

SCOTTISH CLIMATE CHANGE BILL CONSULTATION

SCOTTISH GOVERNMENT WORKSHOP REPORT

March 26, 2008

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

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WELCOME

John Mason, Director Climate Change and Water Industry in the Scottish Government, welcomed participants to the fourth workshop event around the Climate Change Bill.

John Mason discussed the reasons for having a Scottish Climate Change Bill. He noted that there is a lot of action at international and European level, and that there is a UK Climate Change Bill concluding its Lords stage and about to go into the Commons, then identified a number of reasons why Ministers feel that this is important for Scotland.

Firstly, in terms of history, he stated that Scotland has a proud history of innovation and leading the world, and was at the forefront of the industrial revolution. He suggested that there is almost a moral obligation and a political will - Scotland, in its past, has created many of the carbon emissions, and much of the equipment that is still producing these around the world. He stated that Ministers want Scotland to take the lead and take real action where we can, and although Scotland will not make the biggest contribution in terms of cuts, it can take action through political choices and processes.

Secondly, he noted that there a lot of things the Scottish Government can do at its own hand, with a need to look at those areas that are devolved and make sure that those contribute to any reductions in carbon emissions, alongside those agreed at a UK and European level, which will be mainly delivered through reserved powers (the tax system, or various regulation or other schemes).

Thirdly, he suggested that this Government has come to power with a single purpose, which is a sustainable economic growth for Scotland, and the sustainable bit is held to be very important amongst Ministers. He stated that one of the key things that will deliver on sustainability relates to tackling some of the climate change issues (mitigation or adaptation). John Mason identified that, in key documents since the SNP came to power, behind the purpose there are seven purpose targets, and one of those is on climate change. The climate change target is split into two – it is about beginning to reduce our carbon emissions by the end of this Parliament (2011) but also to set a target through to 2050 (which is currently being consulted on as 80%). He noted that the UK Bill started at 60% but the Climate Change Committee is now being advised on whether that should be increased.

The final reason which John Mason highlighted for progressing a separate Bill was that Scotland's economy is well-placed to take forward some of the economic opportunities that will come from climate change. He noted that the Stern review made clear that there may be costs involved in tackling climate change, but there are also a lot of opportunities for economies to take a lead and to benefit. He outlined that Scotland has good natural resources, and that the wish of Ministers to become one of the world leaders on renewable energy provides economic opportunities which will come forward at the same time as tackling climate change.

John Mason then talked about some of the work running alongside the consultation on the Climate Change Bill. He stated that the legislation will give a framework for political action and for taking powers and implementing actions for which there may not currently be powers, but that the Bill is not an end in itself. He identified some of the other work that is going on at the moment.

In terms of how to achieve the 80% reduction by 2050, John Mason noted that a lot of work has been done at a UK level about how to do this at 60%, but relatively little had been done about how to get to 80% at a Scotland level. He noted that a lot of work is being done on this, and the product of the work will be seen in the next few months (with views sought on the options). There will be a session with the full Cabinet and all Ministers in a couple of weeks to start to explore some of the options to deliver an 80% cut, and what needs to be done in the short term (although this will not be easy, and all of the Ministers need to be involved). John Mason noted that all of the Directors have also been invited to an event to give their views on how they can contribute to meeting the purpose target, and action is required across the whole of the public sector and the community planning community to achieve the target. A new declaration is being brought forward that will cover all of the community planning partners in Glasgow, through which they are signing up to aligned action on how they need to take climate change forward.

John Mason suggested that this will be a big area of work over the next 6-9 months, both in mitigation and adaptation, and noted that, in getting the community planning partnerships involved, the private and voluntary sectors will also be brought in (with the example given of work taking place in Orkney). He noted that work is going on with the private sector business group, which is drawing up an agenda which will drive forward action in the private sector in Scotland.

John Mason also highlighted the Climate Challenge Fund, announced as part of the budget. He noted that discussions had taken place with CoSLA and the environmental NGOs, and later in the week an announcement would be made about how it was intended to take that forward, making sure that there would be spending from that fund early in the financial year.

He also identified that, as part of the budget process, not only did the Scottish Government sign up to the fact that there would be carbon accounts (and that by the end of this year Scottish Government Ministers will not only have a financial budget, but also a carbon budget) but a system of “cross compliance” is also being developed, where if someone spends more than their carbon share, they have to make up for it from within the internal arrangements within the Scottish Government. Effectively, the Government is looking to produce an internal trading system for carbon, initially within the Scottish Government, but which the Government would try to roll out to the broader public sector. John Mason stressed that this is not in place anywhere else in the world, and a lot of work is going on to see if a working model can be ready by the end of this year.

He then noted that a lot of work is being done on adaptation, and there will be a Scottish Climate Change Adaptation Strategy later this year, alongside the UK one. However, action is already being taken on flooding and another consultation is out

on the use of sustainable flooding approaches for Scotland, with a Parliamentary Committee also looking at the issues and reporting. He stressed that views on this would be welcomed, with the intention of bringing a Bill forward later in the year. There are also likely to be some other “side consultations”, probably around waste and other areas.

John Mason discussed the outline of the morning, and identified the importance of getting delegates’ views and generating ideas from the workshops before the Bill is brought forward, probably in the Autumn. He noted that some of the issues in the consultation are very technical, and that no-one even internationally may have the answer to some of them, making it important to have the best views and opinions possible. He also identified that the consultation closes on 23 April and that there have already been a considerable number of responses (although many have been campaign responses).

Philip Wright, Deputy Director of the Climate Change Division for the Scottish Government provided an outline of the consultation paper. This was followed by a question and answer session to John Mason and Philip Wright which is detailed below, largely verbatim.

QUESTION AND ANSWER SESSION

Q1 I didn't see any mention in your presentation, and I may have missed it in the consultation document, about sectoral targets. How do you propose to stop freeloading, where one sector, for example, continues to pollute ad infinitum, whereas other sectors of the economy are doing their level best to reduce their emissions. Surely the best way of tackling that is through sectoral targets?

A Philip Wright – Point taken. There will be different parts of the economy, different sectors will respond differently, and they will have the opportunity to respond differently, so you're probably thinking that's transport. It's simply a fact that it will take a lot longer for transport, or for measures to be in place to allow transport to reduce its emissions than it will, say, on the energy efficiency side. We can do a lot more on demand side energy efficiency than we can on the transport side. Technology will have a much bigger part to play. Improvements in fuel will have a much larger part to play in the transport sector. The Committee on Climate Change will offer its advice on what it sees as the potential from each sector, and that will be aggregated into a total budget, and each time they give their advice, they will look ahead, so if there is a technology development as is being driven by the EU at the moment, that will be factored into their budget advice, so there won't be any freeloaders. It's simply that some sectors will take a bit longer to come on stream to make their contribution than others.

Q2 You mentioned environmental safeguards in assessing the budget allowances, but there was not discussion about sustainability and environmental safeguards in the framework for the whole legislation. We know at UK level that those safeguards have been put into the UK Climate Bill. If we don't have that sustainability framework in there, there's the temptation to cut carbon at any cost, when we know that, from recent reports, it's perfectly possible to make the 80% reductions without causing environmental harm, without social damage, so is there a proposal to actually put in the sustainability safeguard at the front of the Bill?

A Philip Wright – The consultation paper sets out what we propose to include in the Bill. Our proposals will be influenced by the responses we get to the consultation, and the kind of point you have made just now will be part of our consideration of that. We will expect the Committee on Climate Change (if it is this) to think about the wider environmental implications of their advice on carbon budgets, and that's an absolute key issue. That's what will influence how the Government goes about its business, and beyond the Bill, as John Mason mentioned, we have the purpose of this Government, which is sustainable economic growth, so sustainable is absolutely essential in that regard, and the Government would be found wanting if it didn't take into account these wider environmental implications that you mentioned.

Q3 I'm a bit concerned about the peatland that you mentioned, and this idea that your budgets would include natural uptake essentially, or land use and land use chain, and how certain our figures are on that, so the uncertainty in that component, and also whether, if we had a climate change impact in terms of increased CO2 emissions in peatlands, whether it would work both ways, and whether that might destroy the target?

A Philip Wright – I think you're quite right on the uncertainty point. Actually including peat or forests in the overall sum is international practice. Again we are consistent with that, but, for instance, the National Audit Office came out with a report last week where it flagged up the uncertainties there were in the different areas, including land use and in relation to sinks, so the science is uncertain. We saw a major change in our numbers a few years ago when the total of Scotland's emissions were netted against its carbon sink, were much reduced, but there was a change in international methodology that brought about a step change. So the methodology changes, but as a science the methodologies do change – we go back to the 1990 baseline and correct it, so there's time-related consistency in our approach to that kind of thing, so the science improves, we will adjust the methodologies and monitoring accordingly.

Q4 The consultation points out that nearly half of the emissions are covered by the EUETS, the emissions trading scheme, so it seems to us that it's very important to get these emissions actually within the envelope and as you move towards an 80% target, if that means driving Scottish business harder than business elsewhere in Europe, is Scottish Government going to be up for that, and is Europe going to be up for that?

A Philip Wright – That's why we do flag that one up, because that is a very tricky issue, the relationship between our targets and the UK domestic target and the EUETS. At the moment, the EUETS target is informed by the overall 20% target that they have. That could move to 30%, and if that moved to 30% that would suit us because then the ETS target is moving towards our more ambitious targets. If it stays at 20%, then that suggests we will have to do more in the non-traded sector, unless we double regulate on the traded sector. There is a real dilemma here as to the baseline for the target, given what's happening on the emissions trading. And the other aspect of emissions trading is its scope is extending all the time, so at the moment it is proposed to cover aviation. There's talk about being extended to include surface transport, so as that expands, the scope for us doing something different, and more ambitious is limited, so it is a key issue that we're looking at, and we're looking for any advice that you can offer us.

John Mason – I think this is not just a Scottish political issue, this is the biggest EU political issue. I've been at the last two Environment Councils, where they spent hours discussing these very points, and particularly the view about just what is fair, in terms of what Europe should do and then what individual member states should do, particularly where they are in terms of their economic cycle, development and so forth, and it's quite clear in my mind that the biggest difficulty in the next nine months in getting to an EU position will be to get a view around how you're actually going to do things within the EUETS at a member level, state level, and I think there is clear view of the point of view of the member states, but they will only go so far in terms of their competitive position, and we need to take that into account as well. Clearly if you have an overall purpose that is around sustainable economic development, there are various targets around growth in the economy. We will need to take a rounded view in terms of just how far you go down that route, but I don't think, frankly, any set of politicians will be willing to put their country at a competitive

disadvantage, and that is why international and EU schemes are so important, and why, on this particular issue, the Scottish Government aligns itself so closely with the UK Government in terms of taking things forward collectively within the UK Bill. I think we can say there's been hardly a disagreement with our friends in the UK Government around the content of the UK Bill, and our Ministers are lining up fully and solidly behind everything that is going on at a UK level. I think that is the important part. They see this primarily as a starting point as a UK matter, and we will play our full part within it, and I don't think you'll find any set of politicians in Scotland who would want to push Scotland beyond what would be seen to be their fair share within a broader set of actions at a UK, and a European and world level. That's just my view.

Q5 You're right in terms of trying to work with the UK and working with the EU, but as Philip Wright rightly says, Scotland's targets are much more ambitious, so given that's the case, is it not more appropriate for Scotland to have its own Climate Change Committee to advise on our targets etc., rather than having to wait for two or three years before we see if it's necessary to have a separate committee?

A John Mason – The UK Climate Change Committee I think will be regarded almost certainly on an international level as one of the most influential there is. They are very much seeing their role as continuing on from the Stern Review, which gave Stern and the UK's views on this topic worldwide recognition, and certainly those of you who attend the event in Glasgow with Adair Turner last week, certainly Adair Turner sees himself as not only advising on the UK position, but he starts from a global position, a global perspective, and I think we would expect that Committee to get a world class standing in terms of their influence and their understanding of the issue, so I think our starting point, the Ministers' starting point is if you've got a Committee that's set up, that's going to be seen as influential on the world stage and can provide the advice that Scotland requires, let's start with that and see if they can deliver on both those points. At some point we may feel we need much more specific Scottish advice, and that's why we've taken the basic reserved provision to set up our own Committee, but you have effectively a Committee of some of the best leading scientists and economists in the UK. We would expect their advice to be top class and we are expecting that to be the case.

Q6 Perhaps I could probe a little more on that point, which is the controlling mind once the legislation is in place, to weigh where Scottish Government resource investment is best placed, which at the moment may be from what I understood there's a sectoral approach, there's Compacts with local authorities etc. etc., and of course there's private initiatives coming forward as well, but it might be that a review of loss of heat, carbon emissions etc. from the domestic housing stock is something that needs addressed, in other words energy conservation is a big and important issue, and yet there will be no single place where this can be tackled. It may be that other bigger projects – infrastructure, renewables or something – are easier to actually deliver, and yet if we are to make progress, we've got to tackle some of these small, steady energy use reduction processes, so really what I'm asking is how do we actually brigade these sorts of difficult things around the Government machine, and actually outreach to make sure that they are done? Is there going to be some sort of Cabinet champion for this process with supporting people from all

the Directors, that can then bring in NGOs, bring in local authorities, bring in private business as appropriate, to actually start actions that might otherwise not happen.

