

The Scottish Parliament Pàrlamaid na h-Alba

Official Report

LOCAL GOVERNMENT AND REGENERATION COMMITTEE

Wednesday 27 February 2013

Session 4

Wednesday 27 February 2013

CONTENTS

	COI.
DECISION ON TAKING BUSINESS IN PRIVATE	1757
"Low Carbon Scotland: Meeting our Emissions Reduction Targets 2013-2027"	1758
EUROPEAN COMMISSION WORK PROGRAMME 2013	1794
SUBORDINATE LEGISLATION	1798
Energy Performance of Buildings (Scotland) Amendment Regulations 2013 (SSI 2013/12)	1798
CORRECTION	1799

LOCAL GOVERNMENT AND REGENERATION COMMITTEE 6th Meeting 2013, Session 4

CONVENER

*Kevin Stewart (Aberdeen Central) (SNP)

DEPUTY CONVENER

*John Wilson (Central Scotland) (SNP)

COMMITTEE MEMBERS

- *Stuart McMillan (West Scotland) (SNP)
- *Anne McTaggart (Glasgow) (Lab)
- *Margaret Mitchell (Central Scotland) (Con)
- *John Pentland (Motherwell and Wishaw) (Lab)
- *Stewart Stevenson (Banffshire and Buchan Coast) (SNP)

THE FOLLOWING GAVE EVIDENCE:

Derek Mackay (Minister for Local Government and Planning)

CLERK TO THE COMMITTEE

David Cullum

LOCATION

Committee Room 3

^{*}attended

Scottish Parliament

Local Government and Regeneration Committee

Wednesday 27 February 2013

[The Convener opened the meeting in private at 09:52]

10:02

Meeting continued in public.

Decision on Taking Business in Private

The Convener (Kevin Stewart): Good morning. I welcome everyone to the sixth meeting in 2013 of the Local Government and Regeneration Committee. As usual, I ask everyone to ensure that they have switched off mobile phones and other electronic equipment, please.

Agenda item 2 is a decision on whether to take in private item 6. Are we agreed to do so?

Members indicated agreement.

"Low Carbon Scotland: Meeting our Emissions Reduction Targets 2013-2027"

10:02

The Convener: Under agenda item 3, we will take evidence from the Minister for Local Government and Planning, Derek Mackay, on the Scottish Government's draft second climate change report on proposals and policies. Welcome, minister. We have received several submissions in response to our call for views on the report, along with follow-up information from witnesses who took part in our round-table evidence session last week.

The minister is accompanied by Scottish Government officials Angus Macleod, policy manager at the housing sustainability and innovation funding division; Judith Young, team leader in the climate change public bodies duties team; Graeme Purves, assistant chief planner for national and territorial planning; and by Donald Carmichael, director of transport policy at Transport Scotland. I welcome you all.

Minister, do you want to make some opening remarks?

The Minister for Local Government and Planning (Derek Mackay): Thank you for inviting me to talk about the draft second report on proposals and policies for meeting Scotland's climate change targets. The report has significant resonance for Scotland's local government and wider public sector, and for other parts of Scottish society.

Climate change is one of the most important issues facing the world today. The Scottish National Party was elected in 2007 with a manifesto commitment to legislate for a target to cut Scotland's emissions by 80 per cent by 2050 and to set annual targets to fix the pathway towards that goal. In 2009, the Parliament voted unanimously to pass the Climate Change (Scotland) Act 2009 and we have been working together since then to lay the foundations for Scotland's successful transition to a low-carbon economy and society.

The RPP2 sets out how we can achieve that. It considers the progress that has been made towards implementing the proposals and policies that we detailed in the first RPP, which focused on 2010 to 2022, and sets out the means of delivering the second batch of annual targets, covering the period 2023 to 2027, which we set in October 2011.

Local government has an important role to play in the delivery of RPP2. Its actions will be central to the transition to a low-carbon economy and in helping to deliver the associated social, environmental and economic benefits to our communities. The Scottish Government has not been prescriptive in the actions that local government should undertake, because we recognise that circumstances and priorities may vary between councils across the country. We think that many decisions are best taken at a local level, where their impact is felt most, and of course much of the accountability therefore rests with local government. That said, the duty is clear.

Scottish councils have demonstrated commitment and political leadership on climate change following their signing of Scotland's climate change declaration in 2007. That is illustrated in the "Analysis of the Year Four Declaration Reports", which was published last week by the sustainable Scotland network. The document catalogues an impressive range of activity as well as making some helpful recommendations about ways to improve future reporting and better align national strategies, such as the measures in RPP2, with local delivery by councils. Those recommendations will inform work that the Scottish Government will carry out later this year to develop an action plan for maximising the contribution of the public sector to climate change mitigation.

We recognise that there are challenges for local government. The statutory obligations of the Climate Change (Scotland) Act 2009 come at a time of constrained public spending, when a range of competing priorities has to be considered. However, there is a strong and justified expectation that those in the public sector will lead by example in preparing for the challenges and opportunities of climate change, through their contribution to Scotland's emissions reduction targets as organisations in their own right and through their wider influencing role.

We are committed to working with local government alongside business, communities and others to map out what needs to be done to achieve the targets, helping to ensure that wherever possible we maximise the emissions reduction potential of our activities and the contribution of individual policy areas to climate change action. We have demonstrated our commitment to working with local government and the wider public sector, making available an enhanced package of support to the sustainable Scotland network, which provides sustainable development, climate change and sustainable procurement support and advice to local authorities and the wider public sector.

The planning system forms the other major part of my ministerial responsibilities. The decisions on development that are made by planning authorities and the Scottish Government, which shape the places that we use and live in, can have significant long-term impacts on emissions. I announced a review of the national planning framework and Scottish planning policy in Parliament last September. I have stated that the transition to a low-carbon economy is a key theme for NPF3, which will play an important part in our strategy for economic recovery. A focus on energy efficiency, renewable energy and the recovery of waste heat is already delivering benefits in reduced emissions and creating jobs in new industries across Scotland.

My officials are putting together the main issues report for the NPF3, which will be published in the spring. NPF3 addresses what things should happen on a national scale. The concurrent review of Scottish planning policy will look at how planning policies should be applied across Scotland to make those things happen and address the transformational changes required for RPP2. I look forward to the responses to both of those documents. We will use them to build a broad consensus on how planning can best support RPP2 in the period to 2027 and beyond.

A low-carbon society makes sense for Scotland and for local authorities. In addition to the economic opportunities that come from Scotland's natural advantage in renewable energy sources, Scottish consumers and councils can save money on household and commercial bills through simple energy-efficiency measures, and society as a whole will experience health, welfare and immense environmental benefits.

The Convener: Thank you, minister. To what extent were local authorities and other stakeholders consulted in the development of RPP2? How was information from that engagement fed into the document?

Derek Mackay: My understanding is that the engagement around RPP2 deals with stakeholders through committee presentations to Parliament, and each department that relates to RPP2 will engage with key stakeholders. The policy document then leads to the implementation stage, which is vital for the host of areas that the policy covers, whether that is in housing, transport or planning—there is clear interplay between them all.

Let us take an example that I am close to, as planning minister: the challenging and ambitious targets around building standards for energy efficiency. Those targets are subject to live consultation, and they feed into RPP2. They are then agreed to by Government and Parliament, and there is close engagement with stakeholders across the board at the implementation stage, which relates to how delivery is achieved.

The Convener: You are describing RPP2 as a living document.

Derek Mackay: Absolutely.

The Convener: And that document will continue to evolve. Have I got that right?

Derek Mackay: RPP2 is a culmination of work across Government and partner workstreams. It has been pulled together to set out the agenda for what must be achieved and how we will achieve it. Crucially, the document sets out the list of actions that must be taken, and they cannot be delivered without proper engagement. The level of engagement is quite intense at the implementation stage.

The Convener: How many of the local government policies and proposals that were in RPP1 have been removed from RPP2? What new or amended policies and proposals are in RPP2?

Derek Mackay: We have been able to learn from a range of activities. If we consider the key contributors, about 2 per cent of emissions output is from the public sector. That covers buildings, energy and a range of projects. Other functions served by local government will include joint responsibility around housing, transport and waste. The things that make the biggest difference can be continued and indeed accelerated. For example, the move to support public transport includes the use of liquefied petroleum gas buses, as in the pilot in Aberdeen, which you are well aware of. In Mr Pentland's constituency, there is work involving building standards at Ravenscraig, which I visited just last week, with consideration being given to energy-efficiency measures for homes.

There is a plethora of information on the work that has made a difference, the work that can be accelerated and the work that can be continued. I am not aware of many examples of projects or contributions that did not work and which have therefore been abandoned. To meet the ambitious climate change targets, it is more a question of implementation, acceleration and upscaling good projects to a national scale.

The Convener: I welcome the current bus project in Aberdeen, and I look forward with anticipation to the hydrogen bus project that will also take place there.

What emissions reductions have been made by local authorities to date? How are emissions from local authorities projected to reduce to 2027?

Derek Mackay: Let me get you the exact figures for reductions by local authorities.

Because of the categories, and because the targets are set for the public sector as a whole, the contribution is quantified more by category or

sector. We have not broken it down by individual local authority, although each authority reports through the voluntary climate change declarations that they have all signed up to—and a good 32 out of 32 have reported back. The declarations can detail what is happening on an authority-by-authority basis. The authorities' energy management and waste management plans will do that, too.

