

NET ZERO, ENERGY AND TRANSPORT COMMITTEE EVIDENCE SESSION

What	Appearance before the Net Zero, Energy and Transport Committee
Where	Scottish Parliament – Committee Room 2
When	Tuesday 27 June 2023, 09:30 – 10.45
Key message(s)	<p>Just transition to net zero and climate resilience</p> <ul style="list-style-type: none"> • Delivering a just transition to net zero and enhancing climate resilience require action from all parts of society. • We are reaching a very important period in our journey to net zero, and leadership from Government and Parliament will be vitally important in promoting the transformational change needed to decarbonise our economy and society to meet the targets set by Parliament. <p>Biodiversity</p> <ul style="list-style-type: none"> • We need urgent action at all levels to tackle the twin reinforcing crises of biodiversity loss and climate change. • Thriving and resilient biodiversity is the best chance we have to mitigate the impact of, and adapt to, climate change. Healthy biodiversity underpins our food systems, helps prevent flooding and soil erosion and contributes to our wellbeing by providing recreation and a sense of place. • Protecting and regenerating biodiversity also brings with in huge opportunities in terms of inward investment, economic opportunities, and the creation of green jobs. • I am committed to putting a just transition at the heart of our efforts to tackle the biodiversity crisis. • In December 2023 we published Scotland’s draft Biodiversity strategy sets our high-level vision “for Scotland to be Nature Positive by 2030, and to have restored and regenerated biodiversity across the country by 2045”. A series of 5-year delivery plans will we set out the actions we need to take to deliver the high-level vision. • A Natural Environment bill to be introduced to parliament next year will include powers to establish statutory nature restoration targets. • Everyone has a role in play in tackling the biodiversity crisis. A biodiversity consultation in the summer will seek views on our strategy, the first delivery plan and elements of the Natural Environment Bill. Alongside our engagement with local communities, stakeholders and experts will shape the actions in the delivery plan. <p>Highly Protected Marine Areas</p> <ul style="list-style-type: none"> • It is an unavoidable truth that we are in the midst of climate and nature crises and the evidence tells us that we need to enhance protection for our marine environment. • We recognise there is considerable strength of feeling on this issue – from those who support it and those who have concerns. Please be assured we are listening.

- **We are analysing the responses we received to our initial consultation** and will be considering these carefully before setting out our next steps.
- **We will continue to engage with people living and working in our coastal and island communities.**

Circular Economy

- On 13 June we introduced a **Circular Economy Bill to Parliament.**
- The Bill takes powers to give Ministers and local authorities the tools they need to achieve **our ambitions for a circular economy.**
- We must make a **circular option the easier option for Scottish households, businesses and the public sector.**
- I want everyone in the country to experience a **modern, easy to use waste service** that makes it easy for people to do the right thing for the planet
- We will work with local authorities and householders to **co-design how these powers are implemented** to take account of different circumstances and different needs.
- The Bill is part of **wider package of measures including the Circular Economy & Waste Route Map** which will set out how we intend to deliver our system-wide, comprehensive vision for Scotland's circular economy.

Transport

- There is a clear case for **increasing the attractiveness of public transport** as part of measures to reduce transport emissions. **Reducing public transport fares** is one mechanism to do that, as evidence shows over the last decade rail and bus fares have risen above general inflation, whilst motoring costs have not risen to the same extent.
- We will be unable to realise our Active Travel ambitions without a fundamental shift in the pace and scale of delivery of infrastructure.
- **Transport Scotland continue to develop the STPR2 Delivery Plan and most recently have been taking account of the recently published Medium Term Fiscal Strategy.** It is important to note that progress is already being made on 38 of the 45 STPR2 recommendations, and those which are not yet in progress are actively being considered for mobilisation.

Heat in buildings

- We have taken an important step towards decarbonising our buildings and reaching the 2030 target and net zero by taking the **New Build Heat Standard.**
- This will mean that new buildings, constructed under a building warrant applied to from 1 April 2024 **will be built with a direct emissions heating system, like gas and oil boilers.**
- New domestic and non domestic buildings will be built with **zero direct emission, climate friendly alternatives**, like heat pumps and heat networks.
- We **will consult during 2023 on a Heat in Buildings Bill** to phase out fossil fuel boilers in Scotland's homes and buildings and move to clean heating systems.

Supporting officials	<ul style="list-style-type: none"> • Phil Raines, <i>Deputy Director for Domestic Climate Change</i> • Annabel Turpie, <i>Director, Marine Directorate</i> • Allison Irvine, CEO Transport Scotland • David Signorini, Director, Environment and Forestry
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Supporting Official	Issues Covered
Phil Raines	<ul style="list-style-type: none"> • Energy and Climate Change issues
Annabel Turpie	<ul style="list-style-type: none"> • Marine Directorate issues
Allison Irvine	<ul style="list-style-type: none"> • Transport Scotland issues
David Signorini (tbc)	<ul style="list-style-type: none"> • Environment and Forestry issues

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Overview

The committee was established in June 2021. It focuses on:

- Scrutinising the Scottish Government's policies and progress towards meeting climate change targets across all government departments
- Transport
- Energy
- Net zero and circular economy
- Aspects of environmental policy

Committee Membership

Edward Mountain, Convener	Scottish Conservatives, Highlands and Islands
Jackie Dunbar	Scottish National Party, Aberdeen Donside
Liam Kerr	Scottish Conservatives, North East Scotland
Monica Lennon	Scottish Labour, Central Scotland
Ash Regan	Scottish National Party, Edinburgh Eastern
Mark Ruskell	Scottish Green Party, Mid Scotland and Fife
Sarah Boyack	Scottish Labour, Lothian
Bob Doris	Scottish National Party, Glasgow Maryhill and Springburn
Brian Whittle	Scottish Conservatives, South Scotland

Annex B – Net Zero, Energy and Transport Committee inquiry report on ‘The Role of Local Government and its Cross Sectoral Partners in Financing and Delivering a Net Zero Scotland’

The NZET Committee launched an inquiry into the role of local government and its cross-sectoral partners in financing and delivering a net-zero Scotland in October 2021.

The purpose of the inquiry was to seek out the main barriers at a local level, to Scotland reaching its net zero targets. It considered what practical steps councils are taking to break them down, in partnership with business, the voluntary sector, and local communities. It also sought to highlight areas where change will be needed if councils are to play a full role in the helping us achieve the goal of a net-zero Scotland.

The inquiry also considered:

- what role the Scottish Government and its agencies can play in both supporting and, where necessary, challenging local government to work well with its partners to deliver net zero; and
- how local government can play its part in ensuring a just transition to net zero.

Over the lifetime of the inquiry, the Committee undertook 17 oral evidence sessions involving witnesses representing more than 50 organisations. The inquiry also received 63 written responses to the Committee’s call for views. The then Cabinet Secretary for Net Zero, Energy and Transport and the then Minister for Social Security and Local Government appeared at the final evidence session of the inquiry on 27 September 2022.

The Committee published the final report on their inquiry on 23 January 2023. A debate was then held on the 14 March 2023, whereby the Convenor of the NZET Committee, Edward Mountain MSP, lodged a motion that the Scottish Parliament notes the conclusions and recommendations in the Net Zero, Energy and Transport Committee's 1st Report, 2023 (Session 6), The role of local government and its cross-sectoral partners in financing and delivering a net-zero Scotland. The then Cabinet Secretary for Net Zero, Energy and Transport gave opening and closing statements, and the motion was passed by the Scottish Parliament.

