

SCOTTISH CLIMATE CHANGE BILL CONSULTATION

HIGHLANDS AND ISLANDS ENTERPRISE WORKSHOP REPORT

February 13, 2008

This report details the issues which were raised at an event hosted by Highlands and Islands Enterprise, held as part of the consultation on the Scottish Climate Change Bill.

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WELCOME

John Watt, Director of Strengthening Communities, Highlands and Islands Enterprise welcomed participants.

He set the context, by identifying the focus on climate change and the draft Climate Change Bill, and stated that this was one of a series of events in Scotland. The purpose of the event was identified as being: to help to develop a better understanding of the Bill; to feed into the process with the Highlands and Islands “voice”; and to inform responses from individual agencies.

John Watt identified the seriousness, importance and complexity of the issues, and highlighted that there are specific implications for the Highlands and Islands. He identified the relevance of the issues, noting that we are all “victims” and “beneficiaries” of climate change.

As victims, he noted that: the Highlands and Islands have been exposed to violent weather, transport disruption and flooding. There are also sectoral issues, such as fishing and ski-ing industries which are affected, and there are changes to biodiversity in the area.

As beneficiaries, John Watt noted that: biodiversity has benefited tourism (e.g. there are more recordings of whales and dolphins on the West Coast, related to changes in sea temperature); the area is not going to be short of water; there are opportunities for new technology and developments, in the renewable energy sector in particular; changing land use (it is an area which can invest in forestry and carbon fixing activities could benefit the local economy).

As contributors, John Watt noted that: Scotland only produces 0.15% of greenhouse gases in the world, which is not a great deal, and the Highlands and Islands will produce about a tenth of that, but everyone has a part to play in reducing emissions and contributing to improving the situation.

He outlined that Highlands and Islands Enterprise has made some inroads into this, as have other agencies. HIE has a current study looking at their own carbon footprint. It has supported renewable energy initiatives such as the Highlands and Islands Community Energy Company; and the EMEC in Orkney, looking at testing wave and tidal renewable energy facilities for development across the whole area. HIE has recently introduced a significant change in spec for its office and industrial unit building, which is geared more towards insulation and renewable energy production, and invest in new companies that are developing new technologies which will contribute to improvements (e.g. Invisible Heating Systems in Ullapool).

John Watt stated that the Government has also begun the process. As HIE is moving forward in its restructured form, it is guided by the Government’s economic strategy, and in this, there are only two targets in the short term: to increase the GDP of Scotland and to reduce emissions in Scotland by 2011. He also noted that within the Single Outcome Agreements with local authorities, reducing the overall ecological footprint is one of the measures and objectives going forward. While it is a challenge to know exactly how to measure that, it is one of the key objectives of the new

arrangements between the Government and local authorities. He stated that the Bill is going to suggest how to take this even further forward, and he outlined the structure of the morning.

Susie Gledhill from the Scottish Government provided an outline of the consultation paper. This was followed by a question and answer session which is detailed below, largely verbatim.

QUESTION AND ANSWER SESSION

Susie Gledhill (Scottish Government); Archie Prentice (HIE).

Q1 It is strange that this Bill is separated out from the question of adaptation and flooding. It seems that this is a recipe for a lack of joined-upness which is badly needed in this area. There is a danger that by dealing with it in three separate packages, we don't get a joined up solution. What we have in front of us is mainly about mitigation. The paper makes it clear that nothing we can do in Scotland on mitigation is going to make any difference to the climate, but what we all know we have to face is adaptation. It is partly a scientific issue, but is mostly about human decision making. It is about our institutional structures, policies, how people react, so it is very much a social issue, an institutional issue, non-technical issues. Worry that the first Bill we are seeing on this is mostly about mitigation and not the other things.

A Susie Gledhill – The reason for the focus mainly on mitigation is partly because of the issues in trying to set the framework are so technical that if we were trying to deal with specific mitigation measures and specific adaptation measures as well, it would be very difficult to get a focus on the technical things, so a decision was taken that the consultation itself would be mainly about the technical framework for mitigation. There is a separate adaptation strategy going forward, and working very closely together. There is opportunity in the Bill to try to build in some of the adaptation measures, particularly on some of the reporting that needs to happen. The Flooding Bill is forecast at the moment to overtake this – although its consultation launched today (13th Feb) they are hoping to introduce earlier. So the reason the flooding was taken out and moved separately was so that that piece of legislation could come into force earlier and was not delayed.

Q2 Can you expand on the reason for not thinking about opting for sectoral targets?

A Susie Gledhill – The main reason was to give as much flexibility as possible about how to meet emissions reductions targets. Ultimately, it doesn't matter where it comes from, it all contributes to climate change, and in recognition of that we didn't want to impose extra regulation on which sectors had to move when, because technologies might come into play at different times, so the idea is that through the independent advice from the Committee, there is a very clear steer about what an expectation for a particular sector might be. Rather than giving it a statutory target, however, want to make sure that the focus is on total emissions, not for individual areas.

Follow up – In Highland council, have now a fairly robust plan for managing energy use in our buildings. Now turning attention to travel and transport, and that has been about actually making it very personal to everyone who works in the council, to make sure they are aware of the targets, so that we can achieve them. I have a worry about accountability. For this to work, it has to be made personal, and we have a huge effort involved in behavioural change among staff, as well as chasing targets and counting, and it just feels a little bit loose not to have a sectoral target or organisational target set around how we reduce our emissions.

A Susie Gledhill – One of the questions the consultation asks is, for public sector organisations, whether or not there should be specific duties on them, so that's trying to bring it down a level, and also through the Single Outcome Agreement Framework, you would expect to see specific targets. In terms of making it relevant to individuals, that is really important for behavioural change, and it may be that things you need to do for that are not things that require primary legislation, but if there are measures that need this in order to bring it down, so that it means something to individuals, then we would be happy to hear them.

Archie Prentice – If we look over a period of time we will see legislation or policy will move us in a certain direction, and a big signal for me in HIE was the Strategic Environmental Assessment and that has taken us into territory that we would never have gone into. I see the Environmental Management, which organisations are looking at now, as continuing that journey, and the Climate Change Bill continuing that. If you look over a period of time – two or three years ago and in two or three years time – I hope there will be a significant change. The success will be how individuals in all the organisations take this on board and adapt or change.

Q3 Interest in the extent of the powers in the Bill. For example, would you foresee carbon becoming a currency – something which you have to take account of in everything you do. That is clearly the intention, but the size of it is something I can't grasp. An extreme example would be, in deciding how to get everybody into Edinburgh for work, instead of building a second Forth Road Bridge, would the Government for example think to put ferries across the Firth of Forth, park all the cars somewhere else, and give State Aid to set up a ferry? And instead of using transport strategy, instead of the other regional transport partnerships looking at that, do you foresee a time where, under the powers of this Bill, you could say that climate change comes first, we can't have 20,000 cars crossing that bridge in a day, what we need is a regular ferry service?

A Susie Gledhill - There always has to be a balancing act between achieving emissions reductions and ensuring that there is economic prosperity and that's what the dual targets in the Government's economic strategy is about. The Government is very clear that carbon is of increasing importance. Ministers committed to having a carbon assessment of Government policies, and there is a need to work up how that will happen in practice, because it is difficult to do at a very high level. At a project level, that is something that they want to move towards, to at least have the information available to know what the carbon impacts of the different options are. The Strategic Environmental Assessment already requires all government and public sector planned policies and programmes to undergo this, and one of the factors you have to take into account is climatic factors. This legislation comes from a directive that was drafted some time ago and the language of climate change has moved on since then. That is why one of the things that we are asking in the Bill is whether we should try to change that language and make it more specific, so that it is actually asking two questions: how ready is this plan, policy or programme to deal with the impacts of climate change that we are likely to see, and has it got sufficient risk management built in, and what is it going to do to emissions (will it reduce them, will it increase them, by how much)? We are asking whether we should try and flesh that part of the Strategic Environmental Assessment out more.

Q4 What is your thinking on the regional dimension of this? We've talked about economic growth – just to turn that round, how about economic parity? People may not know that the Highlands and Islands, in terms of GDP or GDA is around 25% behind the rest of Scotland, yet we have longer distances to travel (following the transport analogy). Is there any thinking about how this might be applied across the country – flat level impacts which may be disproportionately significant in an area like this?