On the figures that we have for the public sector as a whole, we should bear in mind that the national health service, too, will have health improvement, efficiency and governance, access and treatment—HEAT—targets for this. In 2010, emissions from the public sector were 0.9 million tonnes of carbon dioxide equivalent, which is down 29 per cent from 1990 but up 3 per cent from 2009. Part of the explanation for that is that part of the public sector's emissions—say, less than 2 per cent of the overall figure—related to energy use in buildings and property, and there was a greater reliance on energy sources because of the weather conditions at the time.

When we talk about local government, we need to think beyond its properties and responsibilities and consider the role that it plays around leadership and delivery across a range of policies including planning, transport and housing, along with a real focus on place.

10:15

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): I want to ensure that the minister expresses this utterly clearly. I think that he meant to say that the figure was up three percentage points from 2009, rather than "up 3 per cent".

Derek Mackay: I read out the line exactly as it appears in my briefing. It says that there has been a 3 per cent rise from 2009.

Stewart Stevenson: My wife will not let me get away with not getting this clear. The figure has gone from a reduction of 32 per cent to a reduction of 29 per cent.

Derek Mackay: Yes.

Stewart Stevenson: That is three percentage points, not 3 per cent.

Derek Mackay: Yes.

Stewart Stevenson: Thank you.

John Pentland (Motherwell and Wishaw) (Lab): Minister, I thank you for taking time out of your busy schedule to visit Ravenscraig. I hope that you saw evidence for what we have been trying to explain to you about its importance.

You said that the information around local government emissions was based on categories.

Although I can understand that, I saw in the sustainable Scotland network report last week that, although local authorities work well together and that one good example of that was waste management, it had proved impossible to identify the related reduction in emissions. Do you find that acceptable? Can you give us any examples of good practice in emissions reduction?

Derek Mackay: In relation to waste management specifically?

John Pentland: Any examples that you might have.

Derek Mackay: I will deal first with the point about Ravenscraig. The reason why Ravenscraig is important is that there is a big question around the on-going consultation on building standards. The proposal is to reduce emissions by 21 per cent from residential properties on current standards, and by more than 40 per cent for non-domestic properties. At Ravenscraig, the Building Research Establishment is exploring the difference that retrofit can make to properties, as well as brand-new design, to current standards. There are important lessons to be learned there in the current debate around building standards.

Although local authorities are not required to report individually to the Government, they are doing so, to their own design, through the declaration that we mentioned earlier. However, their legal duty to contribute to carbon emissions reduction targets and climate change adaptation, as well as to act sustainably, is clear.

Good practice is happening across the country; there is no lack of information on what that looks like. You gave the example of waste. Of course, you will be aware of the waste collaboration that is going on in the Clyde valley shared services project, which involves councils pulling together their strategies for local solutions, shared services, joint procurement and so on. That will achieve financial efficiency and, I believe, better handling of waste, following the reduce, reuse, recycle approach, with the effective treatment of what is residual. It is important to try to capture any energy from that process, so it is good that there are some proposals around energy-from-waste plants, too-some of them are at the design stage and others are at the procurement stage.

There is an issue around how local authorities can work together on shared services. It would be better if they adopted the way of partnership working that we discussed in the chamber yesterday as opposed to working on an individual basis. Across the country, there are great examples of councils working in partnership with other agencies. We know that recycling is improving across the country. The situation with

organic and food waste is improving, too, as we move towards becoming a zero-waste society.

On reducing emissions, all councils have signed up to the declaration that we discussed, which is a statement of intent. Lying behind that will be many action plans, on issues such as reducing energy consumption in buildings and transport. For example, there might be local access plans that are about keeping facilities close to accessible transport routes such as bus networks, or transport partnership plans to encourage the use of public transport rather than the car. Some authorities have gone as far as looking at electric vehicles. I could draw on many examples of good project working. If Mr Pentland desires, I could name individual local authorities.

John Pentland: That is fine.

Derek Mackay: You have had enough. Okay.

Stuart McMillan (West Scotland) (SNP): You have mentioned retrofitting, building standards and reducing energy consumption. I believe that politicians can do only so much because, at the end of the day, they are not the ones who actually do the installation. What mechanisms can the Scottish Government introduce to ensure that the installation, whether in retrofitting or in brand-new buildings, is up to the required standard?

The Convener: I have helped with retrofitting, by laying loft insulation, Mr McMillan.

Derek Mackay: I think that a few of us could do with a wee retrofit, although I am not sure whether I am referring to the personal issue there.

Mr McMillan asks a pertinent question. The approach is not about the Government setting targets and then coming in and telling individuals what to do, even if that is in their best interest. There is a clear issue about consumer demand. Recently, I visited a development of properties in my constituency by Springfield. By choice, that developer builds to higher energy standards, because that is good for its consumers, good for the planet and, I dare say, good for the developer. However, a sufficient level of consumer demand does not yet exist. When people are buying a house, very few ask about the energy rating or output performance, but more probably should do so. That will be good in the longer term because of energy supply issues and the cost of energy, and because of the wasted energy and poundage from inefficient housing.

I commend developers that build to higher standards than are required. However, there is a clear issue about consumer demand to lead the way. It would be the wrong approach to say that the Government must do something about that, although we have to educate people and show them the benefits. Even though, as we know,

Scotland has plentiful natural resources—not just in oil and gas, but in renewables—we need a step change in consumer demand. Consumers should demand the best standards.

Stuart McMillan also asked about building standards. We seek to get the balance right and to support economic recovery, so we will not set the standards at a level that will cripple economic recovery. What is the point of raising standards to a level that means that no houses are built? That would not be helpful for the economy, the environment or our people. I think that we have struck the right balance in the targets that we propose to set. However, we have reconvened the expert Sullivan panel, led by Lynne Sullivan, to consider the trade-off or balance that needs to be struck in raising environmental standards for newbuild domestic and non-domestic properties to ensure that we meet the most ambitious climate change targets in the world in a phased way, but in light of the current economic circumstances.

As Mr McMillan suggested, consumer demand, choice and awareness of the issues are absolutely important. To support that, we will continue the trajectory with projects on issues ranging from zero waste, which is on the output or refuse, to the way in which our houses and communities are designed and built. I hope that that answers your question Mr McMillan.

Stuart McMillan: It does.

The Convener: You talked about the councils' voluntary code on reporting. To what extent are elected members and officers in councils engaged with the climate change agenda? Are you aware of any local authorities that have a business plan to deal with the issues?

Derek Mackay: I am possibly the only person in the room who is a signatory to the climate change declaration, which I signed as a council leader. I know well that politicians are aware of the climate change agenda. However, is that awareness because of a desire to change the world and sort out our environmental issues, or is it characterised by some of the financial penalties that come along if the right policy issues are not addressed?

There is a range of levers. There is no doubt that the landfill tax helped cause a change in policy; it also encouraged councils to move waste away from landfill, which was a good thing to do. A range of devices is getting local and national politicians to think about the impact of their decisions.

Every council takes climate change seriously, which is evidenced through the reports that they present. Every council can evidence a degree of good practice. I suppose that your question is whether local elected members are aware of all the challenges. They may or may not be. In most

councils, reports are written in a context, and sustainability or environmental impact would be a consideration in most if not all council reports. Some councils have gone further than that with how they consider the impacts and write up a narrative on any decisions.

In every planning application that is presented to members there must be consideration of the environmental merits, which has a huge impact on what planning can do. To assist with carbon reductions, the Government in partnership with others has produced the spatial planning assessment of emissions tool, which helps councils to assess what contribution any application will make to carbon emissions. The range of policy tools has made members far more aware.

Interestingly, if the duty to report was extended, it would transform what is coming through the voluntary code into a more robust reporting mechanism. We can consider that later this year as part of the on-going review of how councils report on their progress. The Parliament has not given us the authority in the 2009 act to set out exactly how that reporting framework would look and how much we could compel local authorities.

I have not yet heard a concern that local authorities are not aware of their responsibilities or pulling their weight. The difficult issue is how one pinpoints the exact contribution of each local authority.

The Convener: The question of who is on carbon management boards in various councils is very interesting. We have heard about that today.

I served on a carbon management board on a council before I came to the Parliament, and the key thing for me is that there were definite examples of investment leading to significant savings not only in carbon terms but in financial terms. Has anyone developed that further to create a business plan that deals with carbon reduction as well as financial savings?

Derek Mackay: Having such management plans and strategies in place is a prerequisite of the climate change declaration. A council cannot just sign up to the declaration, walk away and think that that is it for four years. It has to be able to evidence what it is doing.

Again, the issue is about the financial drivers. Local authorities do not want unused or underused assets on their books now, so most of them have co-location proposals or asset management plans that take on board the impact on the environment as well as the impact on the public purse.

You raise a good question, which brings in best practice, how that is shared among local authorities and how corporate leadership is

delivered. Some councils are appointing a carbon reduction champion or carbon reduction committee, which is helpful. However—this is a bit like what happens with corporate parenting—the responsibility rests with every elected member through the decisions that they make and the leadership that they show to help contribute to the targets.

There was a high-level group involving a Convention of Scottish Local Authorities spokesperson and the Government, and the officer group is still in place. We could give further thought to renewed dialogue with government on the climate change agenda, to make sure that the point that you raised is being considered and that that sense of ownership, responsibility and best practice has been rolled

I know that the committee debated street lighting last week. We know that the pilots show that moving from traditional street lighting to LED products can make a substantial difference to local authorities' energy consumption. If we can evidence that, the question will be about who funds that transformational change locally.