Although the focus of the inquiry was on local government, most of the recommendations are directed at Scottish Government. The key recommendations identified are:

- **22: Net zero, local government and communities:** We recommend that, in their joint work on effective net zero strategic planning (Recommendation 1 above), the Scottish Government and COSLA promote models of community engagement on climate change and net zero, building on the good work some councils are doing, including examples mentioned in this report. This should also include promoting good practice in relation to community engagement on Local Heat and Energy Efficiency Strategies. The effective engagement of communities and community groups, drawing on their local knowledge, is vital to embed a place-based approach to climate change and net zero at local level.
- **5.4: Skills deficit:** we recommend that the Scottish Government set up a local government-facing "climate change intelligence unit" dedicated to liaising with the sector and working with the Sustainable Scotland Network to provide the specialist help and advice the sector needs to help meet national net zero targets. The inquiry has identified planning, procurement, building standards and environmental

assessment as being amongst the areas where such assistance is likely to be most needed. We also call on the Scottish Government to work on securing specialist advice and assistance to local government in its engagement with institutional investors on major capital funding, whether this comes from the proposed "intelligence unit", the Scottish National Investment Bank, the Scottish Futures Trust or, in relation to area-based decarbonisation schemes (discussed later in this report), the new public energy agency

- **3: Scottish Government support for councils - funding, skills, powers and direction:** The Committee calls on the Scottish Government to heed the Climate Change Committee's call for a comprehensive and detailed roadmap for delivery of net zero in key areas, such as heat in buildings and transport: one that also gives Councils far more certainty than they have at present about the roles they are to play in these areas and about any additional resources or powers they are to receive to help them do so.
- **5.2: Discrete net zero funding streams:** we ask the Scottish Government to note and act on evidence that local authorities, and other local groups, often find the system of challenge funding for net zero projects frustrating and hard to navigate. There are also views that it does not optimise public benefit because schemes are often too narrowly defined and are out of keeping with a place-based approach to tackling net zero now recognised as best practice. Finally, we are concerned by evidence that the short-term nature of much challenge funding actively works against the long-term goal of achieving net zero. We support a system of larger, fewer and more flexible funding streams for net zero-related projects at local level
- **9.1: We support moves to create an apprenticeship scheme for planners and invite the Scottish Government to provide an update on its work on this with the Royal Town Planning Institute**

Key commitments in response to the Inquiry include:

- Allocation of £4.3 million to expand the Scottish Government's **Climate Action Hub programme** in 2023/24. This funding will allow the network to expand to around 20 regions communities across the country and build upon the important progress that has been made to date. Empowering local communities to develop place-based responses is key to the hub model. (detail on the hub programme can be found in Annex D)
- Taking forward plans with local government partners to establish a **Climate Intelligence Service** for local authorities this year.
- Discussions with COSLA and the Scottish Cities Alliance about the development of a **framework between national and local government to agree shared actions and approaches to delivering net zero**, enabling better alignment between national and local targets and to jointly address the challenges and barriers to delivery.
- As part of the work in developing an enhanced framework for action with local government, the Scottish Government will explore **co-producing a roadmap with local government partners**, setting out the roles and responsibilities of local authorities in delivering net zero as part of the development of the next Climate Change Plan.
- In recognising the challenge with navigating the net zero funding landscape, we are working to simplify and streamline it through a **funding alignment programme that commenced in 2022**.
- We published a **directory of climate change funding for public sector organisations** last year, which we will review and update this year. This helps local authorities and other public bodies to identify funding to support their delivery of net zero.
- Partnering with Heads of Planning Scotland, the Royal Town Planning Institute (RTPI) and the planning schools to **implement the recommendations of the Future Planners report**, which include **introducing a planning apprenticeship scheme**. The Scottish Government is supporting RTPI Scotland to promote a case for creating an apprenticeship via the relevant skills organisations.

Local Government and Transport

- Local authorities have responsibilities to deliver a considerable amount of transport provision as set out in legislation,
- Transport Scotland works closely with the main local authority bodies such as Cosla and Solace to ensure that transport policy in Scotland is properly co-ordinated
- The National transport Strategy was developed collaboratively with Cosla and the NTS Board is chaired jointly between the Minister for Transport and the Chair of Cosla.
- Transport Scotland estimates that there is currently a rough estimate total of £178.5 million allocated as ring-fenced funding in 23/24 to Local Authorities and Regional Transport Partnerships from the Transport Scotland budget.
- This will increase as the Active Travel budget increases
- There are also a number of funds which are bid-in to Transport Scotland which largely end up with Local Authorities.

Cabinet Secretary for Transport, Net Zero and Just Transition – May 9, 2023 Evidence Session at Net Zero Energy and Transport (NZET) Committee on *The Climate Change (Scotland) Act 2009 (Interim Target) Amendment Regulations 2023*, in line with standard parliamentary procedure

BACKGROUND BRIEFING: DRAFT STATUTORY INSTRUMENT AND RELATED CCC TARGET ADVICE

SUMMARY

- On 31 March 2023, a draft SSI was laid in the Parliament to amend the Climate Change (Scotland) Act 2009 by modifying the percentage figure specified for the 2020 interim target. The 2020 interim target is modified from 56% to 48.5%. This modification has the effect of adjusting the annual target figures for 2021 to 2029, as follows:

Target year	Previous target	Modified target (after
2020 (interim target)	56%	48.5%
2021	57.9%	51.1%
2022	59.8%	53.8%
2023	61.7%	56.4%
2024	63.6%	59.1%
2025	65.5%	61.7%
2026	67.4%	64.4%
2027	69.3%	67.0%
2028	71.2%	69.7%
2029	73.1%	72.3%
2030 (interim target)	75%	75%

- These Regulations are in response to, and consistent with, the most up-to-date advice received from the UK Climate Change Committee (“CCC”), advising that the 2020 interim target should be modified for the sole reason of a change in international carbon reporting practice. This is because the level of the 2020 interim target set by the 2019 Act was based on the CCC’s 2017 Scottish climate change bill advice using an older accounting methodology, before significant changes to the treatment of peatland emissions in the UK greenhouse gas inventory – from which the Scottish inventory is derived - following implementation into the UK greenhouse gas inventory of the 2013 wetlands supplement to the 2006 Intergovernmental Panel on Climate Change (IPCC) guidance on the compilation of greenhouse gas emissions data.
- The CCC recommend that the annual targets from 2021 to 2029 be adjusted to align with a translation of the legislated 2020 interim target to the new inventory basis. The CCC target advice states that “Without this adjustment, these already challenging annual targets will be made much more difficult to achieve, simply as an artefact of accounting”. As the annual targets are set as a straight line between the 2020 and 2030 interim targets, in order to amend the annual targets from 2021 to 2029 it is necessary to adjust the level of the 2020 interim Scottish emissions reduction target. If the adjustment is not made, the 2021-2029 statutory emissions targets will be inconsistent with the accounting methodology used to measure progress against them.

- Modifying the 2020 interim target, which has been achieved, is for the sole purpose of adjusting the annual targets for 2021 to 2029 which have not yet been reported, and will not “re-activate” any of the duties which flow from the 2020 target (i.e. the need to report to the Scottish Parliament on whether that target was met).
- The CCC target advice is clear that adjusting the annual targets for 2021-2029 does not represent a lowering of ambition. The CCC also say that “Should the annual targets in the 2020s not be corrected, there is a real risk that the targets being missed every year would undermine the credibility and strength of the Scottish framework for emissions reduction.” The CCC do not recommend adjusting the 2045 net-zero target year or the 2030 and 2040 interim targets, as legislated by the Scottish Parliament.
- Mechanisms agreed by the Scottish Parliament and enshrined in the 2009 Act anticipate adjustments to targets being made in light of new data and improvements to the greenhouse gas inventory. As highlighted in the CCC target advice, “Technical changes leading to the targets becoming unachievable is not the intention behind the Act. Indeed, the reason for its mechanisms around emissions accounting and the five-yearly reviews is to ensure that inventory changes on their own do not make the targets unachievable.”

Q&A covering key sensitivities

GENERAL TOP LINES ON SSI

- This SSI has been laid to ensure we remain aligned with advice from the Climate Change Committee to ensure our emissions targets remain consistent with the latest methodology for carbon accounting.
- Our legislation, agreed by the Scottish Parliament, anticipates the need for such periodic revisions, as data and carbon accounting standards evolve over the years.
- As the Climate Change Committee highlight in their advice, these adjustments represent a technical modification, not a lowering of ambition.
- The Committee is clear that they do not recommend adjusting the 2045 Net Zero target year or the 2030 and 2040 interim targets.
- That is why this SSI only impacts targets between 2021 and 2029.

ARE WE CHANGING THE TARGETS TO MAKE THEM EASIER?

- The Climate Change Committee is clear in their advice: these changes do not represent a lowering of ambition.
- Our pathway through the 2020s is as challenging as before. For example, our 2030 interim target remains a 75% reduction in emissions from the 1990 baseline.

WHY ARE WE ADJUSTING TARGETS NOW?

- Our legislation requires us to request the Climate Change Committee to review, at least every five years, if our emissions targets are set at the right level.
- We requested such a review in April last year and the Committee provided their advice in December.