A Susie Gledhill – In terms of achieving the target in the same way that we don't plan to have different sectoral targets for different sectors of the economy, neither do we plan to have geographical targets for different parts of Scotland, but equally we are very alive to the fact that the impacts vary widely depending on where you are – if you live in Edinburgh it is probably a lot easier to get a bus to work than it is in parts of the Highlands, and that's why in the list of factors to be taken into account when setting the budgets, one of the things is including impact on rural areas, but that is one of the reasons we have the workshop, to try and flesh out those issues and try and make them a bit more specific.

Archie Prentice – An important aspect of this is also recognising that there will be opportunities because of this. John Watt mentioned the Community Energy Company, and the growth, the renewable in this area. There's an issue about recognising that we are going to have to face change in some of the things that we do. There will be some threats with that, but also opportunities, and the challenge will be to try to get a grip on those as early as possible.

Q5 In terms of sectoral targets, it feels like there are a lot of references to introduction of future technologies and the expectation that things will come along that will help us tackle climate change. If you did go down the route of sectoral targets, you have a much clearer indication of which sectors could, with current technologies, already have very large CO2 savings, the housing sector being the greatest. There is a lot of talk about the transport sector, but if you compare the two, the housing sector (both refurbishment of old structures and new build) would be one large area to tackle this. I feel that by not going down the route of sectors, you are inviting the continuation of a long dialogue about monitoring and who can do what, slowing the process down for another 5-6 years until things get done.

A Susie Gledhill – This is not a stand alone piece of work. Ultimately, legislation on its own will achieve nothing, the important thing is the action that takes place on the back of that to actually reduce the emissions, and the Government is planning to produce a strategic overview at the end of 2008, round about the introduction of the Bill, which will try and look at the specific individual sectors and what needs to happen. The difference is we think we need to set direction for the individual sectors, but not to have a statutory target. Not only is there volatility in the energy figures, there is also statistical errors in the collection of them (some of them are into double figures as a percentage error). These are some of the reasons why we don't think a target set in law is the best way to try to drive action within each individual sector. We want to do that through a non-legislative framework.

Q6 I recognise the Bill is a very good, progressive piece of paperwork, but it looks like it's very zoned into public bodies, and I notice with the Scottish target we are not

just looking at CO2 but also many of the other emissions. Part and parcel of cement manufacturing and fertiliser manufacturing are actually the worst ones - the construction industry and the agricultural industry. Unless funding from public bodies is linked specifically to those industries I can't see how you can encourage change, when capital cost and capital growth is what these industries will focus on most, not just reacting to the Bill.

A Susie Gledhill – Part of the reason there is so much in the proposals about public bodies is because that is an area where we can make progress, and the Government has more leverage over the public sector than in terms of some of the private sector. Some of the types of manufacturing you are talking about, like cement manufacturing, the large ones are covered in the EU Emissions Trading Scheme already. We see schemes like this and the Carbon Reduction Commitment that will be brought in in a few years as key measures for driving down emissions, and it is because those sectors are already included within a framework to reduce emissions that we haven't sought to do "double regulation" on top of that.

Q7 In terms of counting of carbon emissions that are happening at the moment, the mechanisms that we use for counting – will there be reviews of those mechanisms as the energy mix changes, because at the moment the figure that is used for carbon emissions due to electricity consumption – there is a wide variety of figures around and one set by Government, but it doesn't reflect the energy mix that is in Scotland at the moment. If you looked at the fuels that are used and the carbon emissions for those fuels, it is much higher than the figure that is used at the moment, so our carbon emissions are much worse.

A Susie Gledhill – At the moment, the emissions figures we are using are collected by EU technology and published in the Greenhouse Gas Inventory every year, for the whole of the UK, then those are disaggregated into Scottish ones too. There are a lot of proxies in there. We are working with them to try to improve the way that is collected, but the issue particularly on energy is one of the things that we want to flesh out in the consultation – is it right that we look at just emissions from energy production, and how should those be accounted for, or should we try to take more account of consumption? How do we take account of the energy that we export etc.?

Q8 I take your point about this being primary legislation and there will be follow-on legislation which will flesh out the targets you are setting. Can you talk more about how that might work. A previous speaker talked about refurbishment. Since the 70s we have talked about the importance of refurbishing existing housing stock as a major contributor to improving this, and we are no further on. We have no skills in the building sector to implement these targets. With new build we have these grand targets of carbon neutral housing by 2016 – that's just for new housing and is a drop in the ocean. We know that emissions from housing are one of the worst problems. How will this legislation lead on to other actions that will help the builder on the ground having the necessary skills, the architect, the project manager, the builder's merchant having the necessary stuff in town to actually achieve these targets, because without that it is a waste of time.

A Susie Gledhill – Bringing things right down to the level of training provision is not something that we can do through primary legislation. There are various areas where colleagues are working on proposals and hope to bring a separate consultation, and buildings and energy efficiency is one of those. There is the Sullivan low carbon report for new build, but that is also going to be looking at existing buildings and also commercial buildings because there is so much that looks just at the housing sector. Again that is looking at what kind of target might be possible and the mechanisms for driving the public sector to take action and we need to set that framework before we can get down to the level of trying to increase skills etc. to deliver that.

Q9 In relation to attributing emissions to Scotland and what is included and what is not, I'm interested in international aviation. In particular the difficulty of attributing part of that to Scotland itself. Is there an opportunity within the Bill, is there time to sort out a framework in that difficult area, because it is one that leads to significant "leakage" from the whole scene, and it is a politically difficult one because of feelings of impact on the economy of greater taxation of airlines etc. Is there any kind of focus on that within this process?

A Susie Gledhill – Clearly there is a great deal of pressure to try to include international aviation and shipping, so we have been thinking about whether and how that could be done. At the moment, one of the issues that even if we are to include that, how would we then drive emissions reductions in those areas? A lot of the issues are reserved and we don't have control of them. Ultimately, it is a global industry and we need to seek a global solution, so we supported the UK government in getting aviation included in the next phase of the EU emissions trading scheme, as an international mechanism for beginning to push that down. We welcome views on how it might be done, but also want to be pragmatic, that we are best spending more time and energy on things where we really know that we have the powers to be able to make a difference. At the very least, we would expect to be asked to report on emissions from those areas, so at least there is information available that if they are going up and the rest is going down, leakages are obvious.

Q10 In terms of the building stock in the Highlands there might be particular challenges for us here, firstly in terms of our housing stock. Compared to national averages, we have a far higher proportion of older housing, detached housing, housing in the private rented sector- notoriously difficult to get energy efficiency improvements quickly and effectively into that kind of stock. Also we have restricted food choices. If our own experience in the council in trying to manage energy in our buildings – our plan covers about 980 different properties or sites – we managed to get agreement from the council to have a particular investment programme of £2m per annum to bring energy efficiency improvements into the building stock and to install renewable energy, and we calculated that would give us a 1% reduction per annum on carbon emissions, and although that will be cumulative, you can't underestimate the state of our building fabric in the Highlands in particular, and the huge effort and investment that will be needed to put it right. We did struggle with some very high costs of installing woodchip boilers etc. partly because of the layout and design of buildings but also because some of it was untried. There are always these extra things that can complicate. As public sector managers we have to be real about the huge effort and investment that will be required.

A Susie Gledhill – Ministers realise the scale of the challenge.

Q In terms of the territorial assessment question, it is not going to be enough to do a rural assessment. What you will have to build into this is a territorial assessment mechanism, which makes sure that issues like disparities in both the negative and positive sides of the equation are clearly mapped across Scotland, because if one of the other objectives of policy is to create equivalent conditions across Scotland, then you have to do a monitoring and assessment of what the impact of all this is going to be at a territorial level, not just rural / urban, that won't be sufficient.

WORKSHOP DISCUSSIONS

Participants split into workshops discussing four key themes, as follows:

Theme 1: Setting budgets.

Theme 2: Holding Government and the public sector to account.

Theme 3: Measuring the target and unique issues.

Theme 4: Unique issues for the Highlands and Islands.

Within each workshop, participants were asked to consider a number of specific questions. The points arising in these sessions are identified below as bullet points (they are not verbatim transcriptions).