The Government is reluctant to create a whole plethora of new ring-fenced funds to make local projects happen. The responsibility rests with local government to make such things happen through their statutory duties, and the resources are largely there. If they were not, that would simply mean that we would take money back off local government to ring fence it for that purpose and give it back. That would be going back to the bad old days of ring-fenced funds. We do not propose to go down that route right now, given that we have de-ring fencing and the continuina arrangements and relationship with government through the concordat.

A key challenge is to ensure the upscaling of compliance right across the country. We should challenge local authorities on that, in partnership.

10:30

Stewart Stevenson: I have another technical point to raise. Is it reasonable to state that councils may take many actions that lead to carbon emission reductions that are not necessarily accountable to them? In other words, if you create transport infrastructure that enables me, in my personal life, to emit less, whose books does that emissions reduction end up on? I suspect that that is one of the fundamental difficulties with these decisions. You can talk about the qualitative impact of what councils do, but that may not end up being attributed to councils on their balance sheet.

Derek Mackay: I am shocked that Mr Stevenson has asked me a detailed and technical question. On the specifics, he is right: if we set targets for local authorities in this area, it would only be fair to set targets for what they can achieve in their own right. It is too nebulous to try to pinpoint how they could achieve targets right across the whole range of areas in which they work in partnership with others, such as transport and housing. Private sector behaviour is also important—a lot of this is about behavioural change—and it would be unfair to hold local authorities to account for actions that are outwith their control. We can demand better leadership in getting the right behavioural change on all the areas that I have just mentioned and more.

There is also the challenge of our community planning partnerships, which we debated yesterday. Reducing consumption, tackling zero waste and other such matters are clear contributors to our national wellbeing and our national performance, so we expect community planning partnerships to work together in that vein.

It would be counterproductive to set targets for individual local authorities on issues that are outwith their control, but we persist in pursuing their statutory duty to act in accordance with the legislation. There is no suggestion from either the committee or local government that councils are not taking that seriously thus far.

Stuart McMillan: When you mentioned a few moments ago that local authorities need to plan to improve carbon emissions reductions, it was as if that is already happening. At point 2.4 of its submission, the Scottish Environment Protection Agency indicated:

"One specific mechanism could be to set planning authorities' carbon or climate change targets when preparing Development Plans, so that future development is planned within the context of substantially and continually reducing emissions and with resilience to future climate change firmly in mind."

That seems to indicate that the planning that you mentioned is not fully happening. I am keen to get some clarification on that point.

Derek Mackay: Given how you phrased the question, I might disagree with you. It would be an arbitrary paper exercise to set an artificial target for what local authorities, which are the planning authorities, should do in relation to a planning application—it would be arbitrary to make it as locally specific as that. Some developers might take that to mean that the authority did not want any development, or any large-scale development, in an area. That would not seem to be a helpful way forward, given that in every single planning application at the most local level, consideration has to be given—by assessment, appraisal, narrative and judgment—to the environmental

impact. That sense of proportionality at the most local level is absolutely right. For every application, an officer is delegated to decide whether that application goes to the planning committee or the Scottish Government.

We must consider environmental matters—that is the right thing to do. Such consideration is characterised, led and informed by Scottish planning policy, which is clear on environmental issues. That is led by national planning frameworks 2 and 3, which propose a continuing transformation towards a low-carbon economy. The device of artificial targets that would colour an application does not feel like a proportionate and helpful response to a challenging agenda.

Stuart McMillan: My next question is about the approaches that local authorities have taken. Can you provide good examples of local authorities that have used a top-down approach or a bottom-up approach to improve emissions reductions?

Derek Mackay: There is a range of areas to touch on. I return to the question about planning. Every council must consult communities on its local development plan. Some of those plans are ridiculously out of date, which is why we are looking at planning reform. We will review strategic development plans later this year, now that the final one is in place.

Local development plans should be less than five years old and should take account of local circumstances. They should help to target where appropriate developments go, if they are to go ahead. A great deal of engagement should take place with communities on their local development plans.

I can give examples—I suppose that we are back to when Mr Pentland pleaded with me to stop-of initiatives by local authorities on energy generation and support for renewables development. A community benefit might come from the siting of turbines. Waste management collection points provide another example. Aberdeen city has a combined heat and power facility. Highland Council is producing local and regional heat maps to identify how sources of energy production can be connected to demand, which can guide development.

National and local energy efficiency schemes for housing have made a difference. You will be well aware of the requirement—albeit nationally led—for all registered social landlords to comply with the Scottish housing quality standard by 2015, which involves issues of improvement and energy efficiency. Between local, regional and national measures, 65 per cent of houses now have a good energy efficiency rating.

If you want more local examples, I am more than happy to provide them council by council,

whether they relate to waste, emissions reductions, asset management plans, transport plans, education and community partnership approaches or regeneration strategies, on which I have examples from North Lanarkshire and Glasgow. If you want anecdotes and good examples of how local authorities—and communities—have led projects, we are awash with them.

I sense a further opportunity, through the community empowerment and renewal bill, to empower communities and individuals to make changes. My sense is partly fuelled by good examples that I have seen in relation to food waste, community growing and allotments. It does not get more grass roots than allotments and growing food, does it? That involves taking ownership of underused assets. A plethora of good work is going on.

Margaret Mitchell (Central Scotland) (Con): You touched on planning, so I will continue on that theme. More generally, without giving specific examples, how do you consider that RPP1 has been embedded in development plans?

Derek Mackay: We must bear it in mind that RPP1 contains a range of actions that must be taken to realise carbon emissions reductions, whereas planning policy, through LDPs, sets a policy framework in which applications can be determined and areas can be zoned. An example of that is the success of the Government's renewable energy policies, particularly in relation to renewables and onshore wind, of which I know that the Conservatives are very supportive. As a result of LDPs and areas of search, we have been able to increase the amount of generation from renewable resources. That was partly informed by RPP1.

Margaret Mitchell: Given that RPP2 contains no specific policies or proposals on planning, how will the various mechanisms and structures ensure that planning is at the head of all of this and that we are doing what is necessary with housing, the environment and—in particular—transport? None of that seems to be mentioned in the document.

Derek Mackay: I disagree with your characterisation of RPP2. The RPP2 that I have read covers future planning and transport issues. I am not sure where you picked it up that it contains no policy content with regard to planning.

All these documents cross over. As I have said, the national planning framework sets out high-level areas of national significance, the context within which we operate, the transition to a low-carbon economy, sources of energy production that release as little carbon as possible, the infrastructure required to achieve that, sustainable transport and so on. The NPF feeds into strategic

and local development plans, which have a lot to say about what kinds of development are accepted and where they should be sited. I take as an example the sequential approach to locating developments and the move to site them in cities and towns instead of the green belt or, if using zoned land, to consider brownfield sites before greenfield sites. A range of policy initiatives do not stem from RPP1 or even RPP2 but are simply sensible strategic approaches to land use. Moreover, the current review of NPF3 will consider all the energy, transport, housing and planning matters that you might care to touch on, and the Scottish planning policy review will be updated to reflect current circumstances in all the areas that I have mentioned this morning.

I therefore contest your view that planning does not feature in RPP2; it is actually quite a major part of the policy approach. Indeed, coming back to Mr Stevenson's point about individual planning targets, I should also say that we cannot set a target because we do not know which planning applications will come in or where or how that will happen.

Margaret Mitchell: Let me stop you there. I maintain that RPP2 does not contain any specific policies or proposals on planning, although it mentions NPF3 and Scottish planning policy.

It has been made clear in evidence that we have taken that although planning is absolutely germane to the meeting of targets and to allowing local authorities to do what they have to do, the resources in that respect are simply not there. You are allocating £673,000 specifically to help with planning in respect of wind farms, but that will not help housing or transport. Is it not the case that planning authorities are underresourced to deliver what you expect of them in RPP2?

Derek Mackay: I think that we should put things in context; after all, overall spending on this strategy amounts to hundreds of millions of pounds.

On the specific question of funding for the planning system, I believe that at next week's meeting the committee will discuss my proposed 20 per cent increase in planning fees, which we expect to generate £4 million to £5 million—not, I should make clear, £425 million—in planning fee income. I hope that that money will lead to improved investments in local authorities' planning functions.

We have also, at their request, given financial support to Planning Aid for Scotland and Heads of Planning Scotland. I can tell the committee that the funding that we have given to deal with some of the pressures and challenges that I admit are in the system as a result of the number of wind farm applications has actually increased from the

£673,000 that Margaret Mitchell mentioned to just over £700,000. We had originally allocated more than £300,000 but, in recognition of the number of good, credible applications that were received and the resulting pressure on the system, we decided to double that amount.

We need to consider what has happened in the past couple of months as well as the proposed increase in planning fees, which will be the single largest increase since the Parliament's creation. Developers, too, will have to pay that fee. In the chamber debate on planning, I was somewhat reassured by the consensus around the view that you get what you pay for and that the planning system must be properly resourced.

I remember Mr Pentland arguing that there should be full cost recovery for planning applications. We can move in that direction, but I will demand of local authorities and other key agencies that applicants get the service that they deserve. We will move towards full cost recovery only when performance has improved.