- Their advice recommends our “annual targets in the 2020s should be adjusted for technical reasons” and that “without this adjustment, these already challenging annual targets will be made much more difficult to achieve, simply as an artefact of accounting”.
- Legislation requires we publish our response to such advice from the Climate Change Committee. Our response was presented to the Scottish Parliament on March 31 when we confirming our intention to follow this advice and brought forward the necessary legislation to bring this change into effect.

WHY ARE ADJUSTMENTS ONLY BEING MADE TO TARGETS IN THE 2020s?

- Our ‘annual’ targets are set along a straight line connecting ‘interim’ targets at the start of each decade (2020, 2030, 2040) and 2045.
- Our 2021 to 2019 ‘annual’ targets are, therefore, dependent on the respective levels we have set for our 2020 and 2030 interim targets.
- The current 2020 interim target was set using the Climate Change Committee’s original advice from 2017, which used a now-outdated carbon accounting methodology that undervalued the role of peatland restoration.
- The Committee advises our targets in the 2020s should now be based on the updated methodology. This equates to a revised 2020 target of 48.5%, rather than 56% due to changes in the methodology on carbon accounting.
- With this revision to the 2020 interim target, the pathway for annual targets from 2021 to 2029 adjusts accordingly.
- The Committee do not see a need to adjust the 2045 Net Zero target year or the 2030 and 2040 interim targets.

ARE THE UK GOVERNMENT AND OTHER DEVOLVED ADMINISTRATIONS NOT ALSO IMPACTED BY THESE CHANGES?

- Yes, revisions to internationally-set standards for carbon accounting impact both the UK Government and the Devolved Administrations.
- The significance of these revisions for Scotland’s emission reduction targets is however higher than elsewhere.
- This is because of two factors. Firstly, Scotland’s comparative reliance on peatland restoration for our emissions reductions. Secondly, we have annual - rather than five-year emissions target cycles, as is the case in the UK and Welsh Governments, for example.

WILL THE TARGETS BE REVIEWED AGAIN IN THE FUTURE?

- Every year, international standards for carbon accounting are updated to reflect improvements in underpinning science, data and modelling.
- We are statutorily required to ensure our targets are based on the latest advice from our independent advisory body, the Climate Change Committee, and the most up-to-date international climate science.

- The Climate Change (Scotland) Act 2009 anticipates the need for such periodic reviews, with Ministers required to request the Climate Change Committee reviews our emissions reduction targets at least every five years.

Q&A COVERING GENERAL QUESTIONS ON CLIMATE POLICY DELIVERY

DO YOU AGREE WITH THE CLIMATE CHANGE COMMITTEE THAT SCOTLAND'S TARGETS ARE "IN DANGER OF BECOMING MEANINGLESS"?

- The latest CCC's advice on our net zero transition makes clear the scale of the changes needed to achieve our emissions reduction targets to 2030.
- Progress has been made – Scotland is already half way to net zero – but we are now entering the most challenging part of the journey to date, with a need to halve our emissions again within the next eight years.
- In 2020 we updated our 2018 Climate Change Plan, to go further and faster. We are currently implementing this plan.
- The next Climate Change Plan, due in draft this year, will show the emissions reductions of the economy wide policies in the plan, as well as estimates of the costs and benefits of the policies.
- Significant steps have been taken in recent years to put in place the policy frameworks that will drive action and change on the ground. For example, plans to spend at least £1.8 billion over this parliament to decarbonise homes and buildings, facilitating the transition to renewable and low-carbon sources of energy, free bus travel for under 22s and an updated national planning framework that promotes developments that reduce carbon emissions.
- We know we need to do more – government, industry, business and communities must work together, be ambitious, and drive the change necessary to achieve net zero.
- I am pleased that the Climate Change Committee recognises Scotland's "extraordinary ambition" to decarbonise the economy over the next decade, and welcomes our focus on a fair and just transition.

THE CLIMATE CHANGE COMMITTEE HAVE SAID THAT THE SCOTTISH GOVERNMENT LACKS A CLEAR DELIVERY PLAN TO MEET CLIMATE TARGETS – HOW WILL THE GOVERNMENT ADDRESS THIS?

- Our next Climate Change Plan, which will be published this year, will comprehensively set out the actions we will take to meet our targets over the period to 2040.
- This Plan will set out emissions pathways for each sector, and include details of the costs and benefits of the policies it contains.
- We are committed to taking all of the actions that we can to meet our annual targets for emission reductions. However, we can't continue Scotland's fight against climate change alone. This transition will require a truly national effort, with individuals, communities and businesses across our society and economy playing their part, and making the changes needed to rapidly reduce our emissions.

WAS THE LATEST SCOTTISH EMISSIONS REDUCTION TARGET MET?

- Official Statistics published on June show that Scotland has narrowly missed its annual target for 2021, achieving a 49.9% emissions reduction against a target of 51.1% from the 1990 baseline. To miss Scotland's target so narrowly – by just 1.2 percentage points - is, of course, disappointing but it also demonstrates that we are not far behind where our world-leading targets dictate we should be.
- While the 2021 results show a rebound from 2020, this was not unexpected given how much the 2020 position was affected by pandemic lockdowns. Scotland is not unique in experiencing this. UK emissions rebounded by 4.4% over the period, compared to 2.4% in Scotland. We knew to expect an increase in transport emissions as a result of Covid restrictions easing and we also expected that a particularly cold winter was likely to see an increase in domestic heating emissions.

WOULD YOU HAVE MET THE 2020 TARGET WITHOUT COVID?

- The Official Statistics do not set out alternative numbers for what the outcome would have been without the impacts of the COVID pandemic.
- However, the year on year fall in transport emissions is clearly exceptional. If this hadn't occurred, it is unlikely that the 2020 target would have been met.
- What this points to is the need for *positive* transformational approaches in response to the scale of the climate emergency, including in the way we travel.

HOW DOES THE GOVERNMENT EXPECT BUSINESSES AND CONSUMERS TO PRIORITIZE CLIMATE CHANGE WHEN WE ARE IN A COST OF LIVING CRISIS?

- In recent years, a number of other crises have dominated the landscape in which we are working: the COVID-19 pandemic; Russia's invasion of Ukraine and the impact that has had on global energy markets; and now a deeply concerning energy and cost of living crisis.
- It is vital that we address these pressing crises in a way that does not lose sight of the existential threat that climate change poses to our future and recognises that action on climate can help to ease the other crises we face.
- The current energy crisis that is putting so much stress on households and businesses across Scotland is ultimately caused by our dependence on fossil fuels. The solution is ending this dependence through renewables and energy efficiency.
- For example we can enhance our energy security by investing in renewable energy; insulating our homes to reduce energy consumption and also tackle fuel poverty, keeping us warm in the winter. Making public and active transport more accessible to reduce car use can reduce emissions, reduce costs and improve air quality and health. These measures, and many more, can reduce costs, reduce our emissions and secure employment and wider economic benefits.

CHALLENGE ON NZET COMMITTEE RESPONSE LETTER

The full letter issued to the NZET Committee has been included in Annex J.

Funding made available to bus operators during 2023-24

Q: Does the Minister agree with the bus industry's call to review how funding should be provided to support and improve bus networks?

A: Patterns of travel have changed post Covid, therefore it is important that the support we give transport operators continues to evolve as the network adapts and to ensure support remains fit for purpose and is sustainable in the longer term.

There is a broad package of long-term investment in bus, including through the Network Support Grant, Community Bus Fund, and the Bus Partnership Fund for bus priority infrastructure, together with the enhanced suite of options for local transport authorities to improve bus services according to their local needs, including formal partnerships, franchising, and running their own bus services. I am committed, in conjunction with operators and local authorities, to looking at ways of improving services to ensure that everyone has accessible public transport regardless of where they live. It is important that encourage passengers back to bus which is why we have provided extra funding to support a marketing campaign from Scottish Government, to encourage people back to bus. I have committed to a review of funding which will take place this financial year.

Q: Can the Minister look at short term solutions to support bus services until Local Authorities develop their own bus networks using their new powers? Recently announced changes to bus services, due in part to worsening driver shortages, will mean that many areas will no longer be served at all by certain bus routes. We need to encourage people back onto buses post Covid and out of cars for net zero targets will he look at this growing national bus crisis in semi-rural areas as a priority?

A: I recognise the problems caused by driver shortages, and we are working with operators to resolve them through the Bus Taskforce while recognising many of the levers are reserved to the UK Government.

It is important to remember the significant support we have already provided the industry, with £223 million in emergency funding to support bus services during the pandemic, and we are continuing to support bus with £421.8 million allocated in 2023-24 for bus services and concessionary fares. We are further supporting the industry with extra funding for a marketing campaign from Scottish Government, to encourage people back to bus.