THEME 1: SETTING BUDGETS

Delegates were asked to consider the following questions:

- 1. What factors should be taken into account when setting the level of budgets?*
- 2. In particular, are there specific economic or business factors unique to the Highlands and Islands which need to be taken account of when setting budgets and designing policies on climate change?*
- 3. What kind of carbon/emission-intensive infrastructure do business/industry in the Highlands and Islands use?*
- 4. When investing in this type of infrastructure, how many years in advance do business and industry need to know if government will be requiring reduced emissions in particular sectors?*
- 5. Therefore, how many years in advance should emission budget periods be set so that business and industry can develop infrastructure?*

Factors in budgeting

There was wide-ranging discussion around this issue. Delegates were asked to consider the issue of whether source or end-user measurement models should be used, and whether there should be a focus on efficiency. As well as this, as will be set out, delegates identified a large number of issues.

Scale / need for early action

- 2% per annum for 40 years is a very large level of cut.
 - Needs to be clear from the start that significant action will be required
 - Savings often take time to develop.
 - Budgets take time to agree and implement.

Timing of discussions

- Discussion may be premature, as the supporting framework is not to be discussed in detail until the end of the year.
 - Target is “aspirational”, rather than pragmatic.

Finance / cost issues

- Need for finance issues to be clear.
 - Overall amounts available for support.
 - How the measures will be paid for.
 - Concern about direct tax implications, or could be through tax on consumption.
- View that there should be some form of hypothecation of monies raised towards climate change activities.
- Need for an acceptance that some early spend would be required.

Terminology

- Term “budget” might be misleading to some, and that “interim target” might be preferable in some cases.

“Unavoidable emissions”

- Some emissions seen to be “unavoidable”.
 - Need to encourage offsetting the part which is “unavoidable”.
 - Other view that “unavoidable” is the wrong approach.

Need for budgets at a level below Scotland

- Need to ensure that the budgets are broken into periods.
- Helpful to have budget by type of change, e.g. behavioural change, improving efficiency of building stock, transport etc.
- Helpful to have local budgets.
 - Without this, harder to direct action.
 - Make things meaningful locally.
- Clarification about whether a national budget or sum of local areas
 - Could be economic sector, geographical sectors, traded / non traded sectors.
 - Not sure whether possible to set a budget for the Highlands and Islands.
- Difficult to take account of regional issues when budgets don't flow in this way.
- Suggestion that there are reasons why the emissions per person could be higher in rural area.
 - This could be reflected in the budget for the area.
 - Could operate like London weighting allowance.
- Complex for individual organisations to set targets.
 - Possible to have sectoral targets, with benchmarks for individual companies to use.

Sanctions for under-performance

- Concern that a budget implies sanctions.

- Ordinarily, this would mean no money to do things.
- Here, not clear what it means.
- No one is going to say “you can’t emit next year” as you have run out.
- The concept of a budget for a region is a difficult one to contemplate.

Locus of targets

- Needs to be clear who the target is for.
 - View that it would be helpful for local authorities to have a target set.
 - Large workforce, large operation upon which to make impact.
 - Position of influence over others in terms of changing behaviour and through policy.
 - Not clear how other sectors could be tied in.

Prioritisation nationally

- Target largest energy debts.
 - Costs in real terms can be assessed.
 - Assessments made of how much of a reduction can be made in the time span.
 - Also how this can come about.

Prioritisation in organisations

- Aspiration that large organisations will adopt targets and action plans.
 - Measures should conform to the lower slope on the graph in the consultation document.
 - Need for business to take a “strong approach”, and be bold and aggressive.
- Needs to be seen as part of the operational approach of organisations.

Carbon trading

- Mixed views of carbon trading.
 - Some view this as a disincentive to address issue more directly.
 - View that should be incentivising reducing emissions.
 - Concern that buying carbon credits to offset unsustainable activities contributes to the “wrong attitude”.
- Concern that companies who can afford to, trade, those that can’t, don’t.
 - In low wage, or relatively unprofitable area, danger of reinforcing geographical disparities.
- Some communities are already benefiting from carbon trading payments.
- Concern that not enough detail on trading in carbon outside large companies.

- Will be complex bureaucracy.
 - Issues about value for money.
- Need for some imagination in carbon offsetting, not just planting trees.
- Feel that there is a good deal to learn from other sectors, e.g. milk quota trading

Baseline

- Not always be easy to set the baseline level at a local level.
 - Data availability and measurement issues.
 - Concern that, if complicated, people will be switched off.

Impact on businesses

- Concern that business may be seen as an easy target.
 - Easier to determine the level of emissions.
 - Pre-existing regulatory framework.
 - Important not to don't pick easy targets
 - Important to pick the big contributors overall.
- View that there is not much incentive to business in relation to reducing emissions.

New business opportunities

- Promoting new business development opportunities.
 - Businesses involved in renewables.
 - Also in the supply and service sides.
 - Likely to be significant scope in the highlands and islands for this.

“Conflict between GDP and emissions

- Are the two targets of increased GDP and reduced emissions compatible?
 - If one improves, does it mean losing out on the other?
 - Who takes the decisions on the balance between the two?
 - Detail in bill will be important.
- At the level of individual companies, it is possible for “GDP” and reducing emissions to go hand in hand?
 - Cost savings and emissions savings.
 - At the level of a whole economy, not so sure it is well understood.

Quick wins

- Mixed views overall about quick wins.
 - If over-reliance on short term impact, the overall target will be harder to achieve.

- Delays in addressing other areas mean slower and more difficult to achieve impact.

On going changes in society

- Wider issue is that there is already a lot changing, and that this needs to be factored in.
- Values and approach of young people may already be changing
 - More likely to seek out different types of policies and investments.
 - May be more likely to seek out work on the basis of their values / ethics.

Other legislative development

- Need to take into account e.g. EU building's directive.
 - Will have an impact on emissions targets.
 - Scottish measures should not be taken in isolation.

Unique Highlands and Islands factors in relation to budgets

Delegates were asked to consider the extent to which there may be specific Highlands and Islands factors which need to be taken into account in setting budgets. There was a clear view that such factors did exist, and that these should form part of the decision process. Delegates were also asked to identify where there are specific carbon-intensive activities or industries particular to the Highlands and Islands which should be accounted for.

Economic / infrastructure issues particular to the Highlands and Islands

- Highlands and Islands is behind Scotland in key respects.
 - Tension between economic growth or emissions.
- Buildings are poor quality and inefficient.
 - Includes houses, public buildings and schools.
 - Policy of moving towards means-testing grants for the private sector will slow down improvements.
- Environment, national beauty, the quality of life.
 - Have to be careful of the impact of any development.

Existence of population growth targets

- Targets around population growth will have an impact on the amount of carbon used in the area.
- Don't know what the impact may be of people moving into the highlands and islands.
- Population is growing in Inverness / Moray Firth.
 - Other areas are more fragile.
 - Concern that climate change policy may serve to alienate people living in these fragile areas.

- Conflicting policy direction – protecting island communities, but this has consequences in terms of the resources needed to sustain them.
- Ferries, for example, are quite inefficient in relation to emissions.

Housing growth issues

- High volume of house building going on now in Highlands and Islands, and in Moray.
 - Concern that by the time the 2016 regulations are in force, most of the building will be completed.
 - Longer term impact of the regulations will be lessened.
 - Who is monitoring builders at present? A lot is down to business choice.
 - No clear, hard targets in relation to carbon until 2016.

Transport

- Lack of information about travel patterns by area.
- Dependency on car transport will continue.
 - More difficult to persuade people to use public transport.
 - Issues about existing infrastructure.
 - Public transport not very good.
 - Trains very infrequent.
 - Rural public transport viability issues.
- Hard to reduce the level of reliance on air transport due to the nature of the infrastructure.
 - Have to be careful to distinguish between leisure aviation, and the lifeline services.
 - Policy measures haven't been very good at that.
- Quality of roads poorer – costs more in relation to carbon emission per mile than on a motorway.
- Transport strategy in is one of growth, to support economic growth.
 - Fundamental tension between GDP and emissions.
 - Use of budget airlines as an example of this tension.
- View that this is not a “either / or” for the highlands.
- Capacity issues with rail.
 - 5% modal shift to rail could be an aspiration, but the rail service wouldn't cope.
- From a Highlands and Islands perspective, there is also a national dimension in any e.g. transport project.
 - Have to weigh highland projects against e.g. central belt projects.
 - See what is likely to given biggest win nationally.
 - Highlands and Islands could potentially lose out by this.