10:45

The ring-fenced pockets of funding to help with particular challenges and the increase in planning fees—incidentally, the 20 per cent increase in planning fees will be replicated in the fees for energy applications-will put new investment into the system, but we must consider the environment in which we are increasing fees. I have said that local authorities and others should be more proportionate in the appraisals and assessments that they seek when they make determinations on planning applications. If the foundations are in place-strong, good foundations for making decisions in relation to local authorities, areas of search, development plans, designations and other appropriate work—I think that we can address the challenges and blockages that appear to exist in the system.

You referred specifically to housing. I did not think that the current performance on how long it takes for some applications to get through the system was acceptable, so I charged officials with the task of looking at why that was the case. We moved to a system that uses the average number of weeks waited, which I think is a better indicator of what is going on. We found that a great number of applications that were trundling along in the system were legacy cases rather than new cases and that they were not the result just of what some would describe as lethargy in the planning system and its overburdened nature. A number of different issues led to that situation. I am happy to share that information with the committee, because I think that it is illustrative of some of the issues in the planning system. The situation is not all down to planning authorities.

I am convinced that adequate resources are available to get on with the job at hand-to determine applications, to deliver development plans and to contribute towards the strategic development plans-but I think that there are better ways of working. To help showcase the effort that is being made on better ways of working, processing agreements, good case management, being proportionate and involving elected members, we will—in addition to the action plan that we have published—be doing a number of roadshows, which will involve going out to local planning authorities to evangelise on performance. I am highly receptive to hearing about the challenges and barriers that exist, but I have often found that overcoming them is a question not of resourcing, but of corporate working within the planning authorities.

Margaret Mitchell: You have given a very long-winded explanation of generic planning problems, but I asked specifically about RPP2 and whether sufficient funding is being provided to ensure that meeting the climate change targets is a priority in the planning system. As things stands, the £673,000 is being spread across 32 local authorities and—

Derek Mackay: No.

Margaret Mitchell: It is not being spread across 32 local authorities.

Derek Mackay: No.

Margaret Mitchell: It is just for those authorities that have an application pending. However, it could potentially be for all 32 authorities.

Derek Mackay: I am giving long-winded answers because I believe that the committee takes the issue very seriously, as does the Scottish Government. I think that I am giving quite comprehensive answers. I would not want members to think that I was not giving detailed answers to their questions.

I have outlined the range of actions that a planning authority can take in determining applications. The fund that we set up to deal with wind farm applications was a bid fund, so it is not being spread across the 32 local authorities. It is for those authorities that applied for it because they believed that they were experiencing particular challenges to do with wind farm applications.

The fund is not necessarily about getting approvals, of course; its purpose is to ensure that authorities have the necessary resourcing, policies and guidance in place. Some authorities do not have adequate areas of search. For members who have not heard the term "area of search" before, I should explain that it refers to places to which developers can be channelled, where applications

might be successful or would be deemed appropriate. Some local authorities simply did not have that system in place.

The bid funding is about making available resources and capacity and producing adequate policies and guidance to take some of the blockages out of the system. It is a one-off injection of cash.

I also covered the 20 per cent proposed increase in planning fees, which will make a contribution to planning authorities. I have done a deal with local government to set up a high-level group to consider blockages within the system, and the commitment from local government to me is that we will get increased performance across the range of applications.

RPP2 will not necessarily explicitly outline all the individual policy actions because some of them are still continuing to emerge. Those include NPF3, with which some members are involved, and Scottish planning policy—both will go out for consultation. We are continuing to take other actions. The crucial thing about RPP2 is that it sets the direction of travel and the ambitious targets that we must meet.

All the documents are complementary. Just because one element does not feature in RPP2 does not mean that we are not taking it seriously or that it is not having an impact when it clearly will.

Margaret Mitchell: A more general criticism of RPP2 is that it has been a bit vague and that much has been added after the event.

The emissions abatement targets are fairly fundamental to all that you seek to achieve. Will you comment on the fact in setting them, the hope is that they will change from the current target of 20 per cent to 30 per cent?

Derek Mackay: I am sorry, could you expand the question?

Margaret Mitchell: I refer to the European Union abatement targets. The proposals in RPP2 are set on the assumption that those will move to 30 per cent, as opposed to being set at the current target of 20 per cent. That means that everything could be out of kilter.

Derek Mackay: The key point is that the abatement targets do not derail our approach in RPP2. In light of our current performance on the targets that are phased over the period, we believe that, if we deliver all the policies in full—there is a range of policies—we would exceed the targets, as challenging as they are.

Some policies will be successful and some will not, but I have no reason to believe that the EU changes would throw our RPP2 policies off course. The coalition Government is also reviewing the United Kingdom legislation. That will have implications for us, but I have been given no indication that any EU changes would present any greater difficulty for us.

Margaret Mitchell: Are you going to set the targets at the 20 per cent rate, as opposed to hoping that the EU will go to 30 per cent?

Derek Mackay: That is more a matter for the Minister for Environment and Climate Change; I am not clear how it impacts on local government and planning.

Margaret Mitchell: If the targets are all wrong, that will impact on local government. It will cascade down.

Derek Mackay: I am saying that we believe that the targets that we have set continue to be compliant with what the UK and Europe seek from us. I am here to respond on local government and planning. There is no suggestion that we are not on course to contribute to our targets. If we were not on course, I am sure that you would be interested to hear from the minister who would lead on that, Mr Paul Wheelhouse, who is appearing before another committee to talk about RPP2.

Margaret Mitchell: It is simply a fair question, in that the change will impact on local government targets, too. Will you confirm that RPP2 is predicated on the move to 30 per cent emissions abatement targets, as opposed to the current 20 per cent?

Derek Mackay: Yes. I repeat that the abatement targets do not change what we say in RPP2. However, the phasing and the levels of achievement would need to be considered, especially if the EU changes its position again.

I am happy to write to the committee on that matter, but it does not give me cause for concern in relation to local government and planning.

The Convener: It would be useful if you could write to the committee on that point.

Stewart Stevenson: Perhaps the minister could confirm that the EU target impacts us solely in relation to the emissions trading scheme, which is solely about the performance of the 100 or so biggest companies. Therefore, there is no material interaction with the interests of this committee.

Derek Mackay: Yes. There is a clear interplay between the targets that we have set. That includes what is required of local government as a consequence of the UK scheme. We have many terms of analysis around the issue—there is a carbon reduction commitment term from the UK Government and others from the EU—and they all interplay.

We have achieved significant progress. On carbon reduction, we are among the best—if not the best—nation in Europe and we are better than the United Kingdom, which is why I am confident that the changes in relation to abatement do not necessarily present a problem. Clearly, with all such matters, we must consider phasing and the impact from each contributor to climate change.

John Pentland: I want to rewind to the discussions from five or 10 minutes ago, when the minister made an offer to Stuart McMillan to provide examples. Making that information available to the committee would be helpful. In addition, will you identify how those examples have individually contributed to reducing carbon emissions? In your opening statement you said that the Government was clear about the importance of climate change. However, some of the submissions that we have received say that RPP2 is more about proposals than it is about policies, and that the Scottish Government is talking the talk rather than walking the walk.

Derek Mackay: I am happy to provide more information. As I said, I have a list of examples under each category, but you asked me to stop last time, so I will not try again. I am happy to share the many examples that I have with the committee, if it does not have that information.

Your larger question—the global question, if you will excuse the pun-is whether the Government walks the walk. In tough and challenging financial times, which are not helped by the UK Government's reductions, we have, for example, allocated new moneys to energy efficiency, housing retrofit schemes and transport. On top of that, there is the contribution to zero waste and a whole host of other areas—and those are only the Government initiatives. We set targets and outline a direction of travel. That direction of travel evidences how-if achieved-we will meet the most ambitious climate targets in the world. However, that comes at a heavy price. John Pentland was a local authority councillor, so he is aware of the tough challenges that councils face day in, day out.

The headline figure for the delivery cost of the policy is not only a cost to Government but a cost to society, which includes individuals changing behaviour. It is therefore not necessarily a spending commitment only from Government—the global figure relates to the financial necessity required to deliver the policies.

We have, with the exception of a difficult year, made reductions in emissions. As I say, we have a good record in comparison with Europe and the UK. Through the actions that we have described, each of the 32 local authorities can make a contribution. We do not have a figure for what each local authority has done—for all the reasons

that I have given, I will not have details on what carbon reduction our planning decisions have led to in individual cases.

Everyone is led, informed and bound by the legal duty that the Parliament sets to make the reductions. If someone does not act in accordance with the duties, they are, of course, in breach of Parliament's will.

Stuart McMillan: We all agree that planning is fundamental to progress the tough targets. Some of the evidence that we have received has been interesting. Burcote Wind suggested that the preplanning period for renewables opportunities takes an average of three and a half years. Scottish Natural Heritage suggested that when the Scottish Government considers the new electricity contracts, they could be strengthened by requiring the supplier to provide new renewable electricity in the contract. Would the Scottish planning system be able to cope with that suggestion from SNH?

11:00

Derek Mackay: We work closely with SNH and it has produced helpful guidance, for example on the cumulative impact of renewables. We continue to talk to key agencies and stakeholders about the planning policies.

On location, as I tried to characterise earlier, it is helpful if local authorities have appropriate areas of search to determine where is appropriate for development and where is not. I hope that we can get progress on that issue through the local development plans, the improved performance arrangements and the simplification and streamlining that I have outlined.