Local authorities can provide subsidy for services that are not provided on a commercial basis, and in 2021-22, spent £55 million in this way. We have brought forward an enhanced suite of options for local transport authorities to improve bus services according to their local needs, including formal partnerships, franchising and running their own bus services. We are introducing a Community Bus Fund to support local transport authorities to explore the options in the Transport Act, and to improve public transport in their areas.

Q: What is the Minister doing to ensure that bus travel continues to be affordable considering the ongoing cost of living crisis?

A: Extending free bus travel to all children and young people under 22 is making public transport more affordable, helping to improve access to education, leisure, and work, while enabling them to travel sustainably early in their lives. Indeed, more than a third of the population, up to 2.6 million people, including everyone under 22 and over 60, and disabled people and companions, can benefit from free bus travel.

The Network Support Grant continues to be available in 2023 – 2024 with the aim of keeping services more extensive and fares more affordable. The Scottish Government is also progressing the Fair Fares Review to ensure a sustainable and integrated approach to public transport fares that supports the future long term viability of a public transport system that is accessible, available and affordable for people throughout Scotland. The Fair Fares Review advice will report by the end of 2023 and will recommend a package of measures which can be considered for implementation from 2024-25 and onwards. These will provide opportunities to address the wider issues for the cost and availability of public transport services across all modes of public transport.

Q: What support is the Scottish Government providing for rural bus services?

A: I recognise the critical importance of rural bus services. The Scottish Government is committed, in partnership with operators and local authorities, to looking at ways of ensuring that everyone has accessible public transport regardless of where they live.

Many services in Scotland are operated on a commercial basis by private bus companies. However, local transport authorities can provide subsidy for services that are not provided on a commercial basis, but this is entirely a matter for the local authority.

Local authorities already receive money through the general revenue grant to secure additional bus services, which are socially necessary but not commercially viable in their own right. In 2021-22 they spent £55 million in this way.

COMMUNITY BUS FUND

Q: Does the Minister believe that £0.75 million in 2023-24 for the Community Bus Fund is enough to drive the growth which the bus sector needs?

A: I am pleased to note that the Scottish Budget has allocated £0.75 million to the development of the Community Bus Fund in 2023-24, delivering on a commitment in the Programme for Government to introduce this new fund to improve local transport.

My officials are working on the design of the fund and are continuing to engage with local government about the allocation of funds, taking into consideration what is achievable within the budget for 2023-24 given the current financial climate.

The Community Bus Fund complements our broader package of long-term investment in bus, including £223 million in emergency funding to support bus services during the pandemic. In 2023-24, £421.8 million has been allocated in funding for bus services and concessionary fares, as well as investment in bus priority infrastructure.

CONCESSIONARY TRAVEL

Q: How much of the £359 million to support concessionary travel across Scotland has been drawn down, and does the Cabinet Secretary expect that the full amount will be drawn down over the course of this financial year?

A: The £359 million set aside for concessionary fares is drawn down on a period-by-period basis across the 13 reporting periods during the financial year. At this point in the financial year, £37,228,026 has been spent on the Older and Disabled Persons scheme, with £31,774,576 spent on the Young Persons scheme but it is anticipated that the full £359 million will be drawn down over the course of the financial year.

Q: Does the Minister believe the Young Person's Free Bus Travel Policy is performing well and what is being done to increase uptake?

A: With over 68 million free bus journeys made by under 22s across Scotland, the landmark Young Persons' Free Bus Travel policy is already helping young people and families with children cut costs for everyday and leisure travel, while at the same time protecting our climate. To have seen over 68 million journeys made through the scheme so far demonstrates the appetite for sustainable travel in Scotland.

Over two-thirds of children and young people eligible for free bus travel are now benefiting – our focus remains on encouraging as many more as possible to do so too. Uptake is much higher amongst those who can use the scheme independently, with over 78% of 12-15 year olds and 80% of 16-21 year olds having a valid card. In addition, of the journeys made, just under 60% were taken by those aged 16-21, showing huge interest and usage of the scheme and representing significant cost savings for young people accessing education and work.

We have no set uptake target, but we encourage all young people and their parents, guardians or carers to apply for their pass now.

Q: What progress has been made to date on the Programme for Government commitment regarding free bus travel to people seeking asylum?

A: In the Programme for Government 2022-23, the Scottish Government committed to working with third sector partners and local authorities to consider how best to provide free bus travel to people seeking asylum.

A short-term pilot led by the Refugee Survival Trust and third sector partners commenced on Monday 30 January and will run until July. The pilot is providing 150 people seeking asylum living in Glasgow with a 12-week digital First Bus pass, along with information and digital support to access and use the pass. Participants in the pilot will be asked to provide information on how often they make use of bus travel and the reasons that journeys are made. They will feedback on how having access to bus travel positively impacts their lives.

The information gathered from this pilot will help inform options on how to deliver our Programme for Government commitment to consider how best to provide free bus travel to people seeking asylum in Scotland. In parallel, my officials are exploring options, including the statutory concessionary travel scheme, to provide free bus travel to people seeking asylum in the longer term.

Q: What is the Scottish Government doing to tackle anti-social behaviour on buses?

A: The Scottish Government is committed to tackling anti-social behaviour and promoting safer and stronger communities, where people take responsibility for their own actions and how they affect others.

The Scottish Government is aware that there have been incidents of anti-social behaviour over recent months that have been linked to the introduction of the Scotland-Wide Free Bus Travel Scheme for Young People. These incidents should not detract from the success of the scheme, but they are concerning.

The police, local authorities, and other local agencies are responsible for tackling anti-social behaviour at the local level. It is these agencies, empowered by the Scottish Government, working in a concerted and co-ordinated way with local people that are working to tackle the problem effectively.

The Scottish Government is encouraging anyone witnessing such incidents to report this behaviour to their local council's Antisocial Behaviour Team and to report all criminal behaviour to the police.

BUS PARTNERSHIP FUND

Issues

- Low level of awards (£26.47m) made against the £500m long term of bus priority funding
- NZET Air Quality Inquiry Committee Report (May 2023) recommendation to review the Fund to ascertain barriers to take up
- Slow pace of delivery and burdensome transport appraisal process
- Alignment with Active Travel
- There is a need for leadership at a local and regional and level to support delivery of the Bus Partnership Fund

To date up to £26.47m of bus priority funding has been awarded through Transport Scotland's Bus Partnership Fund to eleven partnerships covering 28 local authorities across Scotland.

- This initial funding has been awarded to local authorities, working in partnership with operators, to identify, develop and deliver bus priority measures.
- These measures will tackle congestion, making bus journey times shorter and services more reliable for passengers. This will encourage people to leave their cars, get onto buses and help meet our climate change targets.
- In the short term this is delivering traffic light equipment to help buses get through junctions more quickly, bus lane cameras and is making temporary bus measures permanent.
- There were not many construction ready bus priority projects identified. Transport Scotland funded Partnerships to undertake studies to identify more measures, including ensuring alignment with active travel and wider transport strategies.
- Appraisal is an essential part of good financial management as recognised by the Scottish Public Finance Manual.
- Transport Scotland continues to work with Partnerships and stakeholders to understand how collectively they can increase the pace of delivery.
- The Scottish Government remains committed to funding further bus priority projects once business cases are completed.

Q: How much has been awarded through the Bus Partnership Fund to date?

A: So far, up to £26.47m has been awarded to Bus Partnerships from the Bus Partnership Fund. This is an increase of £0.47m since I last advised the committee on 19 June (letter in Annex I) and relates to an increase in scope of existing projects alongside continued project management funding to help Partnerships deliver as quickly as possible.

Q: The NZET Committee's Air Quality Inquiry published in May this year included a recommendation that the Scottish Government review the Bus Partnership Fund to ascertain what the barriers are to take-up. What are you doing in that regard?

A: Since the outset of the Fund Transport Scotland has continuously looked at how, with Partnerships and stakeholders, they can collectively increase the pace of delivery and overcome barriers as they are identified. This includes working with Partnerships themselves as well as

stakeholders such as COSLA and Confederation of Passenger Transport (CPT) through the Fund Steering Group.

This has resulted in the issuing of guidance on various topics and assisting with the scoping of work to ensure focus is maintained. An early barrier was Partnerships resourcing. Transport Scotland responded to this by providing funding to support those Partnerships affected.