Positive contribution of and benefits to Highlands and Islands

- Highlands and Islands is very rich in its potential for contributing to renewable energy.
- Significant benefits to the Highlands and Islands from the promotion of micro-generation.
 - Faces considerable economic difficulties in accessing the grid.
 - Can be community benefits through the local retention of profits.
 - Respects the nature of the Highlands and Islands and supports local communities.

Tourism issues

- Tourism is significant to the economy, but it raises complex issue and conflicts.
 - Tourism is about getting people into an area, not just a web experience.
 - The physical distance people have to travel is a key issue.
- A lot of people come in by air.
- Conflict between trying to develop tourism and sustainability.
- Lack of railway infrastructure where the tourists want to go.
- Need to invest in public transport infrastructure.
 - Not necessarily buses.
 - Give bonuses to the public to get on, and use the trains.
 - Other countries have good examples of rail investment, e.g. France.
 - Investment in rail would avoid the focus on the A9 investment, and in the longer term, save the government money.

Nature of the economy

- Distance is a clear factor.
- Nature of the economy is also a factor.
 - Primary products, food, agriculture exports.
 - Whisky.
 - Tourism.
 - Timber processing.
 - Quarrying.
- A lot of carbon intensiveness is down to transport to markets.
 - Even if you plant trees, which may otherwise be positive, you have to transport them to markets.
- Tourism.
 - Have to get people into the area, and also the goods and services these people use as well.
- Oil and gas less involved in the highlands than before.

- Don't have large power stations.

Forward planning of targets to reduce emissions

Delegates were asked to consider two further issues. The first related to how far in advance business might require notice in relation to action to reduce emissions, and, following from this, what periods should the government set for emissions reductions. As will be clear, there were areas of agreement in relation to the need for notice to be given, although some debate about the length of this, and whether other activities (which require less lead time) could and should be undertaken in the meantime. As might be expected, there was a strong view that business will be very interested in the targets set for them.

Concern that consultation lacks detail to allow this to be discussed

- Struggle to talk about this even at a higher level when the devil is likely to be in the detail.
- Depends on targets set!
- Also depends on the time period.

Match between budget and planning periods

- Some of the lead times may be long.
 - Need to make sure budgets are the same lengths as the planning lead times.

View that certainty, not time is the issue

- View that numbers of years in advance is not really the issue.
 - It is that things happen at the time they are scheduled to.
- Potential with a 2050 end point that there is a chance to map out a pathway towards it.
 - Gives businesses a clearer view of what to expect at any point.
 - Not specific to 5 years, or 10 years.
 - A longer term path that is clear, and knowledge of what is going to happen.
- Concern that investment is undermined if, 5 – 10 years down the line, emissions targets are changed, profitability may be hit.
 - Need a long term planning horizon.
- Need confidence, clear cut leadership and decisiveness.

Views of time periods required

- Major inward investing, or local investing businesses would probably want to know 5 – 10 years in advance.
- View that “at least” 10 years for major investments.
- Major public sector projects may taken 5 – 10 years to complete.
 - Need to know at the outset what sorts of targets it is likely to have to hit at the point of completion.

- A significant road project may take about 5 years from pen to paper, to open.
- Observation that there is a tension in the argument of a 5 – 10 year planning horizon, with the frustration delegates expressed about the fact that relevant building regulations are not due to take effect until 2016.

Need for earlier action, before notice periods elapse

- Some things could be done, or at least started, very quickly.
 - Example given of improving insulation on housing.
 - If money, staff, materials, will power available, could be done quite quickly.
- Not all enhancements take a lot of time.
 - Example to improve some aspects of the highland line would take 4- 5 years (passing loops / signalling).
 - Something more radical (to allow more freight, as well as more passengers), would take time.
- There may be things businesses just can do – e.g. transport more goods by rail due to the lack of infrastructure. Some things may not be in their gift.

Need for implementation and monitoring

- Need to be firmer with business.
 - Issue is not simply about how long in advance targets should be set.
 - Should be firm and applying to all.
 - If it is across the board, all of them will do it.
- Building industry is waiting to be told what to do.
 - Once they are, they will adapt, and will achieve.
- Council could look at ways of including the consequences of its decisions in its reporting.
 - If grants permission for homes which overall improve the average emissions, could this as a credit for the council.

Views on budget periods

- Varied views on this, but views of delegates tended to be around 5 years.
- Annual updates suggested.
 - Some things hard to do quarterly as a result of climate and price fluctuations.
- Some public bodies have 3 year rolling plans.
 - View that this may be appropriate for carbon budgeting.
- Parliamentary sessions are 4 years.
 - View that should be wary of stepping outside government periods.
 - Great deal may change when an administration changes.

- Suggestion that this should be matched to other policy documents within Government to make coordination and consistency easier.
- View that should follow with EU legislation.

THEME 2: HOLDING GOVERNMENT AND THE PUBLIC SECTOR TO ACCOUNT

Delegates were asked to consider the following questions:

1. *Is a process of parliamentary scrutiny the appropriate way of holding government to account if targets or budgets are not met?*
2. *Is parliamentary scrutiny sufficient to ensure that government adheres to proposed budgets or targets?*
3. *What are the benefits and drawbacks of holding government to account through parliamentary scrutiny?*
4. *Taking account of existing commitments, should the Bill have enabling powers to introduce new duties on public sector bodies to take action on climate change?*
5. *What are the benefits and drawbacks of having “the ability to create legal new duties” and what are the benefits and drawbacks of creating new legal duties?*
6. *If new duties were created, what should such a duty or duties include?*

Parliamentary scrutiny

Participants raised a number of issues relating to questions 1 – 3 about Parliamentary scrutiny, and some were uncertain about what this would involve. A number of benefits and drawbacks of Parliamentary scrutiny were highlighted, and although many believed that it was appropriate to have such scrutiny, several also argued that this would be insufficient without some additional independent scrutiny, or a means of imposing sanctions. There was also some general discussion of the nature of this and the implications of scrutiny, particularly for structures and resources. The comments relating to these issues are detailed below.

Clarity of scrutiny

- Uncertainty about what Parliamentary scrutiny involves.
 - Question of how scrutiny works now re climate change and identified that it is the Transport, Infrastructure and Climate Change Committee.
 - Question of whether, and how Parliament might have the power to impose sanctions.

Benefits of Parliamentary scrutiny

- Profile / high level scrutiny.
 - This level of scrutiny and public reporting is important.
 - It has to be at the forefront.

- Can enhance reputation - Advertisement to the rest of the world that Scotland is taking it seriously.
- Visibility of information.
 - Puts information in public domain directly.
 - Puts information in the political domain, so that people can put pressure on politicians if they feel the public sector is not reacting to the need for change.
 - Issues are reported in the media. (If any other forms are used there is a danger it is not fully reported / not fully transparent).
- Need for monitoring.
 - General agreement of the need for monitoring (although it was noted that there is a paradox that monitoring information can't always be relied upon).

Drawbacks

- Visibility of information.
 - Might deter inward investment.
 - Washing dirty linen in public.
- Loss of regional issues.
 - It is important to look at the net balances around the country.
 - Hope that territorial monitoring will be considered, not just looking at the country as a whole, or rural / urban.
 - There will be different opportunities and impacts in different places, and this evidence needs to be in the scrutiny.
- Demands of information gathering / measurement issues.
 - It is another whole accounting system, and a lot of effort from the public sector goes into scrutinising spending and how that is accounted for.
 - Danger that focusing too much on the quantitative aspect will slow up the process.

Is parliamentary scrutiny sufficient?

- Not alone, for many respondents.

Why not?

- Independence.
 - Government is responsible for particular targets related to Government performance, and having them scrutinising their own performance is inappropriate.
 - There are a lot of uncertainties about the data, and if it is too close to Government, it is subject to manipulation.
 - An independent body might provide continuity over party political exchanges, and steer towards a goal.
- Need for sanctions.