I am not aware of the applicant that you have mentioned and of course I cannot prejudice any planning application. However, it is not the norm that planning applications take three years to go through the system. There are two types of renewables application. There are those of a certain scale that the planning authority deals with and those that the Government deals with through the requirements of the Electricity Act 1989. We have to take the right decisions. Sometimes we have to carry out comprehensive assessments and appraisals and take local opinion on board to ensure that development is happening in the right places and is sensitive to local circumstances. Sometimes it takes time and sometimes, as I mentioned earlier, that is the fault of the applicant for not providing information or not necessarily wanting a determination as quickly as you might think.

To increase the capacity for renewable energy we will consider onshore and offshore technology. There is exciting new technology emerging, including for example offshore technology that does not just focus on traditional structures. That can further enhance the renewable energy provision in this country.

I would not want all that innovation to lead to technology that takes three years to get through the planning system. We want appropriate, properly resourced decisions delivered in good time. This is a complex area and both of the considerations you have mentioned will feature in the Scottish planning policy and also national planning framework 3.

Stuart McMillan: Do you think that the planning system that we have could cope with what SNH is suggesting?

Derek Mackay: Yes, I do. I am not necessarily saying yes to the proposal, but I am saying that the systems, resources and processes can be changed. When I became Minister for Local Government and Planning, I had no idea why certain things were done. Processes are reviewed to decide what adds value and what does not. Practices can evolve so that they add value to determinations and appropriate locations for both onshore and offshore renewable facilities in the future. We will consider SNH's view along with our partners in COSLA and Heads of Planning Scotland.

John Wilson (Central Scotland) (SNP): You indicated that local authorities are voluntarily reporting on progress towards the targets. How does the Government ensure that local authorities are complying with their statutory duties under the targets, and how will that be reflected in RPP2?

Derek Mackay: There is a degree of oversight through the sustainable Scotland network, whose funding we increased fourfold to its current level. It provides guidance and support to local authorities and what comes back are climate change declarations.

We have not taken a formal inspection role in relation to local authorities. My understanding is that the provisions of the Climate Change (Scotland) Act 2009 would allow us to do that if required or could lead to mandatory reporting of the duty. I was not a member of the Parliament when the act was passed, but I understand that it was felt at the time that it was not necessary to implement inspections. The committee has to consider whether it feels that the time is now right.

To return to Mr McMillan's question, what value would that add? I am generally content that local government is taking steps to reduce emissions across the range of areas that we have discussed. The process of inspection into RPP2 has certainly probed some challenging questions, which convinces me that it is being taken seriously. I suppose that I would seek to know from the committee's report whether the committee thinks

that the local authorities are not adequately addressing their duty, but I have no reason to believe that they are not adhering to the duties that Parliament has imposed on them.

In my life before I was an MSP or a minister, when I was a political group leader and a council leader, I attended COSLA meetings at which climate change was discussed seriously by the political leadership of local government. I think that that has led to a range of actions back at the ranch in councils that means that they can evidence what they have been doing on the agenda. I do not feel that the measures that local authorities are taking are inadequate or that local authorities are not making a contribution to the agenda. However, we should bear it in mind that the public sector's contribution to carbon emissions is only 2 per cent of the total. The issue is therefore not necessarily what local authorities are doing about their own properties and their own emissions; to return to Mr Stevenson's point, it is about what they are doing in their leadership role in all the areas in which they have influence, such as wider housing development, renewables, waste and transport, which are all important areas.

For the reason that we discussed earlier, it is difficult to be able to compel local authority leaders to account for actions that are outwith their control. That said, community planning partnerships should jointly and severally be held accountable and responsible for the actions on which they have agreed to work in partnership, but that is a different beast from the climate change targets.

John Wilson: You referred earlier to the obligations on local authorities in relation to waste, for example. You referred to the financial penalties that would be imposed on local authorities if they did not meet the targets, and the landfill tax is part of that incentive for local authorities to move forward on waste management. At what point should the Scottish Government get involved if you feel that local authorities are not meeting their targets? Beyond the public sector targeting its 2 per cent contribution to emissions, you said that local authorities could have a greater influence over emissions in other areas, such as transport and house building, and drive the agenda at a local level. What measures would you and the Scottish Government be prepared to take to ensure that we get the agenda moving in the right direction and that we start catching up with the targets that we have missed in order to meet the targets that have been set for the coming years?

Derek Mackay: I give the committee the assurance that if I felt that local Government and, indeed, the planning sector were not contributing to the agenda, we would look at what kind of regime and measures we would need to introduce to ensure compliance. However, I believe that

there is compliance, and the evidence that we have shows that a lot of good work is going on. The approach is sometimes about encouragement, which is sometimes financial. However, I would not want to get to a situation whereby we simply penalised councils and took money off them only to give it back to them in a ring-fenced fund for a specific function that they were possibly already doing through the climate change declaration to which they have signed up.

I will leave it at that and simply give the committee the assurance that if local authorities are not contributing as they should, we will discuss with them what actions it would be appropriate to take, given our knowledge base.

John Wilson: You said that you have evidence that good work is going on. Is that evidence consistent across all 32 local authorities? Is it piecemeal evidence? Do we see consistency across the 32 local authorities in how they are working towards the targets? Is there global evidence? Are there gaps because certain local authorities are not moving forward quickly enough to meet the targets? What would you do to ensure that we get best practice and best delivery out there?

Derek Mackay: Mr Wilson is right: performance is variable. Some local authorities are stronger in some areas and weaker in others. I think that less than 2 per cent of properties in Scotland do not have loft insulation, incidentally. There is detail on the technical issues in the RPP2. There is variable performance across the country, but most councils now have universal roll-out of retrofit schemes for cavity wall and loft insulation, and if councils do not have such schemes, the situation will be helped by the Government's direction of travel.

I will give some local examples. Aberdeen City Council is planting trees, but that would not be as appropriate for, say, Glasgow City Council, would it? As I said in my opening statement—

John Wilson: Sorry, but that might be appropriate in Glasgow. If we asked people there whether it was appropriate to plant trees in George Square to mitigate some of the pollution in the city centre, they would probably say that it was.

Derek Mackay: You will forgive me if I avoid debating George Square in the committee this morning. It may be subject to a future planning application.

The point that I am making, of course, is that councils and local partnerships will deploy different projects that suit their needs. In the Borders, they have a strategy on renewable energy, in Highland there is a strategy on heat maps and in Edinburgh there is a strategy on transport.

Transport is a good example of an area in which every local authority has a plan. Those plans are driven—if you will pardon the pun—by the need to support public transport and provide active transport options. The local authority for my constituency, Renfrewshire Council, has supported projects such as the green gym.

Different approaches are taken across the country, but there is consistency in some areas, such as the focus on planning policy, building standards regulation and the approach to waste that many councils are looking at in partnership. I cannot think of any local authority that has a lackadaisical approach to the agenda. It is just that they deploy different mechanisms to achieve their targets—that is, not their targets, unless they have set targets locally, but their overall approach.

On the subject of variance, it would be a massive step change if the committee, the Parliament or the Government set targets for each area and tried to hold local authorities to account for those, for the reason that I gave earlier. If we consider the economy, Aberdeen is doing better than many other parts of the country, relatively speaking, and we could not say to such an area, "Right, there's your cap. That's your limit on carbon." That would be unhelpful to the economy. However, what lies behind that is an appreciation that all decisions are made in the light of the 2009 act and relevant planning policies.

John Wilson: You mentioned community planning partnerships. Some local authorities work with local authority-wide community planning partnerships and others subdivide that into areas. Would you be content to try to get some of the targets placed on community planning partnerships so that we bring together health boards and other public sector agencies to work in this area, including Scottish Water, which has a major role to play in the agenda?

Alternatively, would you consider widening out the targets to include larger areas across local authority boundaries? You said that you would not want to set a cap for Aberdeen City Council, but it could work with other local authorities in the northeast, such as Aberdeenshire Council, to look at some of the targets. The same applies in the central belt. Local authorities in the Clyde and Forth valleys could work jointly to consider what mitigation they can achieve to meet the targets that have been set out for Scotland as a whole.

Derek Mackay: To be clear, I do not support and am not proposing targets for individual local authority areas and, even if there were such targets, I would not necessarily support a trading scheme, because of my experience of what I have seen around such approaches more generally.

If the driver is all the areas that we mentioned earlier, it should create an evolution of policy and practice. For the smaller local authorities, it will make sense to collaborate, for example on waste. It makes sense to work together by having solutions that are as local as possible. Clyde valley is an example of a partnership that went at some pace. That pace has slowed somewhat over the past year or two. Whether that is because of the elections or a change in financial imperatives would be a matter for others to judge.

11:15

All the bodies that are involved in community planning are bound by the statutory duty to contribute to the climate change agenda, as outlined in the act. You reflected the view that some community planning partnerships boards are boards of management in style and some defer to a great extent to local sub-committees and have a focus on place. Those are complementary approaches. However, the new hard-edged single outcome agreement guidance that was released in December makes clear the priority areas that community planning partnerships should work on. One of those areas is the economy. By the economy, we mean sustainable economic growth and a transition to a low-carbon economy.

One practical example of what a community planning partnership can do in respect of that agenda is to have shared asset management plans. If there are a multitude of public sector buildings, which do they no longer require? Where can they have co-location? Which can they share? How are they working together on, say, the reduction of energy use? There is a great deal of potential that can be unlocked when public sector partners work together.