Q: Why has it taken so long to deliver bus priority?

A: There were not many bus priority projects identified that could be built straight away, Transport Scotland funded Partnerships to undertake studies identify further projects. Partnerships are delivering these as quickly and efficiently as possible and Transport Scotland is supporting them in that.

Transport Scotland is also working with Partnerships to identify projects for delivery as soon as evidence is available. This will enable localised, but effective, bus priority measure to be delivered in advance of the larger scale transformative projects.

Q: The Confederation of Passenger Transport set out in their evidence to the NZET Committee's Air Quality Inquiry published in May this year that bus prioritisation measures should be delivered at a strategic level at the same pace and time as active travel measures to avoid competing for the same limited roadspace. What are you doing about that?

A: The studies that Partnerships are undertaking to identify bus priority measures also need to consider other modes, including active travel. This provides decision makers, mainly local authorities, with the evidence they need to make decisions about any tensions between bus and active travel, where these exist.

I would take the opportunity to highlight that for a number of transport corridors being looked at through the Bus Partnership Fund both active travel and bus priority measures can be accommodated. This provides a great opportunity to deliver better outcomes for communities as well as leading to quicker, more efficient and cost effective delivery.

Q: The Bus Partnership Fund has stalled due to the burdensome appraisal process. Why can't funding just be awarded for delivery?

A: Transport Scotland has already awarded funding to Partnerships to deliver projects where there was evidence that these would deliver improved bus journey times and reliability for passengers.

Appraisal is an essential part of good financial management, as recognised by the Scottish Public Finance Manual, which provides guidance on the proper handling and reporting of public funds. In a climate of increasing fiscal pressure it is important the case for bus is made in an evidenced based way.

Many of the bus priority projects being looked at are estimated to cost tens of millions of pounds. It is rightly expected, and required, that Government has properly scrutinised the evidence for such large-scale investment.

Funding allocated for the EV Infrastructure Fund (EVIF) and how many charging points installed as a result of funding

Q: How many electric vehicle charge points have been installed through the new EV Infrastructure Fund.

A: We have already invested over £65 million in public EV charging in Scotland. No new charge point installations have been directly supported by the EV Infrastructure Fund to date and installations are expected to begin early 2024. £7.25 million of this funding has been allocated for an initial planning and enabling phase covering all local authorities. This includes significant work already completed on development of EV public charging strategy and expansion plans, market engagement and procurement activity. Over the coming year this will create opportunities for the public and private sectors to work together to invest in and grow Scotland's public charging network.

Q: The EV Infrastructure Fund won't deliver the amount of EV charging needed in Scotland.

A: Earlier this month we published our Vision for the future of public charging. That Vision sets out our ambition for an exemplar public charging network that works for all of Scotland and recognises the role of the private sector in delivering our future charging network.

The private sector is already investing in EV charging in Scotland, and our EV Infrastructure Fund will be targeted to ensure that investment is balanced across all of Scotland. The fund aims to double the public charging network, but that is in addition to the continued investment in public charging by the private sector in Scotland.

Q: How will private investment impact on operation of the ChargePlace Scotland network.

A: ChargePlace Scotland's network of electric vehicle chargers are owned by a mix of public, private and third sector organisations. In addition to the ChargePlace Scotland network, the private sector already provides electric vehicle charging across Scotland and will continue have an important part to play in developing Scotland's public charging network at the scale and pace needed to meet the future needs of EV drivers. We expect Scotland's public EV charging network to evolve over the coming years to be less focussed on ChargePlace Scotland, but to retain the ability for drivers to seamlessly travel across a more diverse charging network with greater charging opportunities and offering an exemplar driver experience.

Current values allocated and administered for the Fuel Insecurity Fund and Winter Heating Payment

Q: The first act of the First Minister on his appointment was to announce the tripling of the Fuel Insecurity Fund from last year, to support those families most struggling with their energy costs, yet only £2 million has been paid out by the Scottish Government to date – these funds need to be reaching people's pockets now.

A: The Fuel Insecurity Fund has been and continues to be a critical plank and lifeline support to those families most in need with help with their energy bills across Scotland. We published our budget allocations last month, with flexibility offered to delivery partners in how they wish to drawdown funds to best support and target resource across the year.

There are regular communications with our partners to ensure robust governance controls, monitoring, reporting and evaluation are in place to maximise our full 2023/24 budget.

Spending on Heat in Buildings/Fuel Poverty, including in relation to Warmer Homes Scotland and other individual insulation programmes

Q: Why did Warmer Homes Scotland close to new applicants last month? What impact will this have on spending this year.

A: The existing contract came to an end and the existing scheme had to be closed to allow for current customers to have their work completed before the end of this contract. I am pleased to note that we have recently announced that Warmworks, the contractor for the existing scheme, has

been awarded the contract for the successor scheme. This scheme has widened eligibility criteria which will allow a broader range of households to access help. Demand for this scheme has been the highest ever in recent months and the measures we have put in place to manage the transition to the new contract means that we expect all our funding to be allocated in full this year.

Q: Area Based Schemes (ABS) always underspends the allocated budget, what actions are you taking to address this.

A: The ABS programme has seen an underspend in the last few years following COVID-19 and the cancellation or postponement of several large projects. Major retrofit projects are often challenging and technically complex, planning and delivery frequently take more than a year with many potential risks (e.g. delays due to nesting bats or shortages of insulation materials). However we continue to work closely with local authorities and have been successfully supporting them to ramp up delivery. This year I am also expecting to publish details of our planned investment in ABS over a rolling, three year time frame – this should increase Council's ability to deliver projects under the scheme and provide certainty for installers and households taking part in projects.

Funding provided through the Heat Network Fund, Social Housing Net Zero Heat Fund and Green Public Sector Estate Decarbonisation Scheme, including sums allocated so far in 2023-24

Q: These schemes have not spent their allocated budget in previous years, what action are you taking to address this in this year.

A: Our ability to fully allocate this funding is a factor of demand. We have taken a number of steps to support demand for the schemes. For example, we are planning to shortly launch a new grant scheme for the public sector, replacing a loan scheme which has had seen take up of the offer fall in recent years.

Plans for remaining £3 million from Hydrogen Innovation Scheme and whether a call for projects has been opened for the Green Hydrogen Fund

Q: What are the Scottish Government's plans for the remaining £3 million from the Hydrogen Innovation Scheme and when will a call for projects be opened for the Green Hydrogen Fund?

A: I am pleased to note that the Hydrogen Innovation Scheme has already awarded over £7 million to 32 diverse projects which will further innovation in the production, storage and integration of renewable hydrogen in our energy system. Further steps to support innovation in hydrogen technology in Scotland through the Hydrogen Innovation Scheme will be considered in early 2024 following an assessment of the outcomes of the successful HIS projects.

The EETF Green Hydrogen Fund is scheduled to launch later this year. This flagship fund will focus on supporting renewable hydrogen production from Scotland's abundant renewable energy resources, seeking to give Scotland first-mover advantage. This investment is aimed at driving Scotland's hydrogen production capability to meet an ambition of at least 5GW of renewable and low carbon hydrogen by 2030 and 25GW by 2045.

How the Emerging Energy Technologies Fund has been spent and if £80 million remains earmarked for the development of CCUS

Q: How has the Emerging Energy Technologies Fund been spent and does £80 million remain earmarked for the development of CCUS?

A: I am pleased to note that the Hydrogen Innovation Scheme has already awarded over £7 million; further steps to support innovation in hydrogen technology in Scotland through the Hydrogen

Innovation Scheme will be considered in early 2024 following an assessment of the outcomes of the successful HIS projects.

The EETF Green Hydrogen Fund, which will provide up to £90 million aimed at driving Scotland's hydrogen production capability to meet an ambition of at least 5GW of renewable and low carbon hydrogen by 2030 and 25GW by 2045, is scheduled to launch later this year.

BREAKDOWN OF FUNDS MENTIONED IN THE NZET COMMITTEE LETTER

Briefing on the breakdown of each of the funds, including what has been spent of what total commitments and what it has been spent on to date

Support for Bus Services – including Network Support Grant (NSG)

A total of £62.508 million was included within the 2023-24 budget for Support for Bus Services. Of this, almost £45 million RDEL (Resource Departmental Expenditure Limit) has been allocated at this stage of the financial year through the Accountable Officer governance process, which will be required to support the Network Support Grant. A further £5 million CDEL (Capital Departmental Expenditure Limit) has been allocated to support the Community Bus Fund.