A John Mason – The last thing I'd want is a Cabinet champion, because I want Cabinet collectively to own this issue, and, as I said, I do not want this to be seen just to be something that John Swinney or Stewart Stevenson has responsibility for. This has to be something that, if it's to make progress, needs collective ownership and that goes beyond the Scottish Government into all parts of the public sector, and indeed into the private sector and voluntary sector, so you need to get that buy-in now in terms of collective action, and as I said there will be difficult choices to be made, but they need to be made on a collective basis on the best possible evidence, and in the most transparent way possible, which is why we and the UK Government look to independent advice freely available from the Committee. Everyone will see their views, and effectively the UK and the Scottish Government will then have to explain what it's going to do about it, and indeed if it's not going to pursue any of these options why they're not doing it, so it's a very transparent process. And we are looking for, on particular issues, expert advice. Ken Ross sitting next to you is on the Sullivan Committee which is looking at some of these energy efficiency issues. We have got a session today with some of our Scottish and international experts on waste and waste prevention, looking at those issues. All those things where we said we particularly want to take action and early action we have either commissioned reports, expert advice, independent advice, and we are using that to take that forward, so this isn't something, as Philip Wright said, where the Scottish Government will come up with its own answers, it is going out getting the best possible advice and then trying to take that forward in a sensible way.

Philip Wright – Can I add to that by again reflecting what John Mason said earlier about this essentially being part of the Government's economic strategy as well, that we're already committed to actually reducing our emissions by 2011, and that's going to be a fair old challenge, and then a trajectory towards the 80%, so no stone will be unturned in looking for energy savings, but we're not sitting on our hands waiting for the Committee on Climate Change to offer its advice. As John Mason said, we'll be looking to take independent advice, to commission studies. We've got AEA looking at potential policy measures that will bring about these reductions now. They'll identify the opportunities, and again we can be taken to task if we don't pursue those in policy terms.

Q7 The first seven questions in the consultation paper are about targets. What seems to me to be quite difficult to deliver is a different methodology or a definition of targets. Not the actual target figure, but how it's calculated. Surely Scotland has to be consistent with what the UK and the rest of Europe is adopting, otherwise there won't be an ability to benchmark, and so just clarification on that perhaps. And the follow on from that was that I think I remember reading that agriculture was not going to be included in the calculations, which seemed to be a little bit at odds with the land use comments earlier on. Is it just bits of agriculture that will be, but livestock will be excluded, or what's the intention there.

A Philip Wright – On the first part of the question, quite right. In a way a default position would be to work within the international protocols. Our current greenhouse

gas inventory, the report on our annual emissions, is based on strict international methodologies and it would be really quite ambitious for Scotland to depart from that, so that's the way the consultation paper's drafted - here's the position we will probably look to adopt, but are there other suggestions as to how we might go further, so I mentioned consumption in addition to adopting the national approach, we might add on something about consumption and a wider carbon footprint but I think from my perspective it will be based on international methodology. The other key question we ask in the consultation paper is whether or not the target should be based only on CO2 or the basket of greenhouse gases, and as soon as we move to the basket of greenhouse gases (in particular methane and nitrous oxide) then agriculture's in. The Kyoto protocol is based on the basket of gases. We will comply with Kyoto, and the reason we will comply with Kyoto is because we have reduced non-CO2 greenhouse gases. It's actually going to be a lot more challenging to reduce those non-CO2 greenhouse gases in the future, and again that's part of the work we're doing. And the Committee on Climate Change has been asked to review whether or not the UK target should be based on CO2 or the basket, so again we'll get a lot of information from that.

Q8 I welcome the Bill and I welcome the fact that we're being ambitious with our standards, but I am somewhat concerned about competitive disadvantage being created and is there not a necessity to try and align the standards with the UK Bill. The difference between the 60 and 80% will be material, and a material additional cost for all sectors within Scotland. I welcome the fact that you are stressing that the single purpose of the Government is sustainable economic growth, because it will be essential that we grow the economy to be able to afford this ambitious target, but no economy has grown substantially without growing its population, so a consequence is that we must positively plan for growth, in a sustainable manner. The built environment, I acknowledge, makes a huge contribution towards global warming and we must make every effort to improve matters, but while there's every point in building zero carbon buildings here in the capital, it's somewhat negated if the average travel to work time is an hour and a quarter within Edinburgh, and so the alignment of policies must be taken into account, and so transport issues, if we're creating economies where you can work, live and play, must be an essential part of this sustainable economic growth, and there are consequences as a result of that. It means that the city here cannot export its first time buyers and key workers to the Borders and to Fife, and these will have implications for green spaces and for a lot of people present in this room today. But if we're going to grow the economy and grow the population, it is essential that we do that, because we wouldn't be able to afford the costs associated in the built environment because we must address the existing stock. In the private sector, it will be embraced, but it is the existing domestic stock where the biggest problem is, and we can only afford to do something like that, if we grow the economy and the consequences of that is we must grow our communities and grow the population. For many people present today, that will be difficult to accept, but if we don't accept that, we cannot afford these ambitious targets.

A John Mason – All those points are well-recognised, and the fact that this is a Government that is aligned to a single purpose, and I mentioned those seven targets of which population growth is one, economic growth is another, they are seen and they are something that need to be taken forward at the same time if we are to

achieve that ultimate goal. So there is no question of one being more important than the other. They need to be taken forward collectively. I agree with you in terms of the current housing stock – it's the big issue, and as we mentioned, there's likely to be a further consultation on that and we're thinking of ways that you can tackle that in particular. It is very much, if you're looking at the curve of early action where do you take it, it's energy efficiency and everyone knows that. You've got to reduce the amount of energy you're using and you've got to use it more efficiently, and those are two very clear targets that you've got to do. I would remind everyone that the Scottish economy has been de-carbonising itself and still achieving growth over the last 15-20 years, so this isn't something that's not been done before. It has been taking place. What we've got to find is ways of doing that without seriously impacting at all on Scotland's competitive advantage, and as I mentioned there are some really big opportunities here if everyone gets their act together in terms of things that really can benefit the economy. In terms of the collective approach I wholly agree with you. Just looking at things individually, what you do in terms of energy efficiency on its own is not the solution. It needs to have a different mindset about how we go about future communities and although it's a ghastly term, the "new urbanism" that's being talked about and the ideas around sustainable communities, and we announced last week some trials and pilots about how you begin to bring together the need to reduce energy, the amount of transport use, better homes, how you begin to do that is really the solution in the long term. You have to find a way of recreating some of our built environment in a way that hits all these buttons – environmental, social and economic, and we will need to be quite innovative in terms of some of the things that we try to do, but bringing all that together and getting everything lined up in a row is one of the big things this Government's trying to do. It is desperately trying to align action towards a relatively few objectives rather than trying to do a million and one things. This is really high on the list. It needs to get a much more coherent approach to how it's going to deliver sustainable communities which will drive ahead economic growth, but also help us in terms of environment and social conditions.

Q9 80% is a very challenging target. I was just wondering what happens if you don't hit that target – in terms of judicial review or sanctions? It's got to have teeth.

A Philip Wright – That was the point I was making about whether or not Parliamentary scrutiny is enough in itself, or should that be augmented in some way, and that's one of the questions in the consultation paper. I think we'll know before 2050 whether or not we're going to hit the 80% target. We will be able to track that over the piece and the Committee on Climate Change will be flagging up that we're off track to meet that target, so there will be a call for action after 10, 20, 30 years, and the Committee on Climate Change, if it is a Committee on Climate Change will be requiring us to take even greater action, and they're required to do that, because we're obliged to meet the 80%, so it'll be an incremental thing.

Follow up – But if you're not hitting the intermediary targets because it's too difficult, then how can you make that goal even steeper when you haven't actually managed that first bit?

A Philip Wright – Again there are different approaches. You could buy in international credits. We could spend a billion pounds buying our way out of it. But

that's again why the Bill will probably include a constraint on the extent to which we can buy in international credits, to ensure that the bulk of our action is domestic, and if the bulk of our action is domestic, then we may just have to invest a bit more money in certain areas. John Mason mentioned cross compliance. If we've got that cross compliance regime in place, we would just have to shift money into the areas that brought about carbon reductions.

Q10 One of the issues with this Bill is that it has to drive political action in Scotland, and it's really important to avoid the "not in my term of office" syndrome which the borrowing hints at, and I wondered whether you are considering putting a figure on that borrowing? I know that the UK Government is looking at a maximum 1% over an entire budget period, which would seem to cap it reasonably if it's required. Additionally, you hint in the consultation document that you're looking at basically Scottish emissions, that's the over-riding feel that you get, although you don't actually specify. The UK Government is also looking at putting a figure on where the emissions are looking to be saved domestically and internationally and are currently considering an amendment to make it a minimum 70% from domestic emissions. Have you have some discussion or are you forming a view about whether you are going to put numbers on these two items or not.

A Philip Wright – In terms of borrowing and banking, again we have an advantage of being able to see how things are progressing down at Westminster and yourselves and other commentators have that same advantage, so I suspect a lot of the points being raised at Westminster will be replayed in a Scottish context. As I said earlier, we've outlined how we plan to take this forward. We'll get responses back of the kind you've just mentioned. We will consider them in the design of the Bill, but even once the Bill's in Parliament then the pressures will come on for change, but I agree that there will probably be some sort of limit on especially borrowing from future periods. On the latter 70% point (*a colleague clarified that this had come up in debate*) there is a limit, and I was surprised how high it was in terms of international purchase of credits, so we will be facing that same issue.

John Mason – And there will be certainty in that we expect the UK Bill to have received Royal Assent probably days before we introduce our Bill, so we will have a fixed, settled UK position to work from in terms of the Scottish Bill, and if one of the driving principles is that we nest in behind an international, European and UK structure, certainly we will want to seriously consider all the things in the UK Bill and if we do not go down that route, we will need to explain why we haven't aligned ourselves completely with the UK position.

Q11 In terms of the purpose of the Bill, will that be specified quite tightly? Will that be on the face of the legislation? And I'm thinking specifically in the context of the 2° centigrade question, where we don't really want to go over that. Will that be set out?

A John Mason – The Bill always has a preamble that sets the scope and our lawyers always worry about that, probably more than any other provision in the Bill in terms of what it can enable others to bring forward as the Bill goes through Parliament, in terms of possible amendments and whether it's within or outwith the scope, so we will give very careful consideration to that preamble and the scope of it.

What we need to do is, if we are to bring in certain specific provisions, say on energy efficiency or waste, that scope needs to be defined to enable those and any other powers, but no politician wants a Bill that is open doors to anything that anyone would want to introduce, so it will be carefully defined around it. Whether it will specifically mention the overall purpose being to prevent a rise above 2°, we will see. That's again an issue where if you want to offer us advice, please do.

Philip Wright – We are tracking what is happening in Westminster on that particular point. There is an amendment hanging at the moment as to whether or not that should be included in the UK Bill, but there are good reasons at a UK level why it shouldn't be included and if they are there at the UK level, I think they're most certainly there at the Scotland level in terms of influencing the global temperature rise.

Q12 I've got a comment and a question. The comment is that I have some sympathy with the view that was expressed earlier in relation to sectoral targets, and at the very least I think that the expression within either the Bill or in the subsequent consultation when targets are going to be set, at least has to specify a difference between the traded and the non-traded sector, if only to navigate that challenge that you have with ETS, because I think it's going to be very challenging for the Scottish or the UK Bill to try and double regulate the emissions trading scheme which is a European wide mechanism which has been set under law with specific targets and a specific cap which is going to reduce over time. I think sectoral targets, and the reason I have some sympathy with them, is because hitherto some sectors have flown under the radar very effectively in order to try and avoid, by luck rather than by design, taking on responsibility. The Bill has to be as transparent as possible and flush that out.

The question relates, to some extent, to the comment, and it's about energy and emission projections. Since 2005, at the UK level when the emissions trading scheme at the European level was introduced, there has been around 30 revisions over the updated energy projections, where different sectors, whether it's refineries, the energy sector, public sector transport and others, have gone through a wringer about how the projections should go to 2020. Between now and the publication of the Bill, does the Scottish Government anticipate that there will be the publication of a more accurate inventory for Scotland and secondly a more accurate series of projections, so that there can be an informed choice of the decision? I know that the answer might be we'll see what the Climate Change Committee say, but that may be too late if we're looking at the Bill to be introduced in the Autumn of this year.