The dichotomy with community planning partnerships and single outcome agreements is when folk say, "Give us the flexibility to have local solutions. Don't be too prescriptive, but tell us what you want us to do." I think that we have done that through the various strategies, the high-level agreements, the direction of travel and the declarations that the partnerships have signed up to. We have given a great deal of flexibility, with adequate resourcing, for them to get on with it locally.

Stewart Stevenson: I return to what the minister said in his introductory remarks. He said that

"many decisions are best taken at a local level"

and subsequently amplified that by saying:

"It does not get more grass roots than allotments".

I will spend a little time probing the degree to which the real grass roots have been involved in

the production of RPP2. How have communities, community associations and individuals been involved, how have they contributed and how well has that worked?

Derek Mackay: I will change the direction of the question—if that is permissible to the member—to make an important point. We do not necessarily expect community groups that are getting on with fantastic work to write RPP2, but we do expect to learn the best examples and what works. Allotments, growing societies and food cooperatives are all great examples. We might not explicitly say why they are important in climate change. It is about carbon reduction, local sourcing and adaptation. We have not focused terribly much on the adaptations side of climate change. Other than the parliamentary process and all the processes that I described earlier, I do not think that we can say how to arrive at the policies. It is the implementation that is crucial. If we set a high-level agreement on how we need to promote a particular policy, it will be the implementation that will bear the greatest fruit, if you will forgive me for yet another pun, in achieving the outcomes.

Stewart Stevenson: Perhaps I was not so much hoping that community organisations would write RPP2; I was merely seeking to probe the extent to which the authors of RPP2, who are civil servants, have listened to community organisations. That may be beyond your remit, in which case perhaps the committee could hear about that by other means. However, that is really the thing in which we would be interested.

Derek Mackay: I can tell the member in great detail about how the local government and planning-side policies are arrived at with the engagement. That is comprehensive. My point is that RPP2 is the direction of travel. This parliamentary process provides scrutiny and the committee's recommendations, and then we get on with delivering these ambitious policies.

I suppose that some recipients of funds such as the climate challenge fund, which is around £10 million a year, will be more interested in how those funds are composed, who can apply for them and what they can achieve than in what RPP2 says. I am not undermining its significance, but I have found that the implementation stage for policies captures the local imagination. Sometimes policy documents, as opposed to what the policies achieve on the ground, feel a bit dry to the population at large. What the policies achieve makes things more human, real and tangible at the local level, whether that is in building standards or in respect of grants to improve and change properties or local projects, many of which we have great examples of on the ground. The level of engagement and participation at this stage parliamentary in order to achieve

parliamentary and Government report. It is fuelled by the civil servants, who will work with all the key stakeholders. I am not aware of any criticism in relation to a lack of engagement in the process from the committee or stakeholders, but the next stage of implementation, in which there will be work with people in partnership, is incredibly important.

Stewart Stevenson: You mentioned the climate challenge fund, which focuses on innovation, of course. As I previously said to the committee, to some astonishment, we expected that some projects would not deliver on the promise, as they were brand new. Earlier in our deliberations, we heard from Comrie Development Trust, which has received a number of climate challenge fund awards. To what extent has the climate challenge fund been successful? Are we learning lessons, particularly from projects that have not delivered what we might have hoped? Are we capturing the reasons why those initiatives will not ultimately be pursued so that we can learn from less successful examples and repeat successful examples?

Derek Mackay: Stewart Stevenson will, of course, be aware of some of the successful projects because of his involvement with them—indeed, he launched some of them in his time as a minister—and he will be well aware of the contribution that there has been towards the climate challenge fund, which is now over £40 million. As I said, the fund is some £10.3 million per annum. Since it was launched, more than 500 individual awards have been made to 399 communities, and good lessons will be learned from some of the projects.

It would be unfair to pick examples publicly that we thought did not perform in the way that we would have wanted them to, but certainly—

Stewart Stevenson: If I may interrupt, minister, I am more interested in whether there is a process for learning from projects that have been less successful than I am in specific projects.

Derek Mackay: I will make two points. First, we are looking at the next round of awards. We have a job to do to raise the awareness of a number of local organisations of the fund that is available, even though it is, admittedly, limited. Lessons can be learned in the next round of funding.

Secondly, there is certainly a large amount of synergy. We can take the climate challenge fund in isolation, as a stand-alone fund, but there can be a greater output of work if we look at the range of Government and local funds and try to pool together work to upscale the good practice that we have seen. For example, who would you turn to if you wanted to deliver a local project in a sustainable way? You could go to the climate challenge fund, the Big Lottery Fund, a local area

committee or a trust. A range of funds exists. Through the work that we can do well in advance of the community empowerment and renewal bill and when it is produced, we can better align funding to support local projects to realise their ambitions. We know that they have contributed in a range of ways towards meeting our shared ambitions. I will resist giving examples of local projects, some of which members will be well aware of.

Stewart Stevenson: Finally, the community empowerment and renewal bill is coming our way. To what extent has what has happened in that domain illustrated opportunities for devolving more power from the Government and councils to much more granular local groups? The committee's visits have shown that many such groups are very capable of getting on with things with their own human resources with little input and a little money.

Derek Mackay: That is absolutely correct. A little bit of resource can go a long way, but it is also important to take barriers out of the system. Sometimes we have to challenge public authorities that are taking an intransigent stance and, for no good reason, are not allowing things to happen. I hope that we can take the opportunity to make progress on that in the community empowerment and renewal bill, if it is not delivered before then, in practice. It should be, but I sense a real opportunity to achieve much more of that through genuine community empowerment.

The Convener: Many members still have questions. I ask for concise questions and answers from now on.

Anne McTaggart (Glasgow) (Lab): Minister, you mentioned behaviour change earlier. RPP2 recognises and discusses the importance of understanding and influencing behaviour. It also says:

"our new Low Carbon Scotland: Behaviours Framework ... will be published while this draft RPP2 is being considered by the Scottish Parliament."

Can you update us on the publication date for the document and say why it was not published alongside RPP2?

Derek Mackay: I am not the lead minister on that matter, so I cannot tell you why it was not published to that timescale. However, I understand that it will be published on 4 March, and you can consider it in full then.

Anne McTaggart: How can local government contribute to understanding and influencing behaviour, and how will the framework document reflect that?

Derek Mackay: That goes back to the issue of what local authorities do. They are managers of

assets, such as their buildings and capital; they spend capital; and they are regulators—of building standards, for example. They are also leaders, a role which involves influencing appropriate development in the right places, ensuring that there is high-quality housing and making investment decisions to, for example, support town centres as opposed to developing green belt sites.

Educational and community-participation measures will change behaviour so that people think about the impact of their consumption and decisions, following the reduce, reuse, recycle methodology, with which we and the public are all familiar.

John Pentland: You are probably aware that the focus of the forthcoming legislation has shifted from a sustainable procurement bill to a procurement reform bill, with very little emphasis on sustainability. It is difficult to understand how procurement will play an important role in reducing Scotland's emissions without a considerable focus on that within the procurement reform bill. How will local authority procurement contribute to meeting climate change targets in 2027? How will that be modelled?

Derek Mackay: That is a fair question, but is one that local authorities would be better placed to answer, as they could explain what they do around procurement. We do not set procurement rules to a greater extent than I covered earlier. It would therefore be for individual local authorities, Scotland Excel or another buying consortium to explain to you how those influencing factors make an input into their procurement decisions.

That said, I simply disagree with your point of view with regard to the change of the bill's name. You have assumed that, because the bill's name has changed, it will not be about sustainable procurement, but it will be. I cannot go into too much detail about what will feature in the bill, because due parliamentary process must be followed with regard to what will be in the bill when it is published. However, we see immense potential for increasing sustainability through the use of better procurement.

The best practice in procurement approaches in a number of local authorities emphasises that, before a council goes out and buys a whole new set of equipment, it should review whether it needs to purchase. That involves considering whether existing equipment or facilities can be sourced from within the organisation and reused or recycled, before turning to procurement. If an authority turns to procurement, before buying new it should consider whether it can procure used materials, because of the contribution that that makes to reducing carbon and waste. That procurement practice is being used by local

authorities such as Perth and Kinross Council, South Ayrshire Council and Falkirk Council.

Under the bill, in the public procurement spend of about £9 billion, there will be a stronger emphasis on the social, economic and environmental benefits and considerations as part of any procurement exercise. The sustainability element will feature in the bill. However, because we have to address many other areas, some of which the member's party has raised in Parliament, I suppose that the bill has become a bit wider—but for good reason.

11:30

John Pentland: Let us go back to examples. Are there any examples of best practice among local authorities that are already incorporating sustainable development into public procurement? How can the Government support local authorities in doing that better? Where is that issue reflected in RPP2?

Derek Mackay: If local authorities were here now, they would tell you that they are bound by the rules on ensuring that they get best value and on commercial considerations. The bill gives the opportunity to improve the balance in relation to the social, economic and environmental benefits in procurement decisions. At present, if a local authority wanted to purchase purely ethical goods, that could be challenged by someone in the bidding process. That is why the bill needs to give legal certainty and assurance that other considerations can be taken on board in procurement.

As I said, right now Falkirk Council, Perth and Kinross Council and South Ayrshire Council use a helpful procurement approach. The methodology is that, before they buy new or buy at all, they consider whether they need to do that and whether they can find a local source of equipment.

To give a practical example, let us say that a council needs desks for offices. The methodology that those councils deploy involves considering whether desks in public buildings elsewhere can be used, rather than just have one department buy new ones. A corporate approach is taken, rather than an office just going straight out and purchasing new desks. That is less expensive and a better use of existing resources. I am sure that there are anecdotes about authorities purchasing by department rather than looking corporately at the available resources.

