in waste collection, they are perplexed. There should be more streamlining. Types of waste that are quite similar should be grouped together and consistent methods of waste collection should be sought.

The food businesses in the waste sub-group really want to recycle their food waste. At the moment, they cannot do that and waste is going to landfill. There is a desire for recycling among the waste collectors, the energy companies, the food companies and even the small businesses. Glasgow has 7,500 food establishments, and right now they are all throwing waste in the bin. They feel that they want to do better but that the infrastructure is not yet in place. They cannot understand why it is not in place, because it is not rocket science. All that is needed is a couple of vehicles, a different receptacle and a different way of collecting waste. The plants are there and are ready and waiting.

That might have been a bit of a rant, but I hope that it answered your question.

Marlyn Glen: This is one of those subjects that people get enthusiastic about, strangely. You have illustrated one of the problems: you have been talking about how to deal with food waste, rather than about how to cut food waste. People should not be buying extra food, and portion control should be better.

Martin Valenti: We are working with Tesco, not only on the waste sub-group, but on the public and business engagement sub-group. It is not always easy. The sub-groups are fellowships of the willing, but they do not always agree, and sometimes there are heated arguments.

I will put this carefully. Tesco is concerned about labelling. Already there is labelling for everything from salt and sugar to preservatives. What Tesco would like—although we are not sure whether it will happen—is labelling along the lines of, “Do you really need to buy this amount?” People could be encouraged to buy individual apples rather than buy a big bag from which four will go in the bin. There is a cultural message to get across. However, it can be tricky when other supermarkets are offering BOGOFs, or 20 per cent extra free. At home, it is just me and my wife and, although it is tempting to go for buy one, get one free, we do not actually need the other one.

If you have the answers, that would be fantastic. There is an interesting challenge.

16:30

Marlyn Glen: I am the one asking the questions.

Martin Valenti: It was worth a try.

Marlyn Glen: I guess that you also have to put into the mix the fact that people expect their food bills not to be too expensive and that they will go for whatever is on offer.

Martin Valenti: Absolutely.

Marlyn Glen: Given that the issue needs to be discussed in the round, what else can we put into the RPP to help the process? After all, it must be a hugely complicated task to address the factors that people take into account in dealing with their own food buying, eating and waste. How could the section on waste in the RPP be developed to ensure that wider resource consumption issues are considered?

Martin Valenti: Blank looks from the panel on that question, I am afraid to say.

Marlyn Glen: That is okay.

Martin Valenti: As I have said, the waste sub-group has met only once, but it is full of passionate

people who will certainly take forward that dialogue.

Lynne Ross: On a more general point, I reiterate that we have welcomed the opportunity to discuss consumption issues, labelling and so forth in the development of the public engagement strategy, which is due to be launched in a few weeks' time. It is through the opportunities that are afforded by that kind of generic programme approach to having a dialogue with the public and framing the climate debate in different ways—through, for example, looking at resource efficiency and cost savings—that we feel there is scope to make meaningful progress in specific areas such as waste.

Marlyn Glen: Did you say that the sub-group has met only once?

Martin Valenti: Yes.

Marlyn Glen: You are very much at the beginning of this process.

Lynne Ross: Yes, but things have got off to a very fast start.

Gordon McGregor: For corporations and businesses, waste equals costs. Issues such as the green fleets that we discussed earlier are dominated as much by cost considerations as environmental ones, and the same is true of waste. Although waste is a major environmental issue for our company, it is as much, if not more, a cost issue. There is no reason for us to buy more materials than we need and no reason why we should not reuse some of the waste residue that we create, as long as it is not classified as end of life. The corporate sector has a whole range of drivers on waste, but the situation is complicated by the massively complex waste legislation, with which I am sure you are familiar.

The Convener: I am glad to hear that many business see wasted resources as wasted money and recognise the need to drive waste down. Martin Valenti referred to food businesses in Glasgow that want to do the right thing but do not have the services or infrastructure in place, but I wonder whether the high-end restaurant or late-night kebab shop in question will be as enthusiastic if it has to pay more in business rates or more to whatever mechanism is in place to fund the better services that I agree are needed.

Martin Valenti: At the moment, businesses are paying commercial waste rates for the wheelee bin that gets taken away every two or three days.

People are starting to turn on to the environment and climate change and even those who might not see cardboard, paper and bottles as crucial issues are quite particular about food. We have engaged a lot with food businesses; Councillor Gordon might know more about Glasgow businesses'

feelings about the issue that you have highlighted, but I do not think that it will be a deal breaker for the businesses that we have spoken to. After all, they are already paying for these services. Of course, such carrots might make chefs a bit more frugal.