To date, £3,273,200 has been spent on NSG since 1 April 2023

The Community Bus Fund (CBF) will be distributed to local authorities once launched. The CBF is still in development, and there has been no spend to date.

Concessionary Travel

To date, £37,228,026 has been spent on the Older and Disabled Persons scheme, with £31,774,576 spent on the Young Persons scheme.

Bus Partnership Fund

[Redacted]

As of 13 June 2023, £26,467,406 has been awarded to Bus Partnerships of which £8,668,011 has been claimed by Partnerships to the end of 2022/23. Note that this does not include £3,134,070 2022/23 Q4 claims from four Partnerships which were being processed at the time of production. We expect to receive Q1 2023/24 grant claims from Partnerships on 4 August 2023 which will increase this figure further.

EV Infrastructure Fund

The EV Infrastructure Fund aims to award £30 million of public funding and lever a further £30 million of private sector investment to double Scotland's public charging network to 6,000 charge points by 2026. To date, a total of £7.25 million of this funding has been allocated for an initial planning phase across all of Scotland's local authorities. This includes development of Electric Vehicle Public Charging Strategy and Expansion Plans, market engagement, associated procurement strategies and documents, contract management and enabling works. Local authorities have already completed a significant amount of this work, which will create opportunities to work with the private sector to invest in and grow Scotland's public charging network over the next few years. Further funding allocations are anticipated from the summer of 2023. Current forecasts suggest that the Fund will meet or exceed the target of doubling the public charging network to 6,000 charge points.

Fuel Insecurity Fund

To date, £2,000,000 has been paid from the 2023/24 Fuel Insecurity Fund budget. There is flexibility for delivery partners on drawdown access to best support households across the year.

Winter Heating Payment

The official statistics for the Winter Heating Payment were published on 6 June. At 30 April 2023, there were 399,770 clients known to have been eligible for Winter Heating Payment during the qualifying week in November 2022. Up to 30 April 2023, 394,135 Winter Heating Payments were

issued for winter 2022/2023, with a total value of £19.7 million. As of 30 April 2023, 1,370 new applications have been received for Winter Heating Payment. By 30 April, 225 applications have been processed, 93% of which were approved and 7% were denied

Heat in Buildings/Fuel Poverty:

Area Based Schemes (ABS)

Total funding of £64 million CDEL has been allocated to Councils for the scheme. We are currently assessing their proposals and expect to issue an offer of grant later this month. We expect them to claim £48 million of this funding by the financial year end but our grant offer will support 23-24 projects up until June 2024. We are also working with COSLA and councils to formalise a multi-year approach which will provide certainty of funding (within the constraints of the annual budget process) over a 3-year time horizon. This will enhance councils' ability to deliver as large and complex projects typically require several years to complete. Local authorities report progress on a quarterly basis and claims are usually provided at the end of project phases. Whilst we do not have final information about council spend, we have already reimbursed grant claims worth £8.5 million since the start of April.

Warmer Homes Scotland

The allocated budget for the scheme is £55 million CDEL for 2023-24. Spend to the end of May was £11.4 million. The scheme is demand led, but demand is at highest ever levels and we are forecast to spend the allocated budget in the year – this is not impacted by the fact we are in process of transitioning to the new contract.

Home Energy Scotland / Business Energy Scotland

The CDEL budget for the scheme is £10 million for domestic grants and £4 million for grants to SMEs – but we expect there to be demand for an allocation of closer to £30 million in CDEL grants for the schemes. This reflects the increasing demand for the schemes. We anticipate that we can deliver this increase from a reallocation of any of the ABS budget that is not requested by Local Authorities – this will be subject to AO approvals.

There is also £34 million of financial transactions budget for domestic and SME loans which we expect to allocate in full in the year.

Heat Network Fund

£27.4 million CDEL was allocated in the budget with AO approval for £24 million. £21.2 million now has been allocated to date to projects agreed in previous years but are continuing this year or through grant letters issued this year. Our current estimates are that we will allocate a further £2.8 million in grant this year.

Social Housing Net Zero Heat Fund

£40 million CDEL was allocated in the budget with AO approval now in place. £22 million of this has been allocated to date to projects agreed in previous years but are continuing this year or through grant letter issued this year.

Green Public Sector Estate Decarbonisation Scheme

A total of £50 million CDEL was allocated in the budget – split between two separate public sector schemes with AO approvals in place for both. £15 million of this has been allocated to projects

agreed in previous years but are continuing this year, with a further £8 million of funding in this year allocated to projects through new grant letters.

Emerging Energy Technologies Fund (EETF) - Hydrogen £100m

- Hydrogen Innovation Scheme - The fund has offered grants totalling over £7m following its first funding call to 32 innovative Scottish projects across both funding streams. The projects supported through the first funding call will progress innovative solutions to address and overcome key challenges related to scaling up hydrogen production, storage and distribution. The awarded funding will also enable the development of hydrogen innovation centres across Scotland which will act as hubs of ongoing hydrogen innovation activity, providing facilities that will support skills development and the incubation and development of hydrogen technologies across the value chain. To date no funding has been claimed by these projects as all grants are paid in arrears, and will be awarded on successful completion of key project milestones.
- Green Hydrogen Fund - The Green Hydrogen Fund, which will focus on supporting renewable hydrogen production from Scotland's abundant renewable energy resources, seeking to give Scotland first-mover advantage, will launch later this year. The fund will provide up to £90 million aimed at driving Scotland's hydrogen production capability to meet an ambition of at least 5GW of renewable and low carbon hydrogen by 2030 and 25GW by 2045.

Emerging Energy Technologies Fund (EETF) - CCUS

The £80m has been reprofiled into subsequent years due to delays in UKG confirming Scottish Cluster. To date no funding has been allocated from the £80m and we remain wholly committed to supporting the development and deployment of CCUS.

Commitment: Advanced towards making our public transport system more accessible, available, and affordable, with the costs of transport more fairly shared across government, business, and society.

ISSUE 18 April: Publication of FM Policy Prospectus including a transport commitment to make our public transport system more accessible, available, and affordable, with the costs of transport more fairly shared across government, business, and society. It is also confirmed that the 6-month pilot to remove ScotRail peak-time rail fares will begin in October.

ISSUE 18 April: The FM Policy Prospectus also confirms that the Fair Fares Review will report by the end of 2023 instead of early 2023 as previously stated. This revised timeline allows evidence gathered from the removal of the ScotRail peak-time rail fares pilot, the wider Fair Fares Review and the Year 1 evaluation of the U22 free bus travel scheme to be used to bring forward further targeted measures from 2024-25 onwards to ensure the costs of transport are more fairly shared across government, business, and society

Rebuttal:

Measures taken to assist with rail fares

- The Scottish Government froze ScotRail fares for 18 months until July 23 as part of a suite of measures to tackle the ongoing cost of living crisis. More broadly the Scottish Government has committed to pilot the removal of ScotRail peak fares on all ScotRail routes from October this year.
- This initiative will operate over a six-month period, following which the Scottish Government will carefully consider its impact and the long-term sustainability of such a proposition.

Calls to reduce public transport fare costs to encourage modal shift from private vehicle.

- There is a clear case for increasing the attractiveness of public transport as part of measures to reduce transport emissions. Reducing public transport fares is one mechanism to do that, as evidence shows over the last decade rail and bus fares have risen above general inflation, whilst motoring costs have not risen to the same extent.
- There are many other factors which influence this mode choice and taken in isolation, reduction of fares will not necessarily have a significant impact on mode shift from car. However, in the context of the 20% reduction in private car km by 2030 target, making public transport more affordable will contribute to achieving this target.

Commitment: Be making progress on our target to reduce car kms by 20% by 2030. This will include having more 20mph zones, improved road safety and Low Emission Zones in our four largest cities.

[Redacted]

ISSUE 30 May: A petition for judicial review was lodged on 30 May, seeking review of the Glasgow City Council Low Emission Zone scheme.

ISSUE 2 May: Climate Emergency Response Group (CERG) report published with the main recommendation on transport to introduce fiscal measures to reduce car reliance and improve places for people.

ISSUE 24 Apr: Friends of the Earth Scotland report estimates that an additional £1.6bn investment in public transport – creating 22,000 jobs, is needed per year to meet SG target of reducing car traffic by 20%.