A Philip Wright – We're doing our own thing on this one, we're not waiting for the Committee on Climate Change. Everyone who's working in this area is waiting for volume 5 of the Energy Study. Volumes 1-4 have been published 18 months – 2 years ago. Volume 5 will be the energy projections for Scotland along with emission projections, so that will be a great help to us. But I agree with what you're saying about the fluctuations in those projections, not helped by oil prices, gas prices and so on, but again, in some ways, the more we de-carbonise our economy, the more certainty should come about from that. On the greenhouse gas inventory, that's being reviewed all the time. The methodologies are in line with international practice

and the methodologies are tweaked in line with changes. That's at a UK level. The difficulty comes when you disaggregate that to the four countries. It builds in further uncertainties, and again that's something we do keep an eye on, and something the Committee on Climate Change may well have a view. The big issue around the inventories is the time it takes to produce them. In the case of the budgets I was showing, at the end of that 5 year budget period we won't actually have "accurate" figures until 18 months later on the last year. Again, we're looking to shortcut that to the extent we can, but different methodologies apply in each of the different sectors, and it's very tricky.

Q13 When you talk about the de-carbonising of the economy over the last couple of decades, we all know a lot of that is because of the decline of heavy industry and a lot of it has shifted overseas, and you're left with a lot of sectors in Scotland where a lot of the carbon impacts are through their supply chain, which come from overseas, and through transport, aviation and things like that. Where's the incentive for those kinds of businesses to reduce their emissions, where their direct emissions in Scotland are not particularly big but their more indirect emissions are? They seem to be excluded through the consumption and the aviation? I wonder where the intent is there?

A Philip Wright – If I have picked you up correctly, it is about the carbon footprint of those companies with small emissions in Scotland, that somehow have a bigger impact globally. That issue is discussed in the consultation paper and again we would welcome advice, because we would quite like to be able to produce a report covering that kind of issue. What is the impact of the Scottish economy on the wider carbon situation. We have an indicator in the national performance framework on the carbon footprint, the technological footprint. The Government will be doing work to develop that, and that will capture some of what you're saying.

John Mason – This is phenomenally difficult, because it's not simply the supply chain, you can also look at the funding mechanisms through that supply chain, and we had a session with the Scottish financial institutions at the start of the year. Those who are taking a view in terms of investments, the sustainability of those investments and the ethical nature of those investments, where does that line end in terms of their responsibility? If they are putting 100% of the money up for a project, is it their responsibility? Is it the project owner's responsibility? There are some really difficult questions there. It isn't around simple supply chains.

There is a lot of action – the superb CBI report that came out earlier in the year looking at how business particularly could take action and a lot about how they, through their supply chains, could help in terms of offering advice and through their contracting arrangements take that through their own supply chain. I think there's a willingness amongst a large number of companies in the private sector not only to look at their own individual company and what they do about their own carbon footprint, but what more they can do in terms of helping others to move forward as well, and certainly this is one of the things that the business group is looking at – how can they influence all the people that they do business with, in terms of helping them to move forward and look at their emissions. This is why I think the private sector is interested in, and will take a lead in this. I don't think this is one the

Government can legislate in, but the private sector will put its own house in order. The public sector is looking hard and long at what it can do within its procurement strategy. There are some oddities at the moment around some of the things at European level that preclude us doing as much as we'd like in this area, and that's one of the things we're trying to get the Commission to look at, but the public sector, through its best value regime, can bring this into play in terms of how you get things through the huge amount of public procurement that goes on. But I think the private sector is very alive to this issue, and the financial institutions are very alive to the issue.

WORKSHOP DISCUSSIONS

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

Theme 1: Enabling business to take action (2 groups).

Theme 2: Holding Government to account (2 groups).

Theme 3: The role of the wider public sector (2 groups).

Theme 4: Getting there to 2050 (5 groups, with some variation in questions).

Theme 5: Maximising benefit to 2050 (1 group).

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: ENABLING BUSINESS TO TAKE ACTION

Delegates in two groups were asked to consider the following question:

- *What can the Scottish Government do to help organisations and business take action on climate change?*

The following supplementary questions were also explored:

- *What specific legislative or regulatory changes are needed to help business take positive action on climate change?*
- *What legislative or regulatory frameworks are currently preventing business from taking action on climate change?*
- *What incentives could the Government provide to help business take action?*
- *Are there currently any perverse incentives in place which prevent business from taking action? How could these be amended?*
- *What else can the Bill do to help sustainable economic and business growth in Scotland?*

Overall Scottish Government action

Delegates considered the general question of what the Scottish Government can do to help business take action on climate change. There was some discussion of the reasons for the need for Government action, as well as the overall types of action which might be taken. Some broad views of legislation, particularly in terms of the need to avoid duplication, and to legislate only where required, were expressed. A number of requirements to underpin any action were also identified, as well as a number of “dilemmas” in the development of legislation. The issues raised are detailed below.

Reasons for need for Government action

- Promote action / achievements.

- Sometimes there is a focus on “headline grabbing”, without actual achievements.
- Suitable economic incentives or regulatory mechanisms will drive business.
- Support and enable businesses to tackle issues.
- Require a framework.

Overall types of actions

- Mixed views of the nature of the action required.
 - Whether to use carrot or stick.
- Legislation.
 - Mixed views of value of this.
 - Can be a hindrance for business as it has to be administered.
 - Very rarely enforced.
 - Suggestion that encouragement is preferable to legislation.
 - But view that it is not necessarily a bad thing, when sweeping away red tape.
 - Also view that without a clear legislative framework there will not be action.
- Incentives.
 - These are a key issue for business.
 - Create opportunities for business to save money through saving energy.
- Pattern of public sector spending.
 - Spending power by Scottish Government and local authorities can affect markets with the amount of spend going into them.
 - Importance of public sector in business growth, in terms of procurement.
- Promote existing programmes.
 - E.g. Loan Action Scotland Scheme.
- Provide clarity and direction.
 - Need for clarity and certainty.
 - Identify and promote the best options.
- Promote best practice.
 - Lead by example.
 - “Put its money where its mouth is”.
 - Encourage best practice in businesses.

Overall views of legislation / regulation

- Not just legislation for legislation's sake.
 - Example given of climate levy, which it was suggested has not encouraged businesses to address the problem but has become a tax taken on board, with small businesses particularly constrained (although there was disagreement about this, with another respondent who believed it had been very successful in reducing carbon, and particularly the Climate Change

- Agreements between Government and some businesses where they will invest in energy efficiency programmes to exempt themselves from a climate change levy).
- Legislation should serve a purpose.
- Don't reinvent the wheel or increase complexity.
 - There are a lot of schemes in place to encourage businesses to think about their carbon footprint.
 - Temptation in policy (and sometimes in the Bill) is to develop more instruments, schemes etc. and this may not always be the right option.
- Recognise existing schemes and reporting arrangements.
 - Some are already covered by climate change agreements and committed to targets in those.
 - Double regulation leads to uncertainty.
 - A lot of companies are not Scottish or English, they are British and may be international. To have an extra layer of monitoring or reporting that required singling out their Scottish operation might be quite a challenge.
 - Another layer of reporting would be a bigger burden and if businesses are to have additional targets and reporting requirements, they need to be closely linked to what already exists.
 - Methodologies required around reporting need to be consistent and streamlined. Not different methodologies for different reports, which can give very different figures.

Requirements underpinning action

- Fairness.
 - A small business that operates in Scotland may have a low carbon footprint, but may be importing a considerable amount of goods, so there is a need to look at how to make it a fair system in terms of the overall impact.
 - Need a level playing field for everybody.
- Practically achievable.
 - This is one of the challenges for the Bill.
- Simplification.
 - Example that Defra has just finished a climate change simplification project – seeking to say that have more aggressive targets, but don't need more complexity. Have certainty, but can minimise double regulation and have tried to simplify and streamline climate change levy agreements etc. to avoid duplication.
- Need for economic growth.
 - Incentives are fine, but there is a need for economic growth.
 - The built environment has to make a huge contribution. Potentially a cost for businesses which has to be addressed.
 - Need for growth in private sector level of activity.

- Need for certainty.
 - Businesses want certainty so that they can make decisions.
 - Trading schemes, price of carbon – need to know what is going to happen, so they can plan accordingly.
- Global approach.
 - Although there is action that can be taken locally, view that there is also a need for a “global” approach.

Dilemmas / considerations

- Promotion of economic growth.
 - Dilemma of promoting economic growth and reducing carbon emissions.
- Use of local food.
 - Example that there is interesting research information that international supply chains for certain foods can be carbon efficient (although it is counter intuitive).
 - Other multiple benefits with the use of local food, and this has scope for strengthening local economies.
- Local planning decisions and national interest.
 - Problems of regionally / locally based planning system, with most applications assessed on a local basis.
 - “Green dilemma” where schemes in national, international, global interest in terms of sustainability are not liked locally.
 - Sustainability is not just about doing the best for the environment, it is also social and economic growth.
- Competition.
 - Discussion of whether going for 80% in Scotland would create competitive disadvantage (although also view that the UK will go for 80%).
 - Need for alignment of standards on UK basis, or this could disadvantage some sectors, if targets in Scotland are higher than the rest of the UK.
 - Conflict with the requirement for concerted international activity as opposed to local measures - in particular to creating market distortions that then are either damaging or a counter-incentive to Scotland-based businesses.
 - Example, however, of one sector in which more ambitious targets is an advantage and that can't assume that this will automatically be a disadvantage.
- Traded / non-traded sectors.
 - Overall dilemma of how these relate.
 - How will the EUETS fit in?
 - If the Scottish Bill is only for the part the EUETS does not cover, then the question relates to social and economic impact.

Legislative constraints and changes

The closely related issues of legislative and regulatory constraints and changes required were also considered. A number of general types of gaps and constraints were highlighted, as well as specific constraints in the areas of planning and energy. Suggested changes focused on planning issues and the requirements on the public sector, as well as a small number of additional issues. The comments on these issues are detailed below.

Gaps and constraints in existing provision

- Lack of clarity and certainty.
 - Particularly in areas such as the planning system.
 - Example that, in terms of investment in renewable energy or more carbon intensive forms of energy, those in big banks who arrange finance for large scale energy projects still view the renewable sector as a bit volatile. It should be seen as a safe and growing market that is not dependent on fluctuations in funding and planning changes.
 - Parallel at an individual consumer level – people wanting to install micro renewables in their home – funding still changes regularly and nobody knows where they stand. Difficult when funding mechanisms keep changing.
 - Expands beyond renewables – need clear signals from Government about where we are going. Takes a long time for businesses to invest in the right equipment etc. Even just insulation you need to plan well in advance.
- Delays.
 - Lot of agreement about the need for acceleration of decision making and certainty, or the private sector is not going to invest.
- Lack of requirement on some issues.
 - Currently, you get advice and guidelines to local authorities about planning for growth, and they can ignore it.
 - These are the difficult decisions that need to be taken.
- Lack of focus on these issues in some decisions.
 - Procurement decisions do not take account of actions of businesses in tackling climate change.
 - Example that procurement (e.g. for Scottish Government) does not take account of whether a hotel is part of the Green Scheme that VisitScotland administer. Less than 5% of bookings go through that scheme from Scottish Government.
 - Lack of attention to transport and waste.
- Increased costs.
 - If you install a wind turbine, your local valuation board may say you have improved your premises, and charge higher business rates.
 - That is a disadvantage when you are trying to get a payback on your investment.
- Bureaucracy.
 - Levels of bureaucracy to go through at a local and national level.

- Lack of skills for implementation.
 - Example of resourcing of local authority planning departments.
- Lack of consistency in identification of carbon reduction.
 - Currently left up to developers and environmental impact assessment to identify carbon reduction.
 - Process was not set up for that purpose and climate change is just one of other factors.
- Problems with infrastructure.
 - Sometimes does not assist the achievement of targets or “big” initiatives.
 - Configuration of the electricity grid.
 - Set up of the transport system.
 - Structure of rail industry (franchised) does not lend itself to the long term planning necessary to meet the target.
 - Infrastructure round waste collection and recycling.
 - Some of these have been identified in the National Planning Framework, but it enables rather than drives.

Specific examples of constraints in particular industry areas or subject areas

- Planning.
 - Planning regulations can be a hindrance.
 - Lack of clarity.
 - Delays - Taking a long time to get things through the planning system. Anything to do with renewables takes an inordinate time (although it was recognised that the Scottish Government has introduced a new timeline).
 - Investors and shareholders can’t make big decisions (e.g. Beaulieu Denny, wind farm developments and other infrastructure requirements) where looking at 5, 7, 10 years delay.
 - Unnecessary hurdles in planning for microgeneration.
 - Lack of full cost recovery in planning - i.e. how much of planning fees go back to the planning department.
 - Planning system allows a lot of responsibility for decisions to be taken at local level.
 - Changes through the National Planning Framework enabling recognition of some developments as nationally significant infrastructural projects only affect a small number of very large projects.
- Energy.
 - Issue of ROCs and the benefits (or lack of benefits) of buying green tariff electricity. While it seems logical to encourage people to buy green tariffs, you get no credit.
 - Supermarkets are not going to spend hours of management time looking at this. Debate is ongoing.

Suggested changes - planning

- Current consultation.
 - There is a consultation at the moment which needs to be looked at again to make it as easy as possible to put microgeneration technologies in.
- Regulating the planning process.
 - Government could consider different ways of doing this.
 - The private sector could participate.
- Full cost recovery.
 - If a planning department is very busy and pulling in a lot of fees, could ensure that they keep those fees.
 - That would provide an incentive and speed things up.
- Decision making.
 - Higher level strategic objective to promote schemes that are the best globally sustainable options and the best interests for Scotland.