Paul Brewer: From running a business in Edinburgh and discussing environmental issues a lot with my peer officers around the UK, I know that the many different approaches to waste collection and management, even in Scotland, make it very difficult to send clear and consistent messages to help businesses to address these matters themselves. With small authorities running small-scale systems and large authorities running larger-scale systems, it is inevitable that that leads to waste and system costs. The Arbuthnott report on the Clyde valley authorities saw waste management as an area for collaboration. Although the focus of the report was quality of service and tight cost environments, a powerful and helpful tool in managing down costs is having consistent approaches and behaviours in relation to waste management around the country.

Alasdair Allan: I put to the previous panel the requirement to produce a new RPP by the end of October next year. Will you say something on the certainty or uncertainty that that creates for future monitoring?

Lynne Ross: It is the nature of the beast. It all depends on whether next year's report is a wholesale revision or a natural successor to the framework that is place. Obviously, businesses, be they large or small, are looking for long, loud and clear signals to underpin their investment decisions. We hope that the finalised RPP in January will set out a sensible, clear and comprehensive programme around the Climate Change (Scotland) Act 2009 so that, next October, the new RPP will be an update and not a wholesale reform of the current RPP that we are engaged in analysing.

Alasdair Allan: Do others have views on that?

Gordon McGregor: Yes. By this time next year or very soon after, we should know the shape and form of the renewable heat initiative and how the green deal is likely to operate, including its scope and depth. We will know the answer to people's revised views on the carbon reduction commitment, given that some changes have been made at UK level to the CRC so that money is paid out rather than recycled. It is therefore natural and welcome that the RPP should be subject to continual update. We look forward to it being a live not a dead document. Does that create uncertainty? No, so long as the underlying policies are firmly set. The RPP itself needs to be flexible. Between now and 2020, it is likely that events will

blow the RPP off course once, twice or even more, and the RPP will have to respond.

Alasdair Allan: In that case, I will ask about the here and now. You spoke of the need for some sort of consistency in future. What is your attitude to monitoring?

Lynne Ross: We will be in discussion and dialogue with the Government as it elaborates in more detail on its proposals for carbon monitoring and measurement as set out in the RPP. As I mentioned earlier, in international terms, this area is in its infancy. We are keen that Scotland does not try to run before anyone else can walk. We want a pragmatic but robust series of output measures that are consistent with emerging international practice and which may require to use indicators that are in line with those that we have put forward, which can measure activity but cannot evidence precisely that, for example, insulating X thousand lofts gets us to 42 per cent.

We welcome the opportunity for further discussion on the carbon monitoring framework. It is important for us to understand the many different audiences for carbon measurement and to understand the different objectives and types of information that it is necessary to have. It is a very real challenge for the Government and Parliament to address all those different audiences and provide meaningful information. We are happy to make our contribution to the development of all that.

Alasdair Allan: The previous panel mentioned the importance of consumption emissions calculations. Do you envisage that they will form part of the mix of monitoring tools that we will need to use in the future?

Gordon McGregor: I understand from today's press that the Policy Exchange has published a report on consumption information on carbon. That might be informative for the committee. The figures are for the United Kingdom and other European countries but can, no doubt, be translated to Scotland.

There is no doubt that we need to acknowledge consumption emissions and get our own house in order on that. It is not possible for us to abrogate our responsibility in that respect.

Alasdair Allan: Thank you.

Convener, I give my apologies as I have to go to another meeting now.

The Convener: Understood. Thank you for that. We are almost done, though. I have one last question, which gives the witnesses an opportunity to raise anything that has not come up so far in our questioning. Are there any additional policies or proposals—in broad terms, not down to the detail of individual KPIs—that you wish were in the

RPP? Is there anything on which we have not touched that should be highlighted as in need of change or, even, removal?

Gordon McGregor: I reiterate the point that I made on infrastructure. The RPP covers a range of different aspects of infrastructure but does not gel the infrastructure needs together as strongly as it could. That might be helpful.

Another issue that has been touched on in the discussion but not explored fully is the city regions' contribution, which the committee could helpfully and constructively challenge.

Lynne Ross: We have a desire for the range of proposals to be translated in a timely manner into firmer policy proposals on which the various stakeholder groups can engage. The Government should produce those proposals, test them out in light of the evidence base and introduce them or introduce new policy proposals. We expect such policy proposals to emerge over the piece.

The Convener: That is helpful, thank you. As there are no final comments, I thank all the witnesses for the time that they spent with us answering questions. The committee aims to produce a report by the end of the year. I hope that the witnesses will have a chance to read it before the end of the scrutiny period.

Subordinate Legislation

Cleaner Road Transport Vehicles (Scotland) Regulations 2010 (SSI 2010/390)

16:42

The Convener: Before we go into private for item 4, we have item 3, which I hope will be quick. It is consideration of a negative instrument.

No motion to annul has been received. If committee members have no comments on the regulations, do we agree to make no recommendations to the Parliament on them?

Members *indicated agreement.*

16:43

Meeting continued in private until 17:05.

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