ISSUE 23 Jan: The Parliament's Net Zero, Energy and Transport Committee inquiry on the role of local government in achieving net-zero questioned whether a step change in the number of Council-run bus services is needed as part of SG's vision for a decarbonised transport sector

Rebuttal:

- Latest Scottish Transport Statistics show that car traffic continues to increase. Overall road traffic increased by 15%, with car traffic also increasing by 15%. This followed a steadily increasing trend with road traffic increasing by 10% in the 10 years up to 2019. I recognise that this country has still got some way to go in transitioning away from private vehicles and towards more sustainable public transport.
- There remains a significant amount of uncertainty regarding the travel patterns in the medium- and long-term, but it is expected that car traffic will continue to rise over the next 2-3 years before interventions to deliver reductions in car use start to make an impact.
- This reduction in car use will require a substantial shift in travel behaviour, and we need all sectors of society to play their part in meeting the challenge.
- We do not expect car use to reduce equally for all, including some businesses, those in rural areas, and those who rely on cars for mobility or other reasons, but for those who are able to change their travel behaviour we want to recognise and enable that.
- Both Edinburgh and Glasgow have committed to 30% car kilometre reductions by 2030 and we welcome this ambition.

We do not have all the levers we need, and are limited by UKG inaction

- The most direct levers on the cost of buying or running a petrol or diesel car – fuel duty and vehicle excise duty – are reserved to the UK Government, who acknowledged in their Net Zero Review that revenues from existing motoring taxes will decline sharply this decade as we transition away from fossil fuels and the taxes based on them. However, the UK Government has so far consistently failed to set out how they will address this.
- The recent rises in the cost of motoring underline the unfairness of the current, regressive motoring tax regime. We will continue to press the UK Government for a fair and progressive future transport tax system that better incentivises the transition to zero-emission vehicles, reduces unnecessary journeys and raises revenues to fund policies to support a shift to more sustainable travel.
- Reforms to transport taxes will be crucial in meeting net zero targets. If the UK Government is unwilling to take action here, then they should devolve the relevant powers to Scotland.

Calls for more council-run bus services

- As set out in our draft 20% car kilometre route map, bus and wider public transport are key to achieving our ambitions to reduce car use and achieve net-zero.
- The ability to run their own bus services is an important option for local authorities in responding to their own transport challenges but it is only one of a range of flexible tools we are providing, allowing local authorities to determine what is best for their local areas. Who owns bus companies is not as important as how good the services are and our ambitions for decarbonisation and growth of the bus sector apply regardless of service ownership model.

Glasgow LEZ Enforcement

- Local authorities are responsible for the operation and enforcement of LEZs, and can design the shape, size, vehicle scope, and timing for the introduction and enforcement of their LEZ based on their specific, local requirements.
- The Glasgow LEZ enforcement began in June 2023.
- Glasgow City Council have listened to requests and granted local time limited exemptions for taxis and other applicants as appropriate. 989 applications for local time limited exemptions were received and 780 granted (205 refused).

LEZs disproportionately affect Blue Badge Holders/the disabled/low-income/sole trader businesses

- Vehicles driven by or carrying Blue Badge holders are exempt from LEZ requirements. Blue Badge holders can register their exemption on the national LEZ website.
- Administered by Energy Saving Trust - a range of grants funded by Scottish Government have been available to help achieve LEZ compliance. These grants offer practical support to low-income households, sole traders, and micro-businesses.
- £5m was awarded through the LEZ Support Fund in 2022/23. This fund has now closed, however those eligible are encouraged to register their interest on the Energy Savings Trust's website for future rounds of funding.
- To date, the LEZ Support Fund has resulted in over 2,500 non-LEZ compliant vehicles being disposed of or retrofitted with cleaner technology.

Commitment: Delivered a significant step-up in investment in spaces where people can walk, wheel and cycle safely and confidently, when undertaking short everyday journeys, and ensured there are more spaces that put people, not cars, first, with the development of active travel freeways underway.

ISSUE 6 MAY: Active Travel Transformation Debate in the Parliament. Minister for Active Travel in closing said: For us to ensure that we have a fit-for-purpose delivery model for active travel to meet those challenges and capitalise on the opportunities, we have undertaken a review of our whole approach in the delivery models. The transformation fund is a vital first step in that, and further

changes that will follow will require not just support and funding from the Scottish Government but strong leadership and a strong approach to working collaboratively with our delivery partners.

ISSUE 14 MAY: Criticism from Scottish Labour in Scotland on Sunday regarding the delays in confirmation of Active Travel funding for delivery partners

ISSUE 4 MAY: Oral PQ from Sue Webber MSP (Con) for Lothian: 'To ask the Scottish Government what criteria are used to determine how much funding should be spent on active travel projects.'

ISSUE 24 APR: Written PQ from Beatrice Wishart MSP (LIB) for Shetland Islands: 'To ask the Scottish Government what financial support it (a) is providing in 2023-24 and (b) will provide in each of the next five years, to local authorities for active travel

Rebuttal:

Active Travel infrastructure is not accessible to disabled people.

- Street design in Scotland has continued to evolve and a number of improvements have been introduced, with the balance of priority gradually shifting back towards pedestrians, and away from private vehicles.
- However, changes such as 'continuous footways' and 'shared spaces', while aesthetically pleasing and user friendly for many users, have also created issues for visually impaired or neuro-divergent people for example.
- Living Streets are working with disabled people's representative groups, and the Mobility and Access Committee Scotland (MACS) to look at how floating bus stops and continuous footways in particular can be improved for safety, accessibility and comfort for everyone.

Delivering Active Travel Infrastructure quickly and efficiently

- Through the Active Travel Transformation Project, we will make recommendations for an alternative delivery system to match the ambition of our policy and funding, and to ensure that Active Travel is the natural, safe and inclusive choice for short journeys.
- The 2023/24 Transformation Fund, in the region of £20m, includes funding to partners to support the delivery of eligible construction-ready schemes in 2023/24.
- As a secondary aim, approximately 10% of the fund will support partners to progress towards successful applications in future years. This will help to ensure that a wider pipeline of projects, supported by strengthened Active Travel strategies, is being developed ahead of the budget commitment for 2024/25.
- Learning from the 2023/24 process will help inform the wider Transformation Project, with the options appraisal ongoing for the potential new delivery model.

Distributing funding for 2023-24

- There are pressures facing every aspect of the Scottish Government's budget in 2023-24
- The Scottish Government continues to pursue opportunities to drive efficiency and reform given the challenging fiscal position and as set out as part of the resource spending review.
- This has required additional scrutiny of funding proposals, including for the active travel budget.
- The process ensures that we are confident that every pound of taxpayers money will have real impact and contribute to delivering our active travel vision
- As of this month, nearly £120m of active travel funding has been approved, with £95m of that already distributed and we are working with officials from the delivery partners and colleagues in Scottish Government to progress the remaining programmes that are awaiting a decision

Commitment: Delivered a higher proportion of zero-emission vehicles on our roads, doubled the electric charge point network to at least 6,000, continued to grow the zero-emission bus fleet, and electrified the Barrhead to Glasgow rail line. These actions, alongside others, will

not only help tackle climate change but also improve our air quality, contributing to our aim for Scotland to have the best air quality in Europe.

ISSUE 7 DECEMBER: Climate Change Committee report highlights the need for Scotland to extend its charging vision and address concerns throughout the transition, on its pathway to reach all of the consumer base.

ISSUE: The SNP manifesto and 2021 PfG said “We will remove the majority of fossil-fuelled buses from public transport by 2023 and invest £120 million in Zero Emission Buses”. [Redacted]

By offering £58 million through ScotZEB 2, we have met the commitment to make £120 million available.

Rebuttal:

Progress on rail decarbonisation

- The rail decarbonisation action plan was published in July 2020. The Decarbonisation Action Plan commits to all passenger diesel trains being replaced; the order and programme in which that is done will depend on business cases and available budgets. The Plan is a dynamic document, with a refresh of the Plan scheduled for 2023.
- The focus over the last few years has been on design and development of the decarbonisation projects and the only decarbonisation scheme that we can presently guarantee for completion, is that of the 23km Barrhead to Glasgow route.
- The delivery dates for the Borders and Fife decarbonisation schemes will be reviewed as part of the Rail Services Decarbonisation Action Plan refresh which is planned to complete later this year.