Suggested changes - requirements on local authorities / public sector

- Spending.
 - There should be a way of screening how money is spent by Government and local authorities.
 - Government intervention to make sure local authorities are spending their money wisely.
 - But view that cannot grow the public sector more than it currently is.
- Single outcome agreements
 - Need something on climate change.
- Planning for economic growth.
 - Put into each structure plan and local plan that they must be planning for sustainable economic growth – that would give a clear signal.
 - If there is one overriding policy of the Government and all of its agencies, we have to be planning for growth.
- Procurement.
 - Government and local authorities could apply a standard to procurement based on the carbon footprint of the company.
 - Not just price, but carbon footprint as part of tender process.

Other improvements relating to regulation / legislation

- Measurement of carbon reduction.
 - Need consistent framework for measuring what is a carbon reduction and what is not. Methodology to give consistency and steer.
- Need a clear Scottish Infrastructure Strategy.
 - Need to be more active in infrastructure provision.

- Issue of whether you “lead” (i.e. the Government sets out the direction to go) or “lag” (i.e. the infrastructure will follow only when a specific need is identified).

Incentives

Delegates also identified potential incentives, stressing the importance of these for businesses. Different types of incentives were highlighted, along with specific issues for which some delegates considered that incentives would be required. Comments relating to each of these areas are detailed below.

General importance of incentives

- Importance in meeting targets.
 - Government needs to recognise that reaching targets will require technology / behaviour change and this may need to be incentivised.
- Overall importance of this issue for businesses.
 - Need to see this in the “bottom line” and see the bottom line improving.
 - Need for business opportunities.
 - Example that it is difficult to get businesses excited about the cost of waste uplift. It is a major problem, but to them it is a couple of pounds a week – only when that becomes £20 will they do something. It is the same with a lot of costs.
- Small businesses.
 - Need to incentivise them.
 - Constraints to the action they can take because of costs, and view that some incentives will not meet the costs of the actions.
 - Although it was suggested that every small business should focus on the bottom line, there was also the view that most small businesses are there for “survival”, so the bottom line is not so crucial.
 - There has to be some sort of saving, and they need to be able to see it.
 - Have to change their thinking.

Types of incentives / options for consideration

- Rates.
 - In the tourism sector there is a green scheme for hotels which has quite a low take up rate. In looking at how to encourage and use this, need to look at business rates and link directly to saving cash.
- Loans.
 - Example of the Loan Action Scotland Scheme which gives zero interest loans to small businesses to install energy efficiency measures.

- View that the Scheme is too small and not promoted enough.
- Procurement.
 - Climate change action should be a big priority in the new procurement strategy of Government.
 - Support and encourage appropriate work.
 - Include carbon miles as an incentive in procurement - Carbon miles are becoming important (e.g. in tourism, people are increasingly looking to see how far their food has travelled and whether it is local).
- Local taxation.
 - Use local taxation to make cost savings for businesses.
 - If Scotland does adopt more fiscal taxation in due course, it will have more powers to lever some things from Westminster.
 - Incentivise the carbon footprint of a company into local taxation to encourage them to reduce.
- VAT
 - Appreciate that the Scottish Government can't do anything about VAT, but this is an element in the cost of addressing climate change.

Specific issues for which incentives may be needed

- Green schemes.
 - E.g. in tourism.
- Small businesses.
 - Constraints to what they can / will do.
- Carbon capture and storage.
 - Study going on currently looking at this.
 - Companies need to be incentivised to invest.
 - Need for demonstration plants.
 - Develop technology so that it becomes available within the period to make reductions.
 - Scotland has great opportunity in CCS because of proximity to North Sea.
- Waste.
 - Currently some good businesses doing this on their own initiative.
 - The only thing driving what businesses do is landfill tax.
 - Need targets for businesses and facilities to support this.
- Transport.
 - Have to change behaviour.
 - Look at congestion charging, Forth Bridge tolls.
 - Need for infrastructure decisions / resources.
- Research.
 - Directed research funds / step up funding.

Other actions

The final question under this theme related to the identification of other actions which the Government could take, and a number of other areas were identified. A number of delegates stressed the importance of sustainable economic growth, with mixed views of the nature of this. Some additional supporting measures were also highlighted, with some discussion of the importance of targets (with mixed views of the timescale for these, and whether sectoral targets would be required). A small number of specific supporting developments were also identified, with discussion of issues such as the establishment of the price for carbon, and consideration of carbon trading (with mixed views of the extent, nature and implications of this). The comments on these issues are detailed below.

Economic growth

- Need for sustainable economic growth, but mixed views of the nature of this.
- Suggestion of importance of this.
 - Incentives are fine, but this will be a cost which can only be offset by economic growth / additional activity.
 - Enormous implications of 80% target which will not be offset by savings in energy consumption. The costs are material.
 - Example of costs - The Sullivan Committee has been reporting to the Scottish Ministers on a zero carbon building strategy. The potential costs of achieving level 6 (almost a zero carbon house) depending on location, size and scale, is between £45,000 and £65,000. Existing stock is being replaced at 1% per annum, but if a 3% annual reduction in carbon emissions is needed, the new build element is easy to deal with, but the existing stock is the big problem.
- Suggestion of related need for population growth.
 - Need to keep the “brightest and best” in this country.
- View that extra economic growth is being proposed to offset decarbonisation targets and some concerns.
 - Dilemma that wherever the growth takes place, it is inevitably going to be associated with carbon growth as well.
 - While recognising that there are additional costs, need to get away from the idea of extra growth to cover the costs of meeting them, and redirect the economy to different solutions, with ways of capturing economic gain from meeting the targets themselves.
- Importance of “sustainability” in economic growth.
 - View that people talk about sustainable economic growth, then it moves rapidly into just growth, but the sustainable element is critical.
 - If that means looking to grow areas of the economy where there will be carbon reductions, then should be focusing on that.
 - Tourism has set a target of growth of 50% by 2015, putting sustainable growth as a real target. Not just city centre, but across Scotland.

- Definitional issues.
 - Concern at lack of definition around “sustainable economic growth”, because unless it means massive decarbonisation of the economy, it is not sustainable.

Other supporting measures

- Education.
 - To achieve culture change.
 - Need for buy in – education about why it’s necessary.
 - Public and businesses.
 - Need to drive message throughout corporations and scale it down to other businesses.
 - Young people are now buying into this.
 - However, there has been a lot of awareness raising and there is a need for other measures too.
- Best practice.
 - Try and generate best practice.
 - Try and establish a baseline for businesses. Does everyone know what their carbon footprint is currently?
 - Encourage businesses to undertake an audit of their own activities and target action plans to reduce carbon footprints. Break it down to personal level.
- Clarity and direction.
 - Takes a long time for businesses to invest in the right equipment etc. Even just insulation you need to plan well in advance.
 - Clarify where the 80% comes from.
 - Need for a clear and credible plan of how 80% reduction is going to be achieved. This is an important part of convincing business and the public that this is achievable.
- Innovation systems.
 - There is a lot of technology now, but problem with innovation and need to develop this.
 - People who have power in the market resist change and people making investment decisions are reluctant to take risks and consider new technologies.
- Local networks.
 - Experts with local knowledge who can “thrash out” solutions (with independent advice).
- Importance of targets.
 - View that targets are welcome, because these give clarity about where we are going.
 - View that annual targets would identify where we are going in emissions reductions and allow businesses to plan.
- Mixed views of sectoral targets.
 - Some believed these are needed. Concern that if you just look at the global emissions, not the sectors and targets for sectors, will be unsuccessful.

- Also question of how to stop “freeloaders” without having sectoral targets? Suggestion that the question wasn’t really answered. Although it was noted that there is not a lot of “wriggle room” in an 80% target, it was also suggested that, without a negative impact of not achieving, there is a lack of incentive.
- View that there is a need to know where the 80% is coming from and which savings are going to be sought from which sector, and this contributes to certainty.
- But concern expressed that sectoral targets would be difficult to measure and would create a bureaucratic burden.
- Suggestion that, although they need to be expressed, they don’t have to be set in the legislation).
- Scrutiny.
 - Need for clear action plans relating to what will be done to deliver savings in different sectors.
 - Need for “meat” behind this.
 - Transparency of what Ministers are going to achieve.
 - Action plans need much more scrutiny by Parliament to assess whether Ministers’ plans to reduce the emissions in each sector have been successful, and if not they need adjusted.

Specific potential developments

- Marine energy industry.
 - Industry says it will not develop unless it gets support.
- Price for carbon.
 - Long term incentives need to relate to the price of carbon and the economics around whether the price is sufficiently high, and the price of energy sufficiently high to make the investment worthwhile.
 - Need for a set price for carbon as this drives the whole market – it becomes in businesses’ interests to reduce carbon, because it is a cost saving.
 - Companies will buy the cheapest options unless there is a global price for carbon.
 - There is a European price for carbon but that doesn’t work because it is artificially low, because the companies that have been involved in the ETS were given their credits rather than buying them through an auction system.
- Factor in the price of oil.
 - Importance of the price of oil, and need to take account of this in the Bill.
- Carbon trading issues.
 - Mixed views of carbon trading, how this should take place, and the relative emphasis on domestic action.
 - Suggestion that if the traded sector is not included then the non-traded sector will have the full weight of meeting the target.

- Suggestion of the use of the market mechanism, with the ETS working on the basis that people have to buy their credits rather than being given them, then trading them.
- View that the limit of 30% on the amount of carbon cuts that can be bought through international credits is too high, and that the Government in Scotland and UK should aim for a zero rate of buying in carbon (providing certainty for businesses, and ensuring that “freeloaders” are not rewarded). Can still say that, in emergencies, can buy in up to e.g. 5%, but should aim for zero rate.
- Alternative view that, because this is a global issue, there has to be flexibility built into the system, and 5% is too low. Sometimes we will not be in control of things.
- Also suggestion of a need to be able to invest in developing countries, and a mechanism to encourage that. Legislation might help to use buying power to do some good. It may look as though Scotland has reduced its emissions by 14% since 1990, but they have actually gone up, as they have been exported.

THEME 2: HOLDING GOVERNMENT TO ACCOUNT

Delegates in two groups were asked to consider the following question:

- *What should the Scottish Government be required to include in its annual reports?*

The following supplementary questions were also explored:

- *Thinking of specific areas, what needs to be included in the report so that the framework remains robust and Government can be held to account (i.e. export emissions, impact of programme expenditure, etc)?*
- *Is a process of Parliamentary scrutiny the appropriate way of holding the Scottish Government to account if targets are not met? If not, why?*
- *What additional scrutiny processes could be applied and how could this be best achieved?*
- *How can climate change fit into existing reporting and scrutiny frameworks such as Best Value Guidance?*

Issues for inclusion in annual reports

There was considerable discussion of the issues for inclusion in annual reports, and some delegates focused on identifying general principles for annual reports, particularly for these to contain all of the information required. Delegates made a number of specific suggestions about the issues which the Government should include in annual reports, as well as highlighting some aspects of data collection. Some additional reporting arrangements which might be made were also suggested. Comments on these issues are detailed below.

General principles for annual reports

- Need to define a statutory minimum.
 - Not enough just to say that the Government will report.
- As all-encompassing as possible.
 - Need to identify the full set of information needed, then look at how to present it.
 - Not just those which the Government can directly influence (policies and regulations), so that it takes account of other means of influence, as well as at least identifying problems in other areas.
 - As many as possible of those at 7.7 (although there were different views of whether all of these are needed each year - some felt this was desirable and possible, while others felt some could be longer term).
- Flexible.
 - Suggestion that could have different reporting timescales for different issues (e.g. daily, monthly, annually).
- Do not exclude key areas.

- Concern about exclusion of shipping and aviation. (Difficulties in measurement were acknowledged. Suggestion of the need for an international body to work on this and the use of other figures at the moment, such as relating to take off and landing).
- Reporting of net emissions hides a lot of detail.
- View that need to include all greenhouse gases - other gases link to agriculture which is more important for Scotland than other areas in the UK.
- Not just production / source emissions, because it gives a false sense of what is happening (e.g. in developing countries).
- Consider how to identify year on year changes.
 - Mixed views of issue of variability.
 - Suggestion that this depends on how emissions trading is addressed / how this will be reflected.
 - View that if the 80% doesn't apply separately to the companies already inside emissions trading, you lose the variability from reporting, because the variability is almost all about how much coal is used, and the coal stations are dealt with by the trading and there is no variability.
 - Suggestion that the answer is to report actual and traded emissions, and explain this.
- Consider means of presentation.
 - Consider use of CO2 equivalent for this, as easier to understand (or a common term such as "greenhouse gases").
 - Keep public involved.