- Depends on what the punishments are if they are not met. Even if there is scrutiny, how much of a deterrent is it without financial fines, budget cuts?
- Issue of how interim targets would work without a system of sanctions.
- Need flexibility in the Bill to introduce sanctions.
- Likelihood of encouraging implementation through sanctions.
- Need for information.
 - Can only work if it has reliable independent information, and Parliament does not gather this. Broader question of how the information is gathered, and what it is.
 - Need for an independent system which produces the monitoring and assessment information on scientific questions and on impacts.
- Need for another body.
 - Support for an independent panel, to complement the Parliamentary Committee (e.g. like Audit Scotland).
 - But try and fit with existing structures – there is not an appetite for new public bodies to come and regulate this.
 - Mixed views of whether a Scottish body is needed.
 - Some suggested that Scotland should just use the expertise of the UK one, then, if it is not working after 3 years, create a Scottish one. Learn from the UK measuring framework.
 - Another felt that 3 years was too long a time (although others noted that this takes a long time to capture and analyse data and make structural changes).
 - The panel should not focus only on devolved issues – needs to include the macro economy.
- Dissemination at community level.
 - Important to make this personal – it has to go beyond Parliamentary scrutiny.
 - It won't be made real further down if it is only a Parliamentary debate about who is not meeting targets.

Other issues / implications of scrutiny

- Inclusion of scrutiny of others.
 - Important not to separate local authorities and Government, as they are all funded by taxpayers, so the measurement should be the same – one body and one set of measures makes sense.
 - Need to cover the private sector too, but their sanctions would have to be part of secondary legislation.
- Structural implications.
 - This is a structural issue about how we make policy and govern. How do you shift the whole system towards sustainability?
 - How does a Parliamentary Committee get good independent information?
 - Is it appropriate to give responsibility for this to the existing committees? Is the committee structure appropriate?

- This is an issue that many committees would be interested in – it touches on health, planning, transport, economic development, everything.
- Will it get enough time in the current structure – probably not. Do you give the committee more time, do you have more sessions for that committee? Do you have a sub-committee purely for climate change? It may need a special committee, but how do you then keep the other areas involved?
- Need to identify all of the committees with a major interest in this, and make sure they all get the necessary information, and are able to hear evidence. To set up committees brings a danger of silos, and this is the wrong way to go. Interlink the existing committees.
- Could have someone in each committee responsible for climate change, and have occasional meetings together – this is a joined up problem which links everything. People in the committees could see where there are health issues, housing issues, transport issues.
- Resource implications.
 - Need to recognise that this will take resources to gather information and measure.
 - Even counting baseline emissions is “an excruciatingly time-consuming exercise”. Government has to be prepared to resource the public sector to do that.

Enabling powers to introduce new duties on public sector bodies

Questions 4-6 focused on whether the Bill should have enabling powers to introduce new duties on public sector bodies to take action on climate change, and the majority of participants agreed that this should be the case (although some felt that the general move towards tackling climate change may be sufficient to promote action, or that it may be possible to strengthen existing provisions, such as Building Standards, Best Value, or the role of Audit Scotland). There was also some discussion of the benefits and drawbacks of such powers, and the possible nature of new duties. One group also focused on some of the actions which may follow from the duties, and the comments relating to these issues are detailed below.

Benefits of having powers to introduce new duties

- Flexibility.
 - As technology and knowledge develop, there will be new actions that can be taken, so should be open to change.
- Promote / accelerate action.
 - May be a need for a duty to make local authorities act more quickly.
 - There are a lot of areas where local authorities have been slow to act despite guidelines.

- The planning system can only take you so far and planning guidelines mean “all things to all men” hence you get planning inquiries arguing about the interpretation.
- Guidelines have no impact. They are only an expression of the Government’s policy, they are not “determinative” and many local authorities pay no attention.
- Legislation should accelerate development of relevant policies and mean that more organisations develop these.
- Accountability.
- Inclusion of all public bodies.
 - Taking it to the level of all public bodies.
 - There is a void between the strategic document and integrating climate change into the everyday workings of a small council.

Concerns

- Impact on targets.
 - If some sectors find it difficult, this may be less ambitious than hoped and it might bring the level of action required down.
- Impact on other work.
 - If too stringent, targets are achieved at the expense of other functions that an agency is responsible for which are equally important, but not subject to a duty.
- “Stick” approach.
 - No-one has resolved the crudity of having to resort to this approach.
 - Doesn’t make a lot of sense for the public sector to tax each other. Creates more bureaucracy.
- Resources.
 - Once you put local authorities under a duty, there are financial implications and that can lead to problems.

Actions needed

- Resources.
 - Resource implications, depending on what the duties are.
 - Resources needed to enable measurement of progress.
 - Need to recognise “spend to save”.
- Measurement issues.
 - Need a framework so that everyone measuring against the same framework / template and that it is applied in the same way.
- Incentives / penalties.
 - Is there also a need for financial penalties to make it stick?
 - Carbon trading schemes may become bigger in the future, so the incentive could be to reduce emissions and trade, and get financial benefit, rather than a big stick with penalties and fines.
- Links to existing arrangements.

- Not sure how the Bill would integrate with existing voluntary agreements, such as the Declaration.
- Recognition of wider issues.
 - Some of the requirements might be controversial – e.g. if a planning framework is needed to open new quarries to start using Scottish stone again.
 - Need for public bodies to try to balance costs / trying to be “green”.

The nature of the duties

- Issues within the control of public bodies.
 - Loss of control when assisting a private company - once money is transferred, it is down to the management of the company. There are sanctions, but there is scope for things to go differently to how the public body may want.
 - Keep to e.g. staff travel and subsistence etc.
 - Needs to be flexible enough for an organisation to be able to identify where they can be effective in achieving the objective.
- Straightforward issues.
 - All organisations should have some targets, but they should not apply to all of their operations.
 - Start with reasonably modest targets over things you can control, and become more ambitious. Have legislation which can accommodate that.
- Specific issues which duties may apply to.
 - Having carbon calculation as part of policies, along with identifying social impact. Organisations may say in their mission statement they want a sustainable Highlands and Islands, but it is not part of the decisions they make when they give grants to different companies, or assist schools put new oil boilers in – there’s no accounting of the emission implications.
 - Reducing carbon emissions.
 - Developing Energy reduction.
 - Green travel plans etc.
 - Range of housing and planning issues.
- Only for improvement measures.
 - Opportunities to change should only be to improve / make things more stringent, not to reduce them.

THEME 3: MEASURING THE TARGET AND UNIQUE ISSUES

Delegates were asked to consider the following questions:

1. *Should targets be based on source emissions, as proposed in the consultation, or should it be based on an end-user inventory? What are the benefits and drawbacks of each?*

2. *Alternatively, should the targets or additional target be more specific, such as specific targets for energy efficiency or renewable energy production? If so, what should these targets be?*
3. *How may these different types of targets affect the economy and business of the Highlands and Islands?*
4. *Which measures, particularly those requiring legislation, are needed to help business tackle climate change?*
5. *Is there any red tape (i.e. bureaucracy, regulations, laws, etc.) which is preventing business from tackling climate change?*
6. *How do you think the Climate Change Bill will affect the economy and businesses of the highlands and Islands?*
7. *Do you think it will affect them in different ways than the rest of Scotland? If so, how?*

The basis of targets

Delegates had mixed views about the basis which should be adopted for the targets, both in terms of source and end-user emissions, or through some means of considering energy efficiency and renewables production. It is clear that the reasons behind the choices are both philosophical and political, as well as scientific.

Source or end user, or both?

- Does it need to be either / or?
 - Could be a combination of both depending on what it being measured.
 - View that in the “spirit of openness” need clear methodologies, and clear information to the public, and hence need to be using both methodologies.
- Should be able to operate at different levels at the same time so that all sectors, and individuals can all contribute to the target.
- Should be a balance between things.
- Need to have clear information on error bands, as these will vary greatly from product to product and between methodology.
- Concern that there is not enough developed technologies to use both at present.

Complexity of measurement

- Concern that measuring CO₂ is fraught. Does this include measuring embedded carbon, emissions from primary industry, tertiary industry, public consumption, transport? Clarification that no decisions have yet been reached.
- Recognise that there are complexities in attribution for end-user.
 - May be possible for “Scotland”, but more difficult below this.
 - Could it be possible to have a notional allocation to account for transport / shipping / end user (consumer demand) issues.
 - Hard to account for trans-shipments, and for value added manufacturing.

- Source emissions are easier to define (but still complex).
 - Issue with use of source emissions that Scotland exports power, and hence has to accept a liability of this production in terms of carbon emissions.
 - With transport costs, it is very hard to apportion the CO₂.
 - Producer is easier to measure, but view that it is a partial measure.
 - Number of examples of this given in the session.
- Have to get all sectors contributing to this, and concern that, if the source target is adopted, it will feel that it is only the generators/power companies that need to their bit.
- View that it has to be source if aspiration is to be a world leader, but also need something else to encourage people to reduce their emissions within Scotland.