Doubling the public electric vehicle charging network to 6,000 charge points by 2026 is short of the Climate Change Committee’s target of 30,000 by 2030

- The number of public charge points will be influenced by a range of factors – including strategies adopted at local and regional levels.
- On its own the Scottish Government’s EV Infrastructure Fund aims to double the public charging network to 6,000 charge points by 2026.
- This is over and above the investment we are already seeing from private Charge Point Operators.
- Our Vision for public electric vehicle charging recognises the role of the private sector in financing and operating Scotland’s future public charging network.
- Our approach is to focus public funding on areas of the charging network where private investment alone is unviable.

Resources of local authorities to deliver public electric vehicle charging infrastructure at scale and pace.

- It is impractical for public sector alone to deliver Scotland’s public charging network at the scale and pace required.
- Local authorities have an important role in planning future charge point needs and developing collaborative partnerships with private Charge Point Operators.
- Through our EV Infrastructure Fund we are helping local authorities to identify local and regional charge point needs, the investment requirements, as well as the best approaches to delivering collaborative investments with commercial Charge Point Operators
- Leveraging the skills, expertise, resources and investment from private sector partners is central to our Vision and approach of the EV Infrastructure Fund.

ChargePlace Scotland public EV charging network contract

- The contract to operate the ChargePlace Scotland 'back-office' runs until at least 2025 and there is no intention to end the operation of CPS before then.
- Local authorities are considering opportunities to roll existing charge points, which may be part of ChargePlace Scotland, into alternative delivery models supported through our EV infrastructure Fund.
- Charge points on the ChargePlace Scotland are owned by a range of local authorities, businesses and third sector organisations. These organisations are responsible for commercial decisions relating to their own charge point assets.
- Scotland's public EV charging network will evolve over the coming years to be less focussed on ChargePlace Scotland, while retaining the ability for drivers to seamlessly travel across a more diverse charging network with greater charging opportunities and offering an exemplar driver experience.

Making the switch to an electric vehicle is too expensive

- The Scottish Government has provided over 7,000 interest free loans worth over £187m to individuals and businesses across Scotland to accelerate the shift to zero emission transport.
- This support helps overcome the biggest barrier to EV uptake which is the initial high upfront cost.
- The Scottish Government has also provided grant funding to over 20,000 homeowners, councils, public bodies, businesses and charities to install EV car charging infrastructure.
- The consumer-focussed incentives schemes have relaunched this financial year, with a strong focus on rural homeowners and businesses as well as third sector organisations and factored/flatted developments across Scotland.

The ambition to remove the majority of diesel buses from service by 2023

- We set out a bold aspiration and since doing so, Scotland now has 548 new, zero emission buses in service or on order through our schemes.
- Despite the challenges of the pandemic, EU Exit, driver shortages, and the cost-of-living crisis we have achieved significant progress in carbon reduction. We were right to aim high.
- Currently Scotland has around double the proportion of its fleet already zero-emissions, compared to the proportion in England.
- ScotZEB 2 is open to coach operators, those providing home-to-school transport, private hire coach travel, and tour services as well as public service buses - the first scheme in the UK to include these operators.
- ScotZEB 2 allows the sector to rapidly accelerate its transition to zero emission fleets by unlocking new private investment and making the transition to zero emission bus and coach fleets affordable to operators of all types and sizes.

Commitment: Delivered six new major vessels on the ferry network, adapted out strategic road and rail networks including opening the East Linton station and the Levenmouth rail link, improved the resilience of the transport network to climate change impacts, with our immediate focus on the medium-term solution for the A83 Rest and Be Thankful whilst progressing the permanent solution, and continued the dualling of the A9 between Perth and Inverness.

ISSUE 31 May: Citizen Participation and Public Petitions Committee to hold evidence session for the A9 action group petition PE1992: Dual the A9 and improve road safety.

ISSUE 8 Feb: Former Minister for Transport provided an update to Parliament on the A9 Dualling Programme including that the target date of 2025 for completion of dualling was unachievable; that work to confirm a new timescale for completion was ongoing and an update to Parliament would be provided in Autumn 2023.

Rebuttal:

ICP – Long Term Plan for Vessels and Ports

- Recognising the strong public interest in this, Transport Scotland officials will commence a formal public consultation in Summer 2023, and aim to finalise the Plan during 2023.
- The plan will be adapted in response to future changes – to that extent it can only ever reflect plans at a single point in time. But our ambition is that the first version of the Long-Term Plan for Vessels and Ports commands wide support from island/isolated communities and stakeholders as well as from across the political spectrum .

Procurement of new vessels from Turkey

- In line with relevant procurement legislation, an open tendering process was led by CMAL as the procuring authority for the vessels for the Little Minch routes. The bid received from the Cemre yard represented the best value for money in terms of quality and price.
- The vessels currently in construction at the Cemre yard are progressing well and remain on time and within budget.
- While Ferguson Marine did not bid on these vessels, we are fully committed to supporting the yard. Efforts continue to secure a suitable future, including a pipeline of future work, to help protect jobs and commercial shipbuilding on the Clyde.
- We will consider future vessel contracts from public agencies on a case-by-case basis and whether any might be legally open to direct award.

Lochboisdale service from 3 June – 30 June,

- The MV Hebridean Isles remains out of service and unfortunately impacts on the Lochboisdale service from 3 June – 30 June, with the removal of the MV Lord of the Isles necessary to cover Islay services alongside the MV Isle of Arran.
- To help minimise disruption on South Uist, additional sailings will be available via the Sound of Barra, and also via Lochmaddy.
- I have met with CalMac to ensure matters are progressed, and met with the Ferry Community Board on 14th June.
- I have challenged CalMac with ensuring they must continue to explore all avenues to keep this disruption to an absolute minimum, and to ensure clear and timely communications to the communities involved. I have considered the penalty deductions that are made in relation to failures on the network, and my view is that we should continue to use that money to reinvest in the ferry network.
- The MV Finlaggan's overhaul is going to plan. She was re-floated in the dock on Thursday and carried out sea trials over the weekend. She is on schedule to be back in service 1 July. This will allow the MV Lord of the Isles to resume service on the Lochboisdale service.
- Ministers have heard clearly the messages from communities and business around the call for compensation as a result of ongoing and repeated ferry disruption. The First Minister has been clear that he understands the reasoning behind this call and further advice is being sought across Scottish Government on the possible options available.

The Net Zero, Energy and Transport Committee are publishing a report on Monday 26 June on 'A Modern and Sustainable Ferry Service for Scotland'.

- Scottish Ministers welcome receipt of the report and thank the committee for its detailed work.
- In particular we support the strong emphasis the committee placed on hearing from the communities who use the services and we agree that the voices of ferry users need to be a focus of future ferries policy and investment. We will carefully consider the recommendations of the report and respond to the committee in due course.

Ferry Fares Freeze

Fares on the Northern Isles and Clyde & Hebrides ferry networks have been frozen for six months until October 2023.

- This fares freeze is the right thing for our island communities and I hope it will go some way to encouraging tourism this Summer as island businesses continue to recover from the pandemic.
- The Scottish Government is acutely aware of the particular challenges faced by our island communities, where the ongoing cost of living impacts are arguably more challenging than in any other part of the country.
- Additionally, Ministers are mindful of the disruption on the ferry network in recent times - particularly in relation to the Clyde and Hebrides network.
- Fares beyond October are being considered and decisions will be taken as soon as possible to allow bookings to be made over the winter.

ISLANDS CONNECTIVITY PLAN – FARES REVIEW

Ferry fares policy is being reviewed through the Islands Connectivity Plan, alongside our wider Fair Fares Review, and will consider issues raised by stakeholders such as dynamic pricing and demand management.

- Any new measures considered would need to take account of the needs of islanders.
- There are no immediate plans to change Road Equivalent Tariff and its principles of a single, consistent fare.
- The Islands Connectivity Plan will be subject to stakeholder engagement and consultation before any decisions are taken on future ferry fares policy.

BENEFITS OF RET

The roll out of Road Equivalent Tariff (RET) on the Clyde & Hebrides Ferry Service network, completed in October 2015, continues to deliver significant reductions in ferry fares for passengers, cars, small commercial vehicles and coaches.

- These reductions delivered an estimated average fare reduction of 34% for passengers and 40% for car traffic and continues to save travellers around £25m a year.

LACK OF RET ON NORTHERN ISLES

The Scottish Government remains committed to lower fares on Northern Isles ferry services.

- It has not yet been possible to introduce RET on Pentland Firth ferry services due to the presence of a commercial ferry service.
- The current Subsidy Control rules following the UK's exit of the European Union do not present any opportunities to introduce RET at this point in time.
- Long term ferry fares policy is