Suggested issues for inclusion in the reports

- Overall emissions.
 - Gross / net.
- Source and end user.
 - Domestic emissions and an understanding based on consumption / end user inventory, so that you know what is generated as a result of Scottish activity.
 - Carbon footprint (based on economic activity and patterns of behaviour, capturing the whole picture), although there are difficulties of measurement, and hope this will improve.
 - Consumption information can help change behaviour and raise awareness.
 - Need to have different accounting methods, but there are ways of getting an assessment of changes in consumption.
- Range of gases to include.
 - Need for carbon.
 - Mixed views of others.
 - View from some that should welcome the reporting of other gases - identify each of gases and contribution they are making.
 - Also suggestion that this might be selective (e.g. which parts of Government report on which gases).

- Emissions from different sources of emissions / sectors.
 - Related discussion in one group of need for sectoral targets.
 - Note that there are strong reporting requirements in some sectors (e.g. building) which are not always monitored and adhered to.
 - Suggestion that many of the emissions that come through Scotland are not within the remit of the Government to influence, so the more sectoral information about where the emissions are coming from, the better - even if don't have the direct levers to influence, you can "name and shame".
 - Need to include shipping and aviation (international), as even if they are outwith the target, still need to know what has happened, so that there is clarity on the reduction path.
- Environmental conservation.
 - Importance of this.
- Traded emissions.
 - Include actual and traded.
 - Monitor sectors that are using the trading scheme as part of the UK.
- Adaptation.
 - Mixed views.
 - Suggestion that this is necessary, although also view that this may not need to be annual and could be linked, for example, to five year budget periods.
 - Suggestion that reporting on the *impact* of climate change may need to be more frequent, perhaps with longer timescale for *actions* being taken.
 - Local authorities, in Single Outcome Agreement reports, should have a duty to report on what adaptation measures they have taken.
- Behavioural change.
 - Drive individual attention to their personal responsibilities.
 - Measure and account quickly for the actions that individual people take, so that people can see that they are making a difference (whilst recognising this would be "loose" science).
 - Potential for public opinion surveys and recording these changes.
 - Importance of "hearts and minds" and individual changes, and need to be monitoring whether this is changing.
 - Allows accounting for changes which are not necessarily controlled by regulation.
 - Concern, however, in the context of holding to account, of the extent Government can influence this, with mixed views expressed.
- Energy efficiency.
 - Point at 7.7 suggesting "a measure of the energy efficiency of domestic and non-domestic buildings in the public and private sectors".

- Likely to be where the biggest early wins might be.
- Programme expenditure.
 - Discussion of what this involves.
 - Suggestion that it may not need separate reporting, as it would be covered elsewhere (in developing budgets and specific legislative proposals).
- Identification of anything that has not been achieved.
 - Why not.
 - What Government will do about it.
- Identification of best practice.
 - Highlight best practice that might want to develop.
 - Some of this might come from the committee.
- Capacity of the renewable energy sector.
 - One view that have to stop focus on bioenergy for transport.
- Other issues for inclusion.
 - Progress on awareness raising.
 - Use of grants.
 - Smaller initiatives.

Other observations re reporting

- Sources of data.
 - Will rely, in the case of a number of issues, on UK data gathering, contributing to the greenhouse gas emissions reports, now coming in with a 20 month delay – very slow at picking up policy changes.
 - Long time before can work out whether policies have had effect.
 - Perhaps need other faster data gathering in Scotland to complement the greenhouse gas emissions inventories.
 - There will be extra costs, but will also lead to a useful tool to assess policy benefits.
 - Climate Change Committee could advise on data collection / cost issues.
- Other reports.
 - Suggestion that there may be a role for the Climate Change Committee to produce a “country report” with the more qualitative judgements (are we going in the right direction, what does it look like?). Might not require the scientific scrutiny the Government needs, but would still hold the Government to account.
 - Suggestion, however, that this may not be within the grasp of UK Committee, with a need for a Scottish Committee to have “robust authority” (linked to UK Committee).
 - Local authority reporting could cover a range of issues (e.g. Single Outcome Agreements; planning reports; SEA etc.).
 - Scottish Government departments and other public bodies should be required to have action plans, along with senior level

- reporting to the Climate Change Committee. Need a requirement in the legislation for this.
 - Potential for businesses to be required to report annually.
 - Potential for enterprise companies to be required to report on their investment in businesses.
- Importance of monitoring.
 - Not just about reporting, but also checking that information is accurate (e.g. from sectors).
 - Relates to need for better regulation in different sectors, to ensure that desired outcome is produced.
 - Also can stimulate innovation.
- World temperature.
 - Would be good to have a five year “traffic light” for the world temperature, and the implications of the trend.
 - Recognise Scotland’s international role.

Parliamentary scrutiny

Delegates generally agreed that Parliamentary scrutiny is an appropriate way of holding the Scottish Government to account in relation to climate change. There were, however, variations in views about whether this would be sufficient alone, and some of the benefits and drawbacks were highlighted. While some delegates focused on the need to ensure that the Parliamentary scrutiny process is made to work in relation to this, a number identified the need for additional processes, particularly in the form of an independent committee alongside Parliamentary scrutiny.

Is Parliamentary scrutiny appropriate?

- General agreement.
- Evidence overall of mixed views of whether this is sufficient in itself.
 - Noted that Parliament does stress the importance of an issue.
 - But scrutiny is only as good as the will of the country or democratic body.
 - Depends on how fast and how obvious the impacts of climate change start to become globally and for Scotland.
 - Depends on the nature of Parliamentary scrutiny and the level of public accountability. Needs to be “weighty” and high profile.
 - Concern about credibility and independence from Government.
 - One group believed that the focus should be on making this work, rather than necessarily creating an extra body.
 - One group stressed the role of an independent committee alongside this.
- If not Parliamentary scrutiny, then what?
 - Question of whether any other tools could incentivise Government?
 - Difficulties of fines, but there may be incentive-based options.

- Suggestion of getting data coming in, then for Government to explain how it will amend any shortfalls.

Benefits of Parliamentary scrutiny

- Importance of the issue.
 - Parliament is the “voice” that keeps an issue seen as important.
- Government influence.
 - Hold sway, for example, in getting carbon accounts passed.
 - Also, if Government is committed to this, they will not want to be shown not to be meeting the targets.
- Importance of Parliament.
 - Parliament can make the Government explain itself.
 - Can be strongly held to account on remedial measures (as set out currently).
- Visibility.
 - Media / public interest.
 - Public accountability (although this depends on public interest).

Problems with Parliamentary scrutiny

- Suggestion that it may not be sufficient in itself..
 - View that need stronger incentive than just Parliament.
 - If Government does not meet its targets, what can Parliament actually do?
- Independence.
 - Perceived lack of independence.
 - Need for independent body to provide initial response about progress, as well as Parliamentary scrutiny.
- Need for a “stick” as well as a carrot.
 - Mixed views of need for some sanctions (which could also link to budgets) vs “moral obligation”.
 - Don’t want just to create “tick boxes” and bureaucracy.
 - But difficulties of financial penalties for Government – taking money away leaves less to do the job that needs done.

Additional needs / scrutiny processes

- Role for independent committee.
 - Some felt that this should provide scrutiny (alongside Parliament).
 - Needs to be robust and independent (e.g. Freedom of Information Commissioner model).
 - But also noted that there will be a limit to what they can scrutinise (“top line” numbers).
- Role for other organisations.
 - View that there should not be a new quango.
 - There are enough other bodies for wider scrutiny.

- Make it relevant to a range of organisations.
 - Sustainable Development Commission should have a role in looking at how it is delivered, alongside other economic and social issues.
 - Audit Scotland should have a role.
- Judicial review.
 - Mixed views.
 - This may be an option, as in the UK.
 - Now would be the time to put it in.
 - But delivery of target depends on Government seeing it as important, and this may be unnecessary.

THEME 3: THE ROLE OF THE WIDER PUBLIC SECTOR

Delegates in two groups were asked to consider the following question:

- *How strong is the case that the Bill should have enabling powers to introduce new duties on public sector bodies to take action on climate change?*

The following supplementary questions were also explored:

- *What would the benefits and drawbacks be of introducing new duties (or enabling powers for these) on the public sector in the Bill?*
- *If new duties were created, what should they include and why?*
- *Should the Bill contain enabling powers to create a requirement for public sector bodies to produce regular reports of how they are tackling climate change?*
- *If so, what specific measures/actions should be included in the report and how often should they be produced?*
- *How can existing frameworks such as Best Value Guidance be strengthened or adapted to place a greater emphasis on climate change and emissions reductions?*

Enabling powers for new duties on public sector bodies

A number of issues were raised about whether the Bill should have enabling powers to introduce new duties on the public sector, the benefits and drawbacks of these and the nature of these duties. There was a high level of support within the groups for duties, and some suggestions were made about areas in which duties could be developed. There were also a number of benefits identified, as well as some concerns, and delegates identified a range of actions required and issues which need to be considered if duties are developed. A small number of comments were also made about the requirement for regular reports, and the nature of reporting. Comments in relation to these issues are detailed below.

Overall observations about the need for duties

- The case for duties.
 - One group stated specifically that there is a very strong case for duties.
 - High level of agreement overall of need for these.
- Scope and scale of the public sector.
 - Size of workforce.
 - Importance of public sector workplaces.
- Ability to respond.
 - Local government history of being able to adapt to regulation.
- Opportunity for clarity.
 - Start with a clean sheet and make it clear.
 - Objectivity.

- Lack of consistency / focus on climate change.
 - Lack of coherent approach in current frameworks.
 - Need for consistency from the top.
 - Different parts of the public sector have different “drivers” (i.e. are different parts of Government asking different parts of the public sector to do different things?).
 - Approaches to some issues (e.g. aspects of transport) are not always consistent with the plans for this Bill.
 - Current lack of controls.
- Potential for different levels of duty.
 - Mixed views of how detailed this should be.
 - Overall framework to underpin action (with supporting guidance).
 - Specific issues / policy prescription.
 - Combination of different levels.
 - Opportunity to become more prescriptive over time.
- Some areas of perceived need / potential for action.
 - Transport.
 - Buildings / private sector (and older housing stock).
 - Waste.
 - Workplaces / work travel.
 - General potential for the use of performance indicators.
- Central government duties.
 - Lots about duties on local government and NDPBs and the health service, but not much on central government.
 - Need to be clear on the inclusion of central government.
- Enabling powers.
 - Suggestion that could actually put the duty into the Bill now.
 - Would allow an immediate start, and may be better than three years on.
 - But there are already targets in place, so this is not new, and there is an also opportunity to learn in the coming years.
 - Important to frame it in a way that does not rule anything out.

Potential areas in which there could be duties on the public sector

- Reduce emissions.
 - In line with necessary national reduction trajectory.
 - If a performance indicator develops, it has to include CO2 reduction.
- Transport.
 - Consider public transport and cycling in every road expansion or road redevelopment.
 - Put into regional and local transport strategies a requirement to ensure they are moving towards targets.
- Planning.
 - Put into local structure plans a requirement to ensure they are moving towards targets.

- Buildings.
 - Consider carbon emissions.
 - Insist on particular standards (e.g. insulation).
- Workplace.
 - Could have targets for each workplace.
 - Lack of mention of workplaces in the Bill currently - gap.
 - Consideration of where buildings are.
 - Management practices.

Benefits

- Inclusion of an important sector.
- Underpin policy.
 - Provides objective.
 - Builds requirement to deliver into all policy.
- Promote action.
 - Reduce carbon emissions.
 - Develop in line with what is required.
 - Driven by science.
- Lack of action otherwise.
 - Unless have a policy prescription, financial considerations win out.
 - Statutory requirements drive priorities.
 - Performance indicators get people to “sit up and take notice”.
- Raise organisational / staff / public awareness.
 - Those involved in developments can see changes and progress.
 - Provide public justification for public bodies making changes that incur costs.
 - Share good practice.
 - Improve organisational “buy-in” – need this throughout an organisation, so that sustainability is seen as everyone’s responsibility.
 - Strengthens a difficult political “sell”.
- Consistency of approach.
 - Allow all public sector to come forward with same approach from the start (example of trying to take a joint approach in community planning).
 - All talking the same language.
 - Co-ordinated approach would make it easier to take action.

Concerns

- Identification of contribution of public sector and individual parts of this.
 - Very diverse sector.
 - Difficulties of ensuring this is fair.
 - How do you credit reductions in carbon footprint from partnership working?
- The level of the duty.

- Broad frameworks can be indirect, subject to interpretation and difficult to implement.
- Impact on action.
 - May affect developments (e.g. level of new building).
 - Impact on growth (e.g. health – imaging, screening etc., which consume a lot of energy and carry a cost).
- Costs.
 - Difficulties of balancing of duties and costs.
 - Some changes carry high costs.
 - Potential for additional costs in implementation.
 - Difficulties of selling costly changes to electorate.
- Inequality.
 - If Scotland’s target is higher, and it impacts on growth (e.g. in health), potential to lead to inequality in provision in Scotland?
- Lack of foresight.
 - Sometimes Government brings these things in and does not give any basic guidance, training etc. for local authority staff.
 - Expectation that local authorities will respond.
- Tensions.
 - Balance between greater good for the nation (e.g. health) and reducing carbon footprint.
 - Potential for sectoral arrangements to compensate (but in the past, this has not happened, and the EUETS is unsupportive of health).
 - Barriers, conflicts and contradictions in practice (e.g. procurement regulations in local authorities which seem to prevent having a criterion of local sourcing of material because it is anti-European legislation; conflicts between some health priorities and climate change).
 - Lifestyle contradictions, but these are difficult to change, and there can be a lack of options in some cases (e.g. availability of office space in locality; IT problems; trust).
 - Issue of how much choice to give people, because some may vote against having renewables in their own area.
- Implementation.
 - Targets could be difficult to achieve.
 - Some of “easy wins” may already have been done (e.g. previous work in NHS).
 - May need some “tailoring” of frameworks.
- Local circumstances.
 - Recognise the need for consistency, but also need flexibility for local circumstances and regional differences.
 - Different constraints in different areas.
- Monitoring / regulation.
 - Need for consistency in this too.