Limitations

- Scottish government is currently looking at various technologies to see when they are likely to come on stream, and what benefits and issues these will bring.
 - Largely a technology, rather than behaviour change focus.
- Research going on at present to develop methodologies for large businesses about how to calculate their carbon emissions.
 - Very complex, and looks not only at carbon emissions.
 - Differing views about what should be included in the calculations.
 - Concern that research at the moment only looks at some of the factors involved.
 - Concern that research into methodologies funded by industry may not be independent. Must be transparent, relative and comparable (and independent).
- Energy production is easiest to focus on at present.
- Obvious, and clear measurement methodology.
- There needs to a next stage which looks at more complex issues.

Ability to amend how targets are measured

- There should be possibility of amending the means of measuring as technology changes.
 - Some things may become easier over time.
 - Question raised about whether it is right that, if changing the measuring system makes it easier to meet the target, is this right?

Wider issues impacting

- View that can't look at carbon in isolation, should we be looking at the ecological footprint of everything.

- In some cases, it may be better overall to import than source locally, even though end-user emissions would be high.
 - Again examples given in session.
 - People, need to have information to make these sorts of choices
 - Much of this isn't necessarily clear to a consumer standing in a supermarket.
 - Sustainability labelling of food products being looked at, but will be some years down the line.
 - View that UK government has aspiration to calculate carbon footprint of every product, but feel that this is somewhat down the line in terms of what's feasible on a large scale.
- Need to consider embedded carbon, and how much energy it has taken to make that product.
 - Question about the ownership of that carbon – is it in Scotland, where the development is, or in Denmark, where the turbine has been produced?
- Concern that embedded carbon is complicated.
 - Can become more sophisticated as you become more accomplished, through time.
 - Danger that this would over-complicate matters at an early stage.
- Also need to look at the impact on carbon sequestration of developments of this type.

Demand for renewable sources

- Only if there is a demand for changes in the means of generation will change be brought about.
 - Large companies have energy supply contracts which might allow them to specify the proportion of renewables.
 - Underneath the big companies, less clout. You have little or no choice.
 - This would also allow large power companies to be sure that there is a market for this, hence making investment more likely.
 - This is corporate social responsibility driving the market.
- Important to monitor this in order to make sure that the energy supplied is genuinely renewable.
 - Also, there may be an issue that those who were previously being supplied with renewable power, but who were unaware, or who may not have specified this, may be moved to other non-renewable sources.
- Some supply companies have grown on the basis that they can supply renewable energy, even if only to a certain proportion of their customers.
- Don't see anything in the bill to encourage large companies to be more responsible, although the Energy Act does this.

Need for wider changes

- View that these forms of measurement are the tip of the iceberg.
- If seriously going to change, lifestyle has to be a factor.
 - Technology can only achieve so much in relation to reducing power station emissions.
 - After that, it is only possible to do this by reducing demand.
- Renewables are, therefore, the only real way to achieve change in this way.
- Concern, however, that, if adding to number of renewable sources is only strategy, in the absence of falling demand, this risks additional damage to different areas of the environment.
 - SNH is grappling with this at present. Hence, have targets for renewables, but also have to have targets for reducing demand as well.

Impact of other measures on reducing demand

- For SMEs, there is an incentive to reduce energy use, as it saves money.
 - Some are linked to agreements linked to climate change levy, and they have to report on their energy use over time.
 - A growing proportion will have smart meters fitted for gas and electricity.
 - Understand that this is to be extended to domestic consumers in time.
- Interesting to see what the impact of having an energy certificate will be on house sales.
 - Able to measure efficiency at home.
 - May raise the profile of this, as it is not an issue that people can easily understand.
 - There are still a lot of technical issues, such as rooms without independently controlled lights.
 - There is also a cultural impact required.

Targets at a level below Scotland

- View that there should be targets for organisations.
 - Examples such as waste, procurement, staff travel, homeworking, street lighting, transport, building efficiency etc within e.g. local authorities.
- Should be different targets for each, based on the different baselines, what is doable, and how much can be changed.
- Difficulties in measuring baselines.

Impact on the highlands and islands

Delegates were asked to consider what impact targets, and the wider measures in the bill, might have on the Highlands and Islands, and how, if at all, this might be different from the rest of Scotland. It is clear that delegates did see a range of Highlands and Islands specific issues, although there were mixed views about the

impact of these. Delegates also expressed views on the wider impact of climate change on the area.

The role of the Highlands and Islands in the Scottish effort on climate change

- Highlands and Islands will be a net exporter of renewable energy (and plant more trees).
 - View that a measure of this exporting would be a good thing for the Highlands to have.
 - Consider “bonus” points for exporting renewable energy?
 - Concern that, if the Highlands and Islands is seen purely in this way, there will not be the same investment in transport and other infrastructure.
- May be scope for businesses which respond to the wider economy trying to reduce emissions.
 - Turbine manufacturers based in the Highlands and Islands
 - But still have high transport costs and impact as the steel has to be shipped in, and the finished goods shipped out.
- There are tensions – it may be expensive, and may not be efficient, to put a turbine on every house here, but it may be what the country needs in terms of reducing energy production.
- Feeling that it would be obscene to land the Highlands and Islands with more wind farms, pylons etc, if all of the profit disappears over the border or overseas.
- Have to “face the fact” that, if the target is to be met, a lot of land will have to be given over to installations which support renewable energy.
- There will be a lot more installations that Nimby’s wouldn’t be happy with – this will be a factor.
- “You can have a choice. You can either have your light on, or you can have a windfarm in the area.”

Impact of Climate Change Bill?

- May be premature to assess this.
 - “Don’t know what’s in the bloody bill – how can we tell what the impact is! Cart before the horse!”
- Concern is that the Highlands and Islands could be covered in wind farms – a lot of space, and a lot of wind.
- A lot more afforestation, as we have the space.
- Likely to be more developments here, than in other parts of the country.
- View also that there will be positives from the bill for the Highlands and Islands. Economic benefits, e.g. through saving money.
 - Also likely to be a significant impact on infrastructure, as a result of invest to save.
- Green tourism benefits.
- More communities getting a stake in, and benefits from renewable energy.

- View that it may help develop more viable, sustainable communities, combining both a traditional and progressive element.
- At a wider level *climate change* per se may have an impact on the Highlands and Islands.
 - Need to ensure that support is in place for affected communities, e.g. in island areas, or coastal areas facing adverse effects from rising seas and increasing wind speeds – already seeing it.
 - This is a public obligation to keep people safe.
 - Could also be benefits in terms of growing seasons, crops could grow etc.
 - May be a better quality of life, and more satisfaction, without having to “jet off to the Bahamas”.

Need for investment to support action on climate change in the area

- Needs for investment in the grid to encourage the area to take the role of being a net exporter of power.
 - Issues in that the grid is designed to get small amounts of power out to rural area, not get large amounts from these areas.

Need for regional dimension to targets

- Needs to be a recognition that the Highlands and Islands are different in key respects to the rest of Scotland.
 - It is colder, distances are greater, work is further away, roads are less good hence 4 wheel drive, lack of choice of heating, lack of public transport etc.
 - There are fewer choices here (although there may be scope for more innovation?).
- In the Highlands for the distances travelled, with a 1.4l engine and two people, this is actually more efficient than going by bus.
- A project is underway to look at modelling transport emissions in the Highland and Islands, and to consider the impacts of modal shift (and e.g. occupancy loads etc). Equations are quite interesting.
- However, can't afford not to take a regional view of prioritisation.
 - If the main jams are on the Forth and Kingston Bridges, that's where the big emphasis lies for public transport.
 - Where it is easiest to achieve the impact, that's where you have to put the emphasis.
 - “Dumb” policies will help nobody.

Helping business tackle climate change

Delegates were asked to consider measures which may assist businesses tackle climate change, with a particular focus on legislation, and also to identify any red tape which may prevent industry from doing this. One of the key areas of focus was the balance between regulation and incentive.