The good practice that I cite for the member is the methodology that those councils deploy. The bill will give us the opportunity to ensure that that good practice is upscaled, so that those considerations can be taken into account at the point of writing specifications and in the procurement.

The Convener: According to RPP2,

"Scotland's Procurement Reform Bill will establish a national legislative framework for sustainable public procurement".

You made a point about local government's autonomy in procurement, but what will that "national legislative framework" do to that autonomy?

Derek Mackay: It will reset the balance. Right now, local authorities say that, in procurement, they are bound to take account of the commercial considerations but not so much the economic, social and environmental ones. The bill will reset that relationship. What will it do for local autonomy? I suppose that it will remove a bit of local flexibility, but those are only considerations, and each procurement case will be considered on its merits.

Why am I not concerned about the loss of local autonomy in that respect? Because 32 out of 32 local authorities say that they believe in this approach and better procurement that achieves more local, social, economic and environmental benefits. If everyone is agreed, I am not concerned about a loss of local autonomy; after all, the authorities will still lead their procurement processes, but they will be set within a framework that gives them certainty and allows them to take more cognisance of the benefits that come along with £9 billion-worth of public sector procurement. Given that we are quite rightly challenged on what that procurement does for the environment, for people, for local communities, for local business and for small and medium-sized companies, I think that that is a fair trade-off.

The Convener: That was a very useful response, minister, but the fact is that most folk want a level of flexibility. In yesterday's topical question time, reference was made to councils being compelled to purchase from the likes of Scotland Excel. For the record, is that the case or not?

Derek Mackay: Local authorities sign up to Scotland Excel on a voluntary basis. It is as simple as that.

The Convener: Thank you for that.

Stuart McMillan: I have another question on energy, minister. How would the Government assess a local authority's use of its powers with regard to energy procurement and how is that reflected in RPP2? Have any examples of good practice been rolled out effectively and what does RPP2 do to ensure that that happens?

Derek Mackay: In procuring energy for their buildings, some councils have managed to do deals with energy suppliers that produce 100 per cent green energy. It is particularly good practice for a local council to purchase its energy from a green supplier—indeed, I employed it in my time as leader of Renfrewshire Council—but it brings us back to the question of procurement. Is this an ethical consideration or are we in some kind of grey area here? I am sure that there will be a commercial reason for any such move and that a commercial case will be made at the time.

It is incredibly important for the public sector, not least local authorities, to follow the methodology of reducing energy consumption. We should also consider the potential of heat maps, which show where energy is being produced, and whether they can be connected to public buildings as well as domestic housing.

Given that street lighting, which we have already discussed, makes up a large proportion of energy consumption, it probably best exemplifies success or failure in this area. If we could show that a move to LED street lighting saved money and reduced energy consumption, even in the longer term, I would expect all local authorities to sign up to it where relevant. Does the committee not feel the same?

It is a good example of where, if we have evidence that something works, we will consider rolling it out. Some local authorities might argue that they do not have the up-front investment to make such a transition but if it saves money over the longer term it is a classic example of the kind of spend-to-save approach that we should be encouraging. Indeed, we have done that with pilot funding to some local authorities and are also working with the Scottish Futures Trust to examine how that might be realised.

Given that according to initial results street lighting can account for 20 to 25 per cent of a local authority's electricity consumption and that investment in LED street lighting delivers approximately a 60 per cent decrease in such consumption, it seems like a bit of no-brainer to me. We just need to ensure that, if its benefits are proven, we can roll it out across Scotland as a significant step change in reducing energy consumption.

In short, we should reduce energy consumption; use better green suppliers when purchasing electricity; and continue to be more efficient through the use of emerging technology such as LED lighting.

Stuart McMillan: In view of the change in the procurement reform bill's short title, will it still focus on sustainable procurement?

Derek Mackay: Yes.

Margaret Mitchell: A number of justice issues have arisen in our discussions about the street lighting example that you mentioned. For example, the lighting might not be as bright, which could have an impact on visually impaired people. Has RPP2 been equality impact-assessed?

Derek Mackay: That question is more for the Minister for Environment and Climate Change, Mr Wheelhouse, who is leading on the RPP2, but I imagine that any decision of this scale that we take would have had a business and regulatory impact assessment and would have been considered in light of that.

Margaret Mitchell: Could we have a definitive answer? It is not obvious that there has been an assessment.

Derek Mackay: The question slightly misunderstands RPP2. RPP2 sets some detail, policy, practice and a direction of travel, but it will not account for every action that is taken in the context of this agenda. We are not in control of every project; some are taking place in the private sector. RPP2 is about behavioural change. Not every policy will be subject to an equality impact assessment, although significant Government policy documents are.

Margaret Mitchell: Forgive me minister, but I would have thought that carrying out equality impact assessments would be statutory, standard and mainstream through everything, because they have consequences on various decisions. Certainly, local government has a statutory duty to carry out such assessments.

Derek Mackay: That is correct, but you asked about every element of RPP2. I cannot give a guarantee for every element, although Mr Wheelhouse may be able to. The reason that we cannot give that is that this is about societal change. Not every change that the policy will lead to can be assessed.

You picked up on the issue of street lighting. If a local authority considered changing their street lighting policy—and some local authorities have taken different approaches, such as turning off lights at night or turning off every second light—the local authority would be required to think about the implications for disadvantaged groups.

I am saying that although our policy changes and spending commitments are generally equality proofed, especially on this scale, I cannot say that every element of RPP2 has been, because some of it is outwith our direct policy control.

Margaret Mitchell: Environmental assessments have been carried out, although I do not suppose that they were carried out on every single element of RPP2. It is reasonable to ask whether the

equality impact assessment has been considered at all. Can anyone tell me?

Derek Mackay: We are happy to come back on that specific question, because it is more a matter for the lead minister and his officials. We are more than happy to get more information and feed it back to the committee.

Margaret Mitchell: It is a huge matter for local authorities, too, minister.

Derek Mackay: Let me come back to local authorities. Every decision that a local authority takes goes through the relevant process that I described earlier this morning when the convener asked about it. When considering any spending commitment or policy decision, council members are asked to think of the environmental impacts. Members and officials are also asked to consider financial implications generally, so the issue is considered in local authority matters.

I was not being dismissive of local authority functions, but you asked the question in relation to the entire policy approach. I am happy to account for local government planning, which takes those matters into account, as does local authorities' interpretation of the impacts of their policies. Of course they consider matters such as the equality impact.

Stewart Stevenson: I put it to the minister that the correct place for such assessments is at the introduction of specific proposals. In particular, given that the Government is not responsible for all the projects in RPP2, neither Government nor, indeed, local government could be responsible for all such assessments.

Derek Mackay: Perhaps that is a better description than the one that I offered Margaret Mitchell.

John Wilson: Earlier in one of your responses, minister, you referred to a visit that you had made to a house builder in your constituency. You indicated that the building standards—and, I assume, the energy efficiency standards—that the builder was applying were greater than those that currently exist with regard to planning regulations. You also indicated that although the builder had taken that decision, you felt reluctant, as the planning minister, to introduce those standards across the board, because of the financial constraints that we face and the squeeze in the economy.

If that private builder can bring energy efficiency standards up to a higher level, should the Government not try to ensure that all builders match those standards so that, rather than allow standards to slip because of the current state of the economy, we future proof housing developments and avoid the potential effect of

slipping standards on the targets that we are trying to achieve?

11:45

Derek Mackay: First of all, I assure John Wilson that standards will not slip. Emissions have gone down 70 per cent since 1990, so that is quite a marked improvement in output. [Derek Mackay has corrected this contribution. See end of report.]

John Wilson: Just so that the minister is clear about it, some of the evidence that the committee has received argues that the reason why emissions have reduced so much since the 1990s is the loss of industrial units and manufacturing in Scotland. Perhaps the minister might like to reflect on his response and consider the fact that there have been major changes in the economy and industrialisation of Scotland in the period from which we are taking the targets.

Derek Mackay: It is as much to do with the changing nature of properties. The standards to which properties are built now are completely different from those from the 1990s or before. There are better forms of energy production and better insulation; there is, generally, better performance.

The figure that I quote is based on a like-for-like comparison between the properties that are being built now and the equivalent properties that were built in 1990—let me not give you an inaccurate figure. [Derek Mackay has corrected this contribution. See end of report.] Housing contributes to carbon emissions, but that comparison describes how our standards have improved over the years.

We must get the balance right. I am sure that John Wilson cares about his constituents and wants to ensure that there is adequate affordable housing. Not only the private sector but registered social landlords would say that they may find the previously proposed standards quite challenging. Is it better to have more houses built with a 21 per cent improvement in energy standards, as is being consulted on right now, than to have fewer houses built overall? It feels like the right balance, bearing in mind the fact that there is a commitment to more than 30,000 new affordable homes in Scotland.

That is the case just for domestic properties. In commercial properties, we are still seeking a 43 per cent reduction in emissions, because such properties started at an even lower base.

We are reconvening the Sullivan panel to ensure that we have the right balance. Homes for Scotland will also be represented on that panel, because it in particular has made a case that setting the bar too high will simply cause further stagnation in economic recovery and houses will not be built to the scale that we expect.

We must strike a balance between raising the standards further on already good performance and the tough economic climate. John Wilson is right. The houses that we build will be there for 50 years or more and will contribute to the reduction in continuing emissions.