Actions needed / considerations

- Overall model for the duties.
 - Suggestion of a model similar to equality duty.
 - Also suggestion that the Planning Framework offers a model of having secondary legislation with guidance and advice.
 - Need clear definition of sustainable development.
- Joined up thinking.
 - Guidance can assist with this.
 - Share good practice.
 - Take holistic view.
 - Need strategic approach.
 - Need to recognise partnership working.
- Don't reinvent the wheel.
- Accountability.
 - If duty is very general / overarching, need to ensure sufficient enforcement and reporting.
 - Need to be part of the ultimate process of Parliamentary scrutiny.
 - If Chief Executives know they will be subject to this, the priority increases.
 - Need to be linked to clear targets, and need accountability for missing targets.
- Enforcement.
 - Need to ensure this is sufficient.
- Incentives.
 - Need for carrots and sticks and work around this.
 - Penalties for not achieving targets and credits for exceeding them.
 - If local authorities are meeting and exceeding objectives, there could be financial incentives.
 - Also, if local authorities make efficiency savings, these can be directed back into public services (this is now the case as part of the SOA, but only applies to local authorities, not to the health service or other public bodies).
- Carbon cost.
 - The carbon footprint needs to be costed in some way.
- Guidance and training.
 - Need for strong guidance.
 - Think about training requirements, not just in local authority sector but wider public sector.
 - Opportunities for local authority staff with appropriate time and training to publicise and promote climate change (including in private sector). Example of SEPA planning to do this.
 - Need for education, so that people believe it is the right thing to do, or save money.
- Resources.
 - Need resources and ability to make changes (e.g. of Traffic Reduction Act, whose targets disappeared because of lack of such provision). (Respondent also expressed concern about the

- basis of the current target and the means of identifying this, as well as the need for resources.)
 - Also recognised, however, that there are resources, knowledge and commitment in some organisations and need to tap into this.
- Overall nature of the framework.
 - Need for immediate action on some issues.
 - Also longer timespan of the Bill – is it a Bill that is going to last 40 years?
 - Need for flexibility and scope to change.

The nature of reports

- Structure.
 - Annual reporting.
 - Report to Scottish Government.
 - Feed into annual reporting to Parliament.
 - Local reporting.
- Issues for inclusion.
 - Carbon footprint of policy commitments (e.g. with software available).
 - Aspects of “performance” against general targets.
 - Aspects of “performance” in specific areas (e.g. workplaces).
 - Qualitative measures along with figures (but figures need to be robust).
- Consistent overall.
 - General framework, with flexibility within this to reflect local issues.
 - Some general and some specific indicators.
- Other reports.
 - Reporting on individual projects as they are implemented.
 - Ensure that outcomes are in line with predictions.

Existing frameworks

Both these groups, and the groups considering theme 2 made some observations about the nature of existing frameworks, problems with these frameworks and how they could be strengthened or amended. Comments on these issues are detailed below.

Existing frameworks

- Legislation.
 - There is existing legislation in place, but it needs interpreted and guided so that people implement it properly.
- Best value – statutory on local government (in Local Government Act), but only guidelines for the rest of the public sector.
 - Sustainable development is a key aspect of best value.

- Scottish Climate Change Declaration.
 - All signed up to this.
 - Encapsulates what local authorities should be doing, but is voluntary (although also sign up to reporting and preparation of action plans).
- Environment.
 - Tool – ISO 14001 – not mandatory.
 - Strategic Environmental Assessment.
 - Scottish Biodiversity Strategy and targets.
 - Scottish Forestry Strategy and targets.
 - Favourable status of designated sites.
- Building regulations.
 - BREAM.
- Planning.
 - National Planning Framework.
- NHS targets and reporting.
 - History of energy targets and reporting on environment / emissions.
- Carbon Trust.
 - Carbon management programme.
 - Most NHS Boards signed up.

Problems with existing frameworks

- Responsibilities.
 - Who takes on aspects of the requirements?
 - E.g. of building - SPP6 and a 15% reduction of CO2 over the building regulations; also e.g. of waste.
- Priority / awareness.
 - Climate change can be ignored in best value and this has been relatively low key (although there were mixed views on how far best value had had an impact on councils).
 - Currently best value is down the list of 10 characteristics, after leadership and financial management.
 - Auditors picking it up a bit more now, but strictly can only look at issues on legislation or guidance that goes with it.
 - Low penetration of best value to wider public sector in terms of sustainable development duty.
 - Declaration little known in the wider public sector.
 - Lack of adequate carbon statements in National Planning Framework.
- Variation in approach.
 - Different approaches to the Declaration from different organisations.
 - Different parts of the public sector at different stages and levels.
 - Different local policies. Working to different local standards.
- Complexity.
 - Example of BREAM.

Potential changes legislation / guidance

- Reinforce and enhance existing frameworks and guidelines.
 - In health sector, have design guides for low carbon buildings, and advocate partnerships with other organisations. Bill will reinforce the need to use these.
 - Best value more robust.
 - Theme on sustainable development could be developed and amended to require councils to report on certain climate change issues.
 - Where prescriptions exist, or are coming (e.g. waste, buildings etc.) need to consider all of these, issue by issue and see what is required.
 - Use of SPPs to provide a supporting framework.
- Provide additional guidance.
 - Additional guidance about what is required.
- Legislative requirements.
 - Enshrine Climate Change Declaration and requirement to report in legislation and strengthen this.
 - Potential for ISO 140001 to be a duty in the Bill.
 - Require reference to sustainable development in all documents.
 - Translate SEA, for a major planning application, into something that gives carbon figures.
 - At a local level, require applicants to demonstrate what they are doing.
- Overall framework.
 - Take account of climate change in all major documents.
 - Bill needs to mesh with existing strategies.
 - Will need to supplement existing frameworks for measuring progress on some issues (e.g. landscape scale restoration of habitats).
- Concerns.
 - Concern about the use of guidance alone, because of the historical variation in extent to which it is grasped by the entire public sector.
 - Don't add to the confusion that best value can bring.
 - May need both guidance and duties.

THEME 4: GETTING THERE, THE PATHWAY TO 2050

Delegates in five groups were asked to consider the following question:

- *What are the benefits & drawbacks of setting annual targets for reducing emissions?*

A number of supplementary questions were also considered (which varied between the groups), as follows:

- *How could steady year-on-year reductions be achieved? (all five groups)*
- *Should the Bill include an interim point target(s)? (groups A and B)*
- *What are the benefits and drawbacks of setting an interim target now for the Bill? If so, how should the level be chosen and for what year should it be? (groups A and B)*
- *Should the Government be allowed to borrow emissions from the following budget period to cover unexpected rises in emissions? (all five groups and Group F)*
- *If yes, what should be the limit (such as in terms of a percentage of the budget period) on the amount of emissions which the Government can borrow from a following budget period? (all five groups and Group F)*
- *On what basis should targets be set to ensure a real reduction of emissions? For example, source emissions versus an end-user inventory, or a combination of individual targets for energy efficiency and renewable electricity? (groups C, D and E)*
- *Should the target be based solely on CO₂ or should it include all six of the main greenhouse gases (CO₂, CH₄, N₂O, 3 F-gases)? Why? (all five groups)*

As these issues were discussed by a large number of groups, there were clearly a large number of issues raised, and these are reflected below.

Annual and interim targets

Delegates explored the benefits and drawbacks of interim targets (and specifically annual targets), as well as the ways of achieving steady reductions year on year. General support was expressed for the concept of having some interim targets, including major milestones at some stage and for monitoring and accountability. For many participants, there was also seen to be a need for annual targets (and this appeared to be the prevailing view, although not all delegates believed that these were required and some alternative periods were also suggested). Many benefits were identified for annual targets, including in terms of promoting action and accountability, and ensuring that there are early achievements. Amongst the drawbacks identified were the time which will be required to achieve some of the actions and issues relating to measurement, monitoring and reporting. Comments were also made on the ways of achieving annual reductions, with some debate about whether “steady” reductions were the most appropriate. A number of other issues were also identified for consideration in relation to targets, and some suggestions made about how to identify their appropriate level.

Overall views of annual / interim targets

- General support for interim targets.
 - Not just 2050 with nothing in between.
 - Noted that there is an existing major point at 2011.
 - Suggestion that need another major milestone at 2020 or 2025 (whether or not there are annual targets alongside).
 - Need to lay out the full trajectory as detailed as possible, as early as possible.
- General support for monitoring and accountability.
 - Get politicians to put in place policies, action and funding to reduce emissions year on year, whether or not that involves statutory annual targets.
 - Shared view of need for robust scrutiny.
- More mixed views of annual targets, but prevailing view that these should be in place.
 - Support amongst many participants.
 - Many benefits identified.
 - Some considered these to be essential, at least for the Government.
 - Importance of annual targets within a broader framework.
- Some not in favour of annual targets.
 - Some concerns raised.
 - Also view that robust scrutiny, linked to the budget cycle is sufficient for holding to account – awareness of need for 3% reduction per annum, and annual reports will be enough to identify whether on track for this. (Suggested in one group that politicians are frightened of annual statutory targets because they think they will suffer, but the use of a scrutiny framework requiring annual reporting provides a “middle ground”.)
 - Some believed that targets are not the key but are standard science – the action plan is what matters.

Benefits of annual / interim targets

- Urgency of the issue.
 - Challenging nature of what is intended.
 - Extent of what needs to be done.
 - Need reductions now - already late in addressing this.
 - Climate change is affecting people now. The longer it takes to act, the worse it will get.
 - Would be too easy to leave it till later.
 - Rapid, rather than delayed projection.
 - Annual targets give assurances of reductions in the immediate future, to ensure the right path.
- Promote action.
 - Focus people’s minds and get things moving.

- Less likely to have action without targets.
- Ensure that don't bank on later measures that don't deliver.
- Avoid a fall off in contribution.
- Without clear annual targets will drift behind and achievement will become impossible.
- Need to have strong targets to look at mitigation measures (e.g. in forestry, agriculture).
- Accountability.
 - Keep politicians accountable.
 - Provide a "stick" and help to identify when more radical action is needed.
 - Public can see what is happening to enable democratic choice.
- Feedback.
 - Essential for a clear picture of policy progress.
 - Need some measure of whether work is on track, rather than get to the end of a 5 year budget period and find there is a need to borrow.
 - Good for informing business and easier to plan.
 - Investors need to see regular scrutiny.
 - Keep people engaged.
- Clarity.
 - Need a clear timeline.
 - Knowledge of progress helps promote consistency.
 - Identify problems.
 - Clarity of route / common understanding (which supports investment).
 - Helps to plan for the following year if there is knowledge of what has happened in the year.
 - Consistency of policy making year to year.
 - More secure for businesses to know what Government will be required to do (e.g. 3% per year).
- Effective.
 - There are examples of Government having annual targets and managing these in other areas.
 - Companies (and the NHS) understand what annual targets are, and what they have to do on that basis.
 - Most industries are looking at continuous improvement, so there will be overall reductions (but some years there may be a "blip").
 - Discipline about making sure you do this – pressure of annual targets is more effective than just monitoring, although this is also important.
- Consistency.
 - 5 year budgets fall outwith the Parliamentary cycle – the Government that set the budget may not be accountable for it – annual targets are a way round this.
 - Government 3 year cycle on finance – has to be a way of pulling things together.
- Better than alternative.

- If don't have these, have to go down cumulative budget route.
- Reporting alone is not sufficient. Annual targets focus people's minds on what they need to do to get to 80% by 2050.
- Statutory annual targets are better than aspirational figures.