The need for incentives and encouragement

- Suggestion of the need for incentives both to reduce energy use, and to develop generation capacity.
 - Suggestion in Sarah Boyack's private members bill about council tax credits (e.g. for wind turbine use), and favourable consideration in planning process for developments which contribute to sustainability (hence stimulating demand for technologies).
 - Local authorities already have the option of including measures in tenders. Carbon management has never been one, but it is starting to appear now.
 - Contractors need to have a carbon reduction programme in place. That's at the discretion of procurement specialists.
 - Procurement criteria are not currently taking account of carbon issues, but this would change if carbon emissions became one of the criteria.
 - Competition rules (within Europe) are problematic, as these encourage non-local sourcing.
 - You can write carbon emissions into best value, but it would be helpful in terms of procurement.
- Tariff for companies to reduce energy use?
 - How can companies / people be encouraged to use less energy?
 - At present, trading schemes are for very large businesses, but this may come down to smaller businesses in time.
- Large companies moving to central procurement.
 - This will have a big impact on gas and electricity.
 - Maybe an opportunity to exert influence through this means.
- However, central procurement may make it more difficult to source locally
 - Add to transport costs.
 - Companies permitted to purchase from may be distant from local consumption.

The need for regulation of national grid and easing issues facing microgeneration

- Need firm regulation on the prices paid for renewable energy sold to the grid.
- View that micro-generation could be much easier than at present.
- Ownership is important, with economic benefit flowing from that community energy company.
- Specific legislation is required to support community generation, rather than other legislation being amended bent to facilitate it more easily.
 - View that it is wrong that a community development has to go through the same planning process as a very large commercial development.
 - This is a "huge put-off" for a community to have to face this.

- Seems wrong that the community has to provide technical statements etc to the same level when the impacts are “chalk and cheese”.
- Concern about the disparity in the prices to buy from, and sell to the grid.
 - Concern about how the current disparity is impacting on micro-generation here.

Influence of the market

- Concern about the impact of freedom of consumer choice on micro-generation.
 - People can change supplier, which means that planning is difficult.
 - It also leads to companies shying away from investing, as they could lose customers (even if they are cheaper) and the profitability is undermined.
- Royal Mail can't source enough electric vehicles as not enough are being made as considered to be no demand.
 - This is changing with climate change considerations.
 - Could be linked to turbine use for charging up.

Planning and both local and national policy issues

- There is a necessity for this to be joined up – e.g. measures to reduce emissions may require a business to apply for planning permission.
- Need for planning legislation to make it easier to actually implement renewable energy schemes.
 - No point in having targets if you can't actually build anything because there are other pieces of legislation in the way.
 - Needs to be a matrix which highlights the interactions between pieces of legislation, and illustrates where the problems are.
- Tension between development and protecting bio-diversity.
 - Need to have the science and information up to date to weigh up the issues properly to ensure that we are not worse off from development in an inappropriate area.
 - Need firm guidance on what is likely to be acceptable, where site is reasonable.
 - Feel that, at present, there are loggerheads between environment lawyers and business.
- Environmental legislation is not always helpful.
- Planning process takes forever.
 - Meant to take 9 months to get wind farm through planning, currently taking about 3 years.
- Planning – carbon emissions are not a material issue for planning at present in assessing an application. If it was made a material matter, you could accept or refuse on this basis.
- Need for a pragmatic locational strategy for renewable energy.

- Avoids EU designated sights, and areas where most damage would be caused.
- Leaves the rest of the land where developers would know they are safe as they are not adversely impacting.
- Makes processes simpler.
- Some local authorities do already have maps which illustrate this.
- At the moment, there is no compulsion on developers to adhere to this – they can apply where they want.
- Need for early action to support renewables as there will come a time when Scotland ceases to be an exporter of energy.
- Need for a whole energy strategy.
- Plenty of opportunities for recycling and gaining energy from waste, but legislation works against this.
 - Business waste is mostly transported to central belt for re-processing and treatment.
 - At present, only viable option for vast bulk – could be looked at.
- From individual business perspective, companies taking steps to reduce emissions may face reassessment of rates.
 - This acts as a deterrent for future action.

Other structural measures

- Suggestion of a nationalised renewable energy company.
 - Suggestions that would make it easier for people, and could connect into the grid at sensible timescales, sensible cost.

THEME 4: UNIQUE ISSUES FOR THE HIGHLANDS AND ISLANDS

Delegates were asked to consider the following questions:

1. *What factors should be taken into account when setting the level of budgets?*
2. *In particular, are there specific factors unique to the Highlands and Islands which need to be taken account of when setting budgets and designing policies on climate change?*
3. *Which measures, particularly those requiring legislation, are needed to help business tackle climate change?*
4. *Is there any red tape (i.e. bureaucracy, regulations, laws, etc.) which is preventing business from tackling climate change?*
5. *How do you think the Climate Change Bill will affect communities in the Highlands and Islands?*
6. *Do you think it will affect them in different ways than the rest of Scotland? If so, how?*

Budget setting and issues for inclusion

The first part of this discussion focused on questions 1 and 2. Participants identified a number of issues which should be taken into account in setting the level of budgets

generally, and one group expressed their overall agreement with the factors listed, while some participants provided more details. A large number of issues which were seen to be specific to the Highlands and Islands were also identified, with a strong view that these issues need to be taken into account when setting budgets and designing policies relating to climate change. The detailed comments relating to each of these issues are presented below.

General issues to take into account

- Agreement with those listed.
 - Can't really argue with any of the ones on the list.
- Specific issues for inclusion.
 - Likely economic growth
 - Within economic growth, everything is done in cash terms - if there are budgets relating to carbon emissions cost, the cash cost should perhaps take less precedence.
 - Population growth.
- Importance of "territorial differences".
 - Have to take account that Scotland is not one place – there are different places, with different conditions, opportunities and costs. This has to be factored in, in terms of how it impacts on people and communities and what other measures will be needed to compensate for any net adverse effects.
 - Need to recognise territorial differences throughout the Bill and its associated Bills about adaptation and flooding.
 - Take account of the voice of Highlands and Islands – don't let it become the "whipping boy", or the area where everything moves to.
 - Danger that some regions work very hard to reduce emissions and carry other regions that perform poorly. Might be better to make sure that everyone is doing their share. Don't leave it to the bigger areas to carry things forward and have smaller areas "ride on the coat tails".
 - Mixed views of whether there is a need for regional budgets.
- Need for balance.
 - Balance developments which are not necessarily compatible, such as the need to grow the economy (e.g. getting low cost airlines coming in to boost tourism, or exporting products worldwide) and the need to reduce emissions.
 - Who decides what the balance is?
 - Also balance of if you score highly on one aspect of tackling the issues, can you ignore another. However, view that "in the end, it is a bit like the obesity discussion. It's about reducing consumption, not drinking diet coke so that you can splurge on ice cream".
 - This is a joined up government challenge.
- Measurement issues which will affect budget setting.
 - GDP is the bluntest instrument governments have for measuring whether going in the right direction. Question of whether there is another yardstick, or that could be refined.
- Location of Scotland.

- Being in a part of Europe where the effects may not be felt as immediately as elsewhere, persuading the population that climate change is a bad thing could cause some barriers.
- Huge need for education.

Specific factors in the Highlands and Islands

- Population.
 - Key issue is sparsity of population and link to access to services.
 - Trying to grow the population in Highlands and Islands.
 - Need to bring job opportunities for people in a way that creates a sustainable economy. Identify possible growth areas and new technologies that could be invested in to allow people to work and live close to home. People are commuting long distances.
 - Projection that, as climate change affects other parts of the UK, there will be in-migration of people moving away from hotter drier parts and place suffering lack of water. This will affect both adaptation and mitigation (leading to some reservations about the two being separate because there is so much interlinking).
 - Ageing population.
- Isolation.
 - Relative remoteness.
 - In some areas you can't get a gas supply and your only mains is electricity, whereas you could be using renewable energy. The further you go away from the main populated areas, the more this becomes the case.
- Terrain.
 - Very different. Water and mountains in the way.
- Technical potential.
 - Potential for renewable energies – tidal, wind farms.
 - A high proportion of Scottish potential is in the Highlands and Islands, with tidal issues.
 - New technologies could bring opportunities, but also could conflict with the nature designations and the special biodiversity.
 - Risk of being the “playground for all the new technologies” (e.g. of Iceland, where heavy industries are moving there because they have a wealth of renewable energies and Scotland will be the next target).
- Climate differences / weather.
 - Extreme weather – flooding, snow cover, wind.
 - Energy consumption patterns may be different. Cold winters use more fuel and energy than other parts of Scotland and the UK (particularly the islands, where getting things to and from them is even more expensive).
 - Fuel poverty / fuel choice – don't have mains gas for most of Highland region. Maybe need more effort on insulation and tackling housing problems.
 - If there is going to be more extreme weather, is it right to create a system which is dependent on long distance import of food? May be

better to look at issues such as food security, and local production for local consumption.