We take the matter seriously, but alarm bells rang that, if we proceeded without proper consultation, we might get the policy wrong. That is why a fully engaged consultation is under way and the expert panel is being reconvened. We have a balance to strike between improved standards—they will be improved standards—and giving developers certainty that they can build in an affordable environment.

The work on retrofit schemes to which I referred will assist with that. Homes for Scotland has asked whether it can contribute to further retrofit schemes instead of even more ambitious targets above the 21 per cent being set. The question that I must ask, and which the Sullivan panel will consider, is whether that will achieve a greater reduction in carbon emissions—that is what it is about—as well as an increase in energy efficiency.

There are a number of issues, but I believe that we have got the right balance between sustainable economic growth and continuing to push up our ambitious standards, which are on a par with those of any other part of the UK.

The Convener: What is your view on the current timescales and methods for consultation with the Parliament on RPP2?

Derek Mackay: That is more a matter for the minister who leads on it. I am entirely in your hands and we will get on with the job as it relates to my portfolio, but the wider question of satisfaction with RPP2 is a matter for the lead minister.

The Convener: I realise that that minister and a number of other ministers are elsewhere on RPP2. I understand that the Government is being challenged by four different committees on it.

Minister, I thank you and your officials for your time.

11:50

Meeting suspended.

11:56

On resuming—

European Commission Work Programme 2013

The Convener: Item 4 is European Union priorities for 2013. I invite our EU reporter, Stuart McMillan, to brief us on the issues on which he feels we should focus.

Stuart McMillan: I thank Fiona Mullen and the rest of the clerking team for their assistance. I also thank the convener of the European and External Relations Committee, Christina McKelvie MSP, for acknowledging the omission of the Local Government and Regeneration Committee's EU priorities from her committee's report on the EU priorities of the Scottish Parliament, which we debated in the chamber yesterday. However, I am confident that this committee will play a key role in supporting the European and External Relations Committee's scrutiny of EU policy in the areas that are within our remit.

As I informed Parliament in yesterday's debate, a number of on-going EU policies will complete their legislative journey in 2013. Several of those are of significance to the remit of this committee—namely, the multi-annual financial framework and the Scottish partnership agreement for 2014 to 2020, which is the EU budget for the next seven years, the future of European structural funds, and the proposed changes to EU public procurement rules.

As I mentioned yesterday, the EU budget for 2014 to 2020 will see the first-ever reduction in spending since the establishment of the EU. It is worrying that should planned changes in allocation of structural funds take place, we could see a substantial funding cut to Scotland. As structural funds play a crucial role in funding the delivery of regeneration activity, any significant reduction in those funds could have a direct impact on communities and on Scotland's economic development.

I recommend that the committee examine the evidence on the potential impact of the loss of European structural funds as part of our regeneration inquiry. That would be a valuable addition to our work, especially if the United Kingdom Government undertakes talks with the Scottish Government on how EU structural funds will be allocated between 2014 and 2020.

As members will be aware, the EU is also in the process of reforming public procurement rules within the internal market. Any reforms that may place further limitations on the ability to deliver shared services could have a negative impact on local government. In January, COSLA wrote to all

of the Parliament's EU reporters to emphasise the need to focus on reform of public procurement rules as a key issue for local government.

As we are commencing the final strand of our three-strand inquiry into public services reform, I recommend that we write to COSLA and seek further information on the potential impact of the new EU public procurement rules and shared services limitations on local government. We should consider any EU reforms in the context of the strand 3 inquiry. Such work will also help to inform our scrutiny of the proposed public procurement bill when it is introduced to Parliament. Paragraph 14 of the paper that is before us sets out recommendations for us to consider in respect of our EU priorities for 2013.

12:00

A number of EU reporters and staff went to Brussels in early December to make contacts and to discuss relevant issues for our committees. In that regard, I record my appreciation of Fiona Mullen's efforts on behalf of the committee. My main area of concern on the visit was the lack of cohesion in Brussels in respect of the people whom I met. The diary that was put in place was not what I would have expected, to the extent that some of the meetings that we had ended up being cut short-one of them was a mere 10 minutes long, although it took about half an hour to get to it. My recommendation for future visits to Brussels by EU reporters of all committees is that when they are organised from the Brussels end, travel time to get to meetings should be taken into consideration, which did not happen for me and Fiona Mullen on our visit.

The Convener: Thank you for that. I understand that those matters are being dealt with by the clerks. As you rightly highlighted, the difficulties were not caused by our clerks' arrangements, which I think were first class.

Stuart McMillan: Absolutely.

The Convener: Do members have any comments or questions on the report?

Margaret Mitchell: I am quite happy to agree the report. However, I am a bit concerned about the fact that we missed the deadline for our report to be included for the debate in the chamber. That reflects the committee's workload; there is so much going on that we missed the deadline.

The Convener: It was nothing to do with our missing a deadline; we were not informed as a committee of the work that that committee was carrying out. Our clerks have been dealing with that issue with the European and External Relations Committee. The convener of the European and External Relations Committee

apologised for the omission to the Local Government and Regeneration Committee at the start of the debate in the chamber yesterday. We have a heavy workload, but if we had received a communication on the issue from the European and External Relations Committee, we would have managed to deal with it. However, the fact is that that was never communicated to us. I do not know whether the clerks want to add anything to that; I believe that the issue is being dealt with.

Margaret Mitchell: Was it just the Local Government and Regeneration Committee that was omitted?

The Convener: Yes. An apology was given yesterday, as were assurances that the omission will not happen again.

Stuart McMillan: What you have said is accurate. However, I think that we can take a positive view of what has happened. I suggest that, because our report will go separately to the European and External Relations Committee today, and given my contribution to the debate in yesterday, chamber our committee's suggestions and recommendations will be given a bit more importance and scrutiny. I think that there is a positive outcome from the negative aspects of what happened, in that the European and External Relations Committee and the Scottish Government will have to look at our information separately. which will highlight recommendations. There is a negative side to what happened, but there is also a positive outcome for this committee.

The Convener: Okay. Are there any other comments or questions?

John Pentland: What happened regarding our report was unfortunate.

The Convener: It was an unfortunate circumstance.

John Pentland: I am gladdened by the assurances and the apology. I hope that it will not happen again.

The Convener: Okay. Are we agreed on the EU priorities as set out in the paper from Stuart McMillan?

Members indicated agreement.

The Convener: Do we agree to keep the priorities under review in the light of developments in the European Commission's work programme throughout 2013?

Members indicated agreement.

The Convener: Do we agree to take—as part of our inquiry into regeneration—evidence on the potential impact of changes to European structural

funds from 2014 onwards on funding of regeneration projects?

Members indicated agreement.

The Convener: As part of our public services reform inquiry into developing new ways of delivering services and for any future consideration that we may give the forthcoming procurement reform bill, do we agree to write to COSLA's European unit to seek further information on the potential impact of new EU public procurement rules on local government and the impact of EU limitations on shared service arrangements for local government?

Members indicated agreement.

The Convener: Finally, do we agree to keep a watching brief, via the European and External Relations Committee's "Brussels Bulletin", on the multi-annual financial framework and the Scottish partnership agreement for 2014 to 2020, European structural funds, public procurement, and shared service arrangements?

Members indicated agreement.

Subordinate Legislation

Energy Performance of Buildings (Scotland) Amendment Regulations 2013 (SSI 2013/12)

12:05

The Convener: Under agenda item 5, we are asked to consider the Energy Performance of Buildings (Scotland) Amendment Regulations 2013, which are subject to the negative procedure. A paper from the clerks sets out the purpose of the instrument and the Subordinate Legislation Committee's comments on it. Do members agree that we will make no recommendations on the regulations?

Members indicated agreement.

The Convener: Thank you.

12:06

Meeting continued in private until 12:30.

Correction

Derek Mackay has identified an error in his contribution and provided the following correction.

The Minister for Local Government and Planning (Derek Mackay):

At column 1792, paragraph 1—

Original text—

First of all, I assure John Wilson that standards will not slip. Emissions have gone down 70 per cent since 1990, so that is quite a marked improvement in output.

Corrected text-

First of all, I assure John Wilson that standards will not slip. Emissions have gone down around 70 per cent since 1990, so that is quite a marked improvement in output.

At column 1792, paragraph 4—

Original text—

The figure that I quote is based on a like-for-like comparison between the properties that are being built now and the equivalent properties that were built in 1990—let me not give you an inaccurate figure.

Corrected text—

The figure that I quote is based on a like-for-like comparison between the properties that are being built now to 2010 standards and the equivalent properties that were built in 1990—let me not give you an inaccurate figure.

Members who would like a printed copy of the Official Re	port to be forwarded to them should give notice to SPICe.
Available in e-format only. Printed Scottish Parliament documentation is p	ublished in Edinburgh by APS Group Scotland.
All documents are available on the Scottish Parliament website at:	For information on the Scottish Parliament contact Public Information on:
www.scottish.parliament.uk	Telephone: 0131 348 5000 Textphone: 0800 092 7100
For details of documents available to order in hard copy format, please contact: APS Scottish Parliament Publications on 0131 629 9941.	Email: sp.info@scottish.parliament.uk
7. C Cochion 1 difficulties of 010101025 5541.	e-format first available ISBN 978-1-78307-456-3
	Revised e-format available ISBN 978-1-78307-474-7
Printed in Scotland by APS Group Scotland	