Drawbacks of annual / interim targets

- Practical implementation and timescale.
 - Concern about whether this can be achieved.
 - Question of whether, if there is a problem one year, it can be addressed in 12 months?
 - Does the Government have the mechanisms / processes to act quickly enough to counteract a failure?
 - Question of whether 3% annual cuts could be achieved (although some argued that there was plenty of opportunity for making such cuts annually, and that 3% should be an absolute minimum, with flexibility to deal with cold winters etc. at the upper end, at 6-7%).
 - Annual targets assume that the Government can respond quickly, but many issues would have to percolate through the current planning framework which takes a long time.
 - Some things take time to achieve – need time to embed policies to make changes.
 - In some industry areas, hits will be in the longer term, and there will be a need to put infrastructure in place. Some technology is not ready and technology that will give some of the reduction is difficult to profile forward (although it was also noted that this is not an argument not to do this).
 - Sectoral targets would have to be over a longer time.
 - Could perhaps set annual targets if it was just for Government itself, but for Scotland as a whole, need to give a bit more freedom.
- Variables.
 - Issues outwith control of Government, such as weather (although it was also argued by some that this would not mean that 3% could not be achieved).
- Reduction of effort.
 - Question of whether 3% targets might encourage people just to go for 3% and not push for more.
 - May have perverse impact.
 - Would it impact on the sharp trajectory that is needed?
 - Government might spend time worrying about annual target rather than getting on with what they need to do.
 - The more precise the target, the less likely to be truly aspirational.
- Measurement.
 - Question of whether science would allow monitoring to this timescale (but it was noted that there is potential to measure

- against real actions by the Government, and not only carbon emissions).
 - Need for better data.
- Monitoring / reporting demands.
 - Concern about amount of time this would take.
 - Difficult for some businesses to identify figures for Scotland.
 - Reporting period is currently too long for verification (although it was also suggested that some measurement could be carried out in Scotland, with general greenhouse gas inventory data part of the UK and international reporting cycle, and more specific Scottish reporting for certain elements. Also potential for different ways of reporting on targets, appropriate to the subject, and separation of those with time lags).
- Impact on policy decisions.
 - Risk of poor policy decisions if made on an annual basis (panic reactions).
 - Business sector needs long term clarity.
- Impact of non-achievement.
 - Potential to devalue “hearts and minds”.
 - Could confuse people.
 - Would also be possible to wriggle out of failure because of problems of verification within the annual period.

Comments on period for targets

- Current lack of clarity.
 - Suggestion that the document currently falls between cumulative budget and annual targets, and does not suggest either.
 - Have to pick one or the other.
 - Lack of clarity about how annual targets would relate to an interim point target, whether this is an “either/or”, or whether it is an additional “checkpoint”. Some believed that there should either be annual targets or an interim target.
- Overall need.
 - General view that there is a need for some interim target(s).
- Annual targets.
 - Strong view from many (although not consensus) that annual targets are the best way to achieve the benefits, for reasons discussed above.
- Other interim targets suggested.
 - Suggestion of 2 years, as “halfway house” for the administration, giving time to get things in place, with next accounting period at the time for re-election.
 - Suggestion of 5 years, with qualitative reporting more regularly.
 - Carbon budgets are a sort of interim target – suggestion of longer term targets, coupled with budgeting and annual reporting.
 - Suggestion of every 10 years.

- Suggestion that consistency argument would suggest that, if there is an interim target, Europe is going for 2020 so Scotland should adopt this as well.
- 2020 – 2025 should allow major achievements.
- Combination of targets.
 - Could have longer term targets and “annual milestones” within that.
 - Already have annual milestones (e.g. through EUETS).

Means of achieving steady year on year reductions

- Terminology / trajectory.
 - In order to limit the temperature rise to 2° then need a sharp downward curve at the start which is not reflected in wording like “steady year on year” – it needs to be fast in the early years.
 - “Steady” reductions are unlikely to be achieved – there will be good years and bad years. It will not be steady.
 - Need for a more rigorous analysis of what the trajectory should look like, with analysis to include the need and capacity for reduction.
 - Maybe need for steady progress at a minimum level, with flexibility for higher level.
- Commitment / buy in.
 - Not just Government.
 - Importance of “buy in” by individuals, organisations and companies – whole community.
 - Organisations undertaking to make a minimum 3% annual reduction.
- Scrutiny / audit.
 - Shared view of importance of reporting and scrutiny.
 - Statutory requirement to report annually – making it public is important in promoting action.
 - Politicians scared to be seen to fail publicly.
 - Parliamentary scrutiny is powerful in promoting Government action.
 - Willingness among companies to do a one off carbon audit.
 - Suggestion of requirement to carry out an annual audit - identify what they have done to reach 3%.
- Incentives.
 - Turn it into an opportunity.
 - Those doing most could get competitive edge.
 - Use of business rates.
 - Financial pressures – budgetary incentives such as retaining efficiency savings and other measures.
 - Financial reward – e.g. climate change fund.
 - Issue of how to incentivise big emitters who are all currently in the EUETS, which is setting a lower target than the Scottish

- Government, so how do you cover the difference without causing problems?
 - Incentives for households (e.g. Smart metering, possibility of installation of micro renewables) and workplaces.
- Clarity.
 - Government can help give confidence that the 80% can be achieved, by having a credible plan.
 - Everybody wants to do the right thing, but need to know what the right thing is.
- Information.
 - Current gap in some scientific information re what is more efficient and effective.
 - Need more information on “what works”.
 - Information to members of the public about energy use and the kind of action they can take – how can personal behaviour help to achieve 3%.
 - Need for engagement and debate.
- Behaviour / culture change.
 - Need to consider social implications of carbon reduction measures.
 - Culture change / social acceptability are necessary for change to be sustainable.
 - Bill very technical, but little about how to take people along and encourage action (e.g. of smoking and the level of discussion involved in this).
 - Suggestion that some members of the public currently see an 80% reduction as not being achievable.
 - Currently personal consumption is not included, and this is perceived by some as a missed opportunity, as behavioural change progress won't be included in the figures being added up.
 - Danger that Government sees its delivery only in terms of a few big lever policies and regulations, but importance of behavioural change was stressed.

Other comments on targets

- Issues for consideration which may impact.
 - Need for early action – early opportunities to eliminate waste (particularly demand side).
 - Cost of some actions are high (e.g. retrofit).
 - Need to grow economy / population.
 - Need for debate re conflicts and difficult issues within the framework of the Bill.
 - Importance of other countries taking similar responsibilities.
 - Avoid additional complexity / confusion in reporting requirements.

- Suggestion that end point is not the key issue, but should be looking at volume target (although it was also noted that global forecasts cannot be ignored).
- Role of Scotland in addressing climate change.
 - Emphasise that Scotland has a role.
 - Show international leadership, ambition, success.
 - Emphasise that everyone has a role.
 - Suggestion that expressing the per capita contribution might make position clearer in terms of Scotland's role as a polluter.
- Level of annual targets.
 - Suggestion that the reduction path needs minimum of 3% year on year, so there is a need to tie targets to this.
 - Should be the minimum base level (to achieve what is necessary) but should have flexibility above this for higher level reduction.
 - Suggestion that could have higher targets in early years to account for need for sharp fall.
- Achievability.
 - Need to define targets in terms of being able to achieve them. Targets need to be scoped thoroughly, not just aspirational.
 - Recognise that there are variables outwith the control of those setting targets.
 - Need for rigorous analysis of what targets should look like, by need and capacity for reductions. Need for analysis of Government vision of energy system, transport, waste, and how targets can be achieved.
 - Need to recognise that different sectors are in different positions, with different challenges and opportunities, and need to see where contributions will come from.
- Sanctions and penalties.
 - What happens if targets are not met?
 - Depends how much it affects public image – whether annual targets would drive more action than having a three year target.
 - Mixed views of the use of sanctions, and suggestion of a “carrot and stick” approach.
- Feedback / reporting framework.
 - If targets are not met, how does the Scottish Government communicate this back to the companies doing the emitting?
 - Shared view of the need for a good reporting framework – strong annual scrutiny and reporting.
 - Need to report on budgets and overall context.
 - Also need to identify measures being put in place in the coming years.
 - Mixed views of the effectiveness of reporting requirements alone in compelling action by the Government – suggestion that this can be positive in making Government respond, but also view that it needs to be in the context of targets.
- Accountability.

- Power of the Bill to make Ministers accountable in future.
- Has to be able to hold Ministers to account every year and this needs to be emphasised.
- Suggestion that the Scottish Government should have to account for any failure (comparison to reporting by Governor of Bank of England).
- Need handover between periods of office, so that responsibility is picked up between different Governments.
- Openness.
 - Needs to be transparent.
 - Need to be able to see the cuts achieved, from which sectors and the amount bought in from international trading.
 - Need to be able to justify all Government decisions in terms of climate change.
- Flexibility.
 - Need for some flexibility where the Government is going to have financial and carbon budgets.
 - Annual targets don't have to be so rigid that there is a large penalty if they are not met, but so that the Government has to account to Parliament for why targets are missed.
 - Annual targets can be flexible enough to take account of the need for major projects that will be longer term.
 - Nothing to prevent having 5% targets in the first years, then varied thereafter to take account of need for sharp fall at the start.
- Sectoral issues.
 - Recognise that sectors will perform at different pace and good performances will balance with poorer.
 - Government should be able to plan the overall strategy to achieve 3% each year.
 - Need for joined up thinking, Government departments and agencies working together with climate change as a serious priority.
- Price of carbon.
 - Important to have clarity on this.
- Different types of targets.
 - Could look at different targets to accompany the general targets.
 - But concern that this leads to a complex range of reports.

How to choose the level?

- By total reduction.
 - Target requires 3% per annum.
- To promote early action.
 - Could choose to set targets which are bigger earlier so that there are steeper reductions sooner.
- Period of political administration.

- Suggestion that they should be relatively close, within the same administration's period.
- Link to political and spending review cycle, as that is how things get done.
- Consistency with other targets.
 - European.

Banking and borrowing

All five groups which explored this theme considered the issues of banking and borrowing, along with the sixth group (which was considering a separate theme and main question). All of their comments (including those from group F) are discussed here. These focused on a number of issues, including whether this should be allowed and the limit of this. Overall, there were generally negative views of borrowing (certainly beyond a minimal level), for a range of reasons. There were more positive views of banking as an incentive to action, with variations within these views. It was generally agreed that, if borrowing were to be allowed, there should be strict limits on the level of this.

Overall views of banking and borrowing

- Overall (for most, although not all) generally negative views of borrowing.
 - Some believed that borrowing should not be possible, and that another way should be found to deal with fluctuations (such as explanation to Parliament).
 - Also strong view that, if allowable, this should not be encouraged.
 - Many viewed this as a last resort, only in exceptional circumstances.
- Some suggested that some level of borrowing should be allowed.
 - Unforeseen circumstances that prevent budgets being reached at an early stage (although some felt there were alternative ways of dealing with this).
 - Implications for long term capital projects (although it was suggested that none would be of sufficient scale to make it impossible to lower emissions year on year through action elsewhere).
 - Would allow for technology coming in which will produce a large reduction longer term – encourages new technology / big step changes.
 - If there is no borrowing, then big companies will offset overseas (although there were mixed views of offsetting - some argued that offsetting is better than borrowing from the next period, and carbon credits have a role in promoting sustainable development. One group argued that this should stay in Scotland. Another suggested that helping developing countries

to cope should be part of Scotland's budget through a direct route).

- Suggestion that view depends on the reason for borrowing.
 - Not as simple as whether good / bad.
 - Depends on purpose and how firm targets are.
 - Not appropriate to use borrowing as a “prop”.
- Some more positive views of banking (although some groups did not discuss this, and some participants argued this should not be allowed).
 - Banking due to efficiency can build a surplus for the future.
 - Suggestion that the initial period would offer opportunities for banking.
 - Importance of making early savings. Some suggested incentive to bank would help produce action quickly.
 - Without this, would disincentivise big expensive reductions.
 - However, also view that it was a pity to let early gains simply “filter back”.

Problems with borrowing

- Concept of borrowing not appropriate.
 - Illogical contradiction – suggests borrowing from the future for something unanticipated, but this assumes knowledge of what will happen in the future.
 - If a bank did this, it would be criticised.
 - Robbing Peter to pay Paul not a credible methodology.
 - No prudent business would operate on that basis, so it is unwise for Government to do so too.
 - It is a “security blanket” and should not have it.
 - Should be putting measures in place to avoid “shock” rises instead rather than giving a palliative.
 - Should not be shock rises if Scotland stays in EUETS.
 - Inappropriate to embed in legislation that can keep borrowing from the future.
- Cannot afford to borrow.
 - Have to be fairly steep in cuts.
 - Could not make up for it if it happened on any scale.
- Timescale.
 - Short timescale to tackle climate change and need action now.
 - Need for action year on year – better to have 3% annual cut.
 - If borrowing takes place towards the end of the target, difficult to backfill that.
- Repayment.
 - If go into arrears to start with, lack of guarantee that it will be paid back and it may continue to rise.
 - Arrears and debt could be a problem.
 - Danger of borrowing building up.
 - Pass on the “debt” to another Government.
- Undermine the goals.

- Public would be suspicious.
- Lack of credibility.
- Danger of undermining whole Bill purpose.
- May take away from a focus on the targets.
- Danger of waiting for some technological innovation at the end of the period.
- May mask the real situation in relation to the targets.