- Economic issues.
 - GDP per capita is 25% lower than the rest of Scotland.
 - Still playing catch up.
 - How do you marry the economic needs of that situation with the environmental needs of a much bigger picture?
 - If you just look at economic growth, you may become a wealthier nation and have drastic climate change impacts (which will affect your GDP and quality of life).
 - If new legislation should come about, it should not interfere with economic growth nor curtail that. Should also be seen as an opportunity to catch up and potentially exceed.
- Housing and related issues.
 - Big issues about the housing stock and high proportion of very hard to heat properties, properties that are privately rented, detached properties and poor energy efficiency.
 - Significance of domestic consumption in terms of our national carbon footprint.
 - Settlement planning and related issues, like water and sewage, are important because of the nature of the geography and the way it is governed.
- Tourism.
 - Heavy reliance on tourism as one of the main industries.
 - Transient traffic in and out of the area.
 - Some communities for some of the year have very low populations, but in peak seasons the populations can quadruple. Needs to be taken account of in measuring emissions.
 - Whether a production or consumption approach is taken will matter a lot for the tourism question. Suggestion that it should not have to be a choice – there should be some way of using both.
- Transport.
 - Large issues for work, access to services (which are increasingly centralised) and other aspects of life.
 - Lack of public transport and reliance on private cars (the more that policies discriminate against private cars, the worse it is for people in this region).
- Local government structures.
 - Fewer local government organisations here, compared to Edinburgh and Glasgow - 7 across Highlands and Islands.

Issues affecting businesses

Questions 3 and 4 explored issues affecting businesses. Few respondents were able to identify any “red tape” constraining action by businesses, but several recognised that participants were largely from the public sector, and that private sector representatives may have different views. A small number of other constraints were highlighted, and a number of measures identified which would help businesses to

tackle climate change. The detailed comments relating to each of these issues are presented below.

Constraints

- Regulations.
 - Not really red tape, but the regulations are not set out.
 - There are huge difficulties in getting insulation, solar power panels, double glazing (for individuals). People face huge problems implementing what they want to do.
 - All over the UK there are issues (e.g. Need for granite in Aberdeen to build housing “in keeping” , so get granite from China).
- Financial constraints.
 - It all comes down to money.
 - Hauliers currently “under the cosh” re fuel prices. How do you encourage them to introduce new vehicles that have low emissions, when they are already struggling to keep businesses afloat.
 - Businesses are not going to step out of line and put themselves at a financial disadvantage if their competitors don't have to do the same.

Measures required

- Changes to regulations.
 - Around listed buildings.
 - About materials that can be used.
 - Example of the plastic bag tax in Ireland. “You just need the Government policy to say sorry, this is it, you have to do it”. For businesses, you need Government to say “no buts, it has to happen”.
 - There needs to be a clear path for how to question the validity of any red tape. Make it less easy to quote rules as a reason not to do things and look at places where there is a need to change the rules.
- Specific organisations.
 - Scottish Water needs to be forced to change the way they do things.
 - We're not looking at natural systems of managing our sewage, we are spending a lot of energy dealing with it and that is not the way to go.
- Support for changes.
 - Staff in the council departments who can deal with the new regulations (e.g. how they affect Building Standards).
 - Support - If you bring in a measure to encourage or penalise (e.g. if they have to start counting carbon emissions) they will need help from people on the ground.
- Encouragement for specific actions.
 - To enable business to introduce technical innovations that reduce emissions.
- Equitable changes / requirements.
 - Businesses like it to be a level playing field, so if they all have to make sacrifice, they know that their competitors are having to do the same.
 - Need a much harder line, to raise the bar. “This is how high you have to jump, and you all have to jump”.

- Initiatives / incentives.
 - Incentives to encourage them to change with some financial support (e.g. Government initiatives).
 - Also disincentives.
 - Businesses need to be clear that they are going to make profit from this.
- Leadership.
 - Political courage.
 - Ken Livingston said there will be a congestion charge and it happened.
 - Needs to be more of this (and less consultation!) Get on with it.
 - Take a more strategic approach from the outset.

Impact on communities

The final part of the discussion was about how the Bill will affect communities in the Highlands and Islands and differences to the rest of Scotland (questions 5 and 6). Many participants found this difficult to anticipate, although some possible effects were raised, and previous questions have identified the specific issues affecting the Highlands and Islands which might also affect the impact. The detailed comments relating to each of these issues are presented below.

Nature of impact

- Unknown / difficult to predict.
 - Depends what measures come in and how it is implemented – looks very top-down.
 - Very hard to answer, because the Bill is about large national objectives and does not drill down.
 - Hard to say if setting a budget for carbon emissions is going to mean for example that there will be more or less public transport invested in the Highlands and Islands.
 - It is hard to know what the Bill will do about some of the housing issues, but it is important to flag that up as a huge issue.
- New opportunities.
 - Mitigation measures will bring opportunities as well as costs and these will vary across Scotland.
 - Will generate new sources of income through renewable energy production.
 - Will help harness new opportunities.
- Adaptation issues.
 - Adaptation will be more “on the radar”.
 - Ski resorts are adapting.
 - Lessons will be learned from extreme flood events should stop them happening in the future.
- Disadvantages.
- Response to the Bill will have the impact
 - The Bill itself is not going to have any impact, it is how we respond to the Bill.
 - The structures created will be important.

- So much of the devil is in the detail of subsequent statutory instruments.
- The strategic overview will be important - that would specify what needs to happen in different sectors, then you will see the impacts and what could happen in the Highlands and Islands. Need for equal or more effort to consult on the strategic overview.
- The full effect will only be gauged when the primary and secondary legislation is all in place. Would be good if they had issued with this consultation ideas of what the secondary legislation would be coming afterwards.

Specific issues re impact in Highlands and Islands

- Geography and population.
 - To get renewable energy onto the grid, you need to get it from where it is created to where it is required.
 - Dispersed population goes with the unique geography – trying to get things from A to B and back again, need infrastructure.
 - If the Bill reflects a set of assumptions about how the world works that is based on cities, where everyone has access to public transport and has work and education close by, it will have adverse effects. Consultation is a good thing to help avoid that.
- Specific issues which would cause problems.
 - Increases in fuel duty would be particularly hard.
 - Anything that increased the cost of food or services.

Other issues / suggestions

A small number of other issues and suggestions were raised at this event, and these are detailed below.

- Importance of the next stages.
 - The strategic overview is very important – get down to the detail of what could be done and how and consult on this.
 - Need investment in research, and a body that can come up with clear indications of what different areas can do.
 - Identify areas where there are problems, and provide support to them.
 - Government needs to help people who are working to create solutions that have an effect.
 - Small projects can have a huge impact – look at flagship examples and create more of these. It may need some pump priming from the Government.
 - Have more events to publicise initiatives and bring local stakeholders together to raise awareness of possibilities at a local and regional level (like the transition town movement).
- Regional / sectoral approach.
 - Concern that not looking at different regions and sectors may not be the right approach.

- It is only when issues and figures are looked at at a regional level that you can see where the highest return will be (in terms of subsidising actions).
 - The importance of focusing on opportunities suggests a need to go into details for different sectors.
- Inclusion of other gases.
 - Some highlighted a need for other gases to be included. Methane is a powerful climate changing gas – more than CO₂.

CLOSING REMARKS

John Watt closed the event by reiterating how the event reinforced the complexity of the issues and how many dimensions it has, as well as the importance of the regional dimension.

He stated that while this is a national initiative with national targets, how is that cascaded down into regional – are there regional specific impacts, and dangers in being too national in imposing targets and budgets and regulations inappropriate in certain areas?

John Watt noted that the issue of sectoral budgets came up in several discussions, and there was a lot of discussion round whether more regulation is required or more incentives to encourage this, or both. Although he suggested there had not been a conclusion on this, there was a plea from many people to see the benefits and opportunities from the imposed changes from climate change legislation.

He stated that there is a lot of debate to come, and thanked the Scottish Government for listening and to the team. He also thanked Archie Prentice and HIE, and the participants. He noted that some participants would be authors of agency responses and that they hoped to continue to meet and share views, particularly about the Highlands and Islands dimension.