Limit of borrowing

- Strict limits on level.
 - Agreement that need strict limits.
 - Document very unhelpful, because it makes it look as though you could borrow up to a third of your budget which is too much.
 - Should be only “at the margins”.
- Small amount.
 - Strong view that a very small amount should be allowed.
 - Some groups, specific amount not specified, but need for “wriggle room”.
 - Suggestion of limit at the maximum level of fluctuation that might be expected in one year.
 - Some believed that it is very important to put a specific figure on this.
 - Suggestion of 1% maximum between budgets, as in UK Bill.
- Strict criteria on borrowing.
 - To avoid “freeloading” leading to requirement to borrow.
 - Needs to be clearly identified in any reporting regime.
- Interest rate.
 - If borrowing from a future budget, should pay it back at a rate of interest (i.e. carbon saved now is worth a lot more than carbon saved in the future).
- Period of time.
 - Budgeting periods should be consistent with business periods and investment cycles and accountable over same periods – typically 5-10 years.
 - Also useful to have periods coinciding with, for example, EUETS.
 - Amount of borrowing should reduce with time (to allow for technology introduction).
 - Need to have opportunity for banking over time, not just over a short period.

The basis of the targets

Some of the groups discussed the basis of the targets, in terms of the use of source emissions or end user inventory, or a combination of individual targets for energy efficiency / renewable electricity. Although there was more limited discussion of this question than some of the issues, there was a prevailing view that there was a need

for the use of both source emissions and an end user inventory. There were mixed views of whether figures for energy efficiency / renewable electricity should be included in the Bill. All groups considered whether the target should be based solely on CO₂ or whether it should include all six of the main greenhouse gases and there was a strong shared view that all six of the main greenhouse gases should be included. More generally, it was also suggested in one group that, overall, the Bill needs to be set and defined in the broader overall policy context. More detailed comments on all of these issues are presented below.

Source or end user?

- Not discussed in two groups, and limited discussion in some others.
 - Lack of definitive views amongst many, although some issues raised.
 - Where view was expressed, general preference (although not consensus) for the use of both source and end user, with the suggestion that they are not mutually exclusive
 - Recognition of complexity of issues and need for decision.
- General questions highlighted.
 - How do you measure Scotland's emissions?
 - Scotland historically is a net exporter of energy.
 - If a third of energy goes down south, does that count against Scotland's emissions?
 - Complex range of incentives and counter incentives.
 - Measurement problems and issue that different methods of reporting can cause problems – need for streamlining, guidance and consistency.
- Issues with source emissions.
 - Incentive to be “little Scotland” and only produce enough to meet own needs and not export, and exporting is a major industry.
 - But also suggestion that “reality” of measuring has to be the source emissions.
 - Recognition of need to use this to ensure compatibility.
 - From manufacturing perspective, need to look at source emissions.
 - But this does not preclude looking at end user inventory.
- Issues with end user inventory.
 - Strong argument for this is that you can see more easily how strategy is paying off.
 - Need to measure this in order to track “moral argument”.
 - Politically attractive.
 - Can see reduction in emissions from homes.
 - Can identify policies / incentive schemes required to meet targets that can run in parallel (e.g. land use sector).
 - But companies already reporting source emissions will not want to report another set of issues.

- Also problem with using this alone (e.g. could build coal power stations and export all of the electricity, because it would not be measured against Scotland's target).
- Energy efficiency / renewables.
 - Mixed views of way to address these.
 - Suggestion that targets for these are useful in themselves, in providing certainty for businesses to plan (but not necessarily within the framework of targets).
 - Also view that energy efficiency targets vital in the domestic sector (and other sectors can benefit).
 - Lot of industries already tied to looking at energy efficiency and could extend this.
 - Also view, however, that percentage energy efficiency or renewables are a means to an end and should not have figures within legislation for these, as might then miss the more efficient way to make emissions reductions.
 - Suggestion that emphasis needs to be on emissions cuts, not the other issues.
- Need for combination of measures.
 - Prevailing view of need for both source emissions, and end user measures (can, for example, get end user figures currently).
 - Multifaceted issue – requires a mix of measures and action plans to deliver this and that is how it should be measured. Not just one or the other.
 - May need to have different bases depending on the sector – need to look at each sector and measure accordingly. Need to use different sectors to provide reductions (although varied views of whether this needs expressed in primary legislation).

CO2 or 6 main greenhouse gases

- Prevalent view for the inclusion of 6 main greenhouse gases.
 - Small number noted some constraints that may lead to the adoption of CO2 only.
 - Also suggestion that CO2 is biggest volume, so needs to be biggest priority.
- Reasons for general preference for 6 main greenhouse gases.
 - Important if going to reach 80%.
 - Helps to identify where to direct efforts.
 - Kyoto measuring this.
 - Trying to tackle climate change, and CO2 is not the only gas. A greenhouse gas is a greenhouse gas – you can't just ignore some of them.
 - 80% target is based on a global contribution to 450ppm CO2 equivalent, so for the rationale to follow through, the gases that make this up are greenhouse gases (represented as CO2 equivalent).

- It is inconsistent with a view of Scotland as taking the lead to even be asking the question of whether all gases should be included.
- Already a lot of reporting happening on these, a lot of regulation in place, and a lot of reduction already taking place.
- There is an SNP manifesto commitment to reduce all greenhouse gases, so interesting that the consultation is now asking whether it should be CO2 or the basket – this is more a reflection on the UK Bill's focus.
- Could have a meaningless decrease in CO2 with an increase in other sectors, which would make nonsense of actual CO2 equivalent emissions.
- A lot of impact on Scotland is from other gases and methane is particularly important. Scotland has a high proportion of emissions from agriculture, peatlands and coal mines, and need to look at all the sectors that are important to Scotland.
- Lot of opportunities to cut some of the other gases.
- When we are close to the 80% target, these gases will be very important contributors and they should be in from the start.
- If they are not included, they will become insignificant in Scotland's plan, but will go on being emitted.
- They can be measured, it just involves a bit more work. Although there are not always fully accurate measures, science is evolving and uncertainty reduces.
- If there is no ways of taking credit for this, it is a missed opportunity.
- Lot of evidence that growing biofuels in the wrong place can create additional emissions, so need to take account of these other gases.
- Small amount of support for CO2.
 - Argument for adoption of internationally agreed measure, but this seems the only argument for it.

Other comments

- Overall Bill.
 - Location of the Bill in overall policy context - needs to define itself and state clearly what drivers are already in place.

THEME 5: MAXIMISING BENEFIT TO 2050

Delegates in one group were asked to consider the following question:

- *What factors should be taken into account when setting the level of emissions budgets?*

The following supplementary questions were also explored:

- *Is there anything unique to Scotland or particular Scottish regions that needs to be taken into account when setting budgets?*
- *Are there particular sectors or groups of individuals that are likely to be disproportionately affected by the Bill? If so, who are they and what are the likely effects?*
- *How can the Bill account for and mitigate any differences to create a more equitable (i.e. socially) framework e.g. in the setting of budgets etc?*
- *Should the Government be allowed to borrow emissions from the following budget period to cover unexpected rises in emissions?*
- *If yes, what should be the limit (such as in terms of a percentage of the budget period) on the amount of emissions which the Government can borrow from a following budget period?*

Factors in budget setting

Delegates identified a number of suggested overall factors to take into account when setting budgets. There was also some discussion of the need for budgets at a local authority level or at a sectoral level, with a perceived need for some means of taking account of local differences and considerable support for sectoral budgets. A range of additional comments were also made relating to budgets and targets, relating particularly to other actions which might be required to ensure their achievement.

Factors to take into account

- Population growth.
- Rural issues.
- Issues for small businesses.
 - View that legislation should not be used for small businesses (97% of businesses in Scotland).
 - Benefits in buying and selling carbon in large corporations, but cannot do this in small businesses.
 - Lack of incentives currently, and action is cost-driven.
 - Climate levy has not been an incentive, but it is effectively a tax.
- Differences in size and scale of initiatives.
 - Some initiatives not of sufficient scale to make an impact.
- Supply chain issues.
 - Importance of whole carbon footprint.
 - Consumption outside Scotland (although some of this is carbon-efficient).

- Long term issues.
 - Large capital schemes where there is an impact in a number of years.
- Issues within control.
 - Some factors that local authorities cannot influence.
 - Some measures depend on public behaviour (e.g. can provide lots of public transport, but people still use their cars).
- Other requirements.
 - Scottish Climate Change Declaration, which is not mentioned in the document, but which all local authorities are signed up to - it was suggested that this could perhaps be tightened.
 - Single Outcome Agreements, currently being brought together – need for consistency on targets and whether there are targets on carbon emissions. Need a check on whether targets are sufficiently “stretching”.

Budgets at a level below Scotland

- Regional budgets.
 - Need to take account of regional issues.
 - Mixed views of potential for regional budgets and possibility of area-specific targets.
- Positive views of need for regional budgets.
 - There are opportunities for this, such as transport or agriculture.
 - Doesn't need to be per capita, there are formulae possible for splitting the country up.
 - Dangerous not to have area-specific targets (e.g. could lead to situation where it's OK for one area to have an increase, as long as another area covers it).
- Difficulties with regional budgets.
 - Hard to link national and local budgets – would need to be clear, because some issues can only be measured nationally, and some locally.
 - Could not divide Scotland into 32 authorities and give everyone a per capita budget and simply add it all together.
 - May be better to focus on a national level, but consider sectoral approach within that.
- Potential for sectoral budgets.
 - Generally positive views of this.
 - View that there is an argument for this, and need to think sectorally.
 - Does not need to mesh with local authority areas – may not be possible to split by sector by local authority.
- Positive views of sectoral budgets.
 - Sectors would bring together commonality (e.g. transport budgets have a commonality of fuel usage, efficiency).
 - Would help to demonstrate good practice.
 - Common purpose, measures, consistency.

- Consider what each sector could do (and could apply some of the information to local authority areas, based on what local authorities are responsible for). For example, if there was a national target for domestic housing, that could feed into a requirement for a local authority for that sector.

Other comments on budgets / targets

- Overall approach.
 - Need for ambitious target.
 - Need for action, not “tick boxes” or just words.
 - Government should be seen to be a responsible organisation.
- Need for incentives.
 - Inertia to act in the past.
 - Use of costs (e.g. waste not expensive enough for private sector to take account of it; also electricity).
 - Reduction in corporation tax on basis of carbon footprint.
 - Use of procurement (taking account of the carbon footprint of the company in this).
 - Incentives for householders to improve emissions.
 - Use VAT to promote energy efficiency by differentiating VAT according to energy efficiency of products – currently VAT can be a disincentive (although it was recognised that this is reserved).
 - Low interest loans for home improvements.
- Guidance.
 - Potential for tools for businesses to help them address these issues.
- Need for sanctions.
 - Lots of good words, but importance of taking action.
 - Lack of priority (compared to economic growth) / joint working to date in the Scottish Government.
 - Difficulties of identifying sanctions that could be imposed on a Government – more of a moral imperative.
 - Possibility of financial penalties.
- Emissions trading.
 - Possible Government to Government scheme.
- Reporting and scrutiny.
 - Not enough just to have targets – need to check that actions have been taken.
 - Need for annual reporting cycle, linked to the national outcome.
 - Need to have clear role for the Scottish Government in tackling this, not just telling others what to do.
 - Local authority level would have benefits for reporting.
 - Climate change could be reported on annually as part of Single Outcome Agreement.
 - Could require reporting on emissions and adaptations (although large undertaking).

- Need for accountability – whether achievements are being made.
- Should relate only to areas in which local authorities have direct control / influence.
- Adaptation measures.
 - Requirement to take action.
 - NGO community lobbying for the inclusion of this.
- Education.
 - Culture change required.
 - Need to get a clear message across.
 - Require education e.g. on public transport.
 - Government need to lead on some issues – national and local work needed.
 - Strong campaigning is needed to get the message over to members of the public.
 - Use social unacceptability as a driver for change.
- Good practice.
 - Focus on this is needed.
 - Importance of leadership.
- Conflicts.
 - Sustainable economic growth seems to be primarily about economic growth, not sustainability.

Issues in Scotland / issues for particular sectors

There was a small amount of discussion of issues which are considered unique to Scotland or Scottish regions, with the small size of Scotland highlighted, along with the general recognition of differences between areas (particularly rural and other areas) and differences in the impact on different sectors. It was suggested that there is a need for the Bill to be sufficiently flexible to take account of these.

Unique Scottish issues

- Size of Scotland.
 - Very small area.

Unique regional issues

- General recognition of these.
 - There are different issues for different areas.
- Rural areas.
 - Per capita emissions will be higher, especially if gases other than CO₂ included.
 - Different transport emissions.
 - Emissions from agriculture.
 - Carbon sinks – forestry and peatlands are in rural areas.
- Population growth.

- Some areas expecting large population growth and this might not affect other regions.
- Existence of specific factors.
 - Areas with a large power station.

Implications for particular sectors

- Housing.
 - Contribution of housing stock to carbon wastage.
 - To invest in new, efficient housing will take a long time to change.
 - Costs involved in changing existing stock to bring it up to acceptable levels.
- Water.
 - Scottish Water as the biggest user of energy in Scotland.

Actions to mitigate differences

- Flexibility.
 - Need for local authorities to be able to target issues in their own area.
 - Special dispensations for areas with particular installations (e.g. Longannet, Grangemouth etc.).
- Different areas.
 - Possible construction of different configurations (not local authority areas).
 - But local authority links enable accountability.
 - Difficult to get a consensus across political boundaries.

CLOSE

The event ended with lunch and an opportunity for informal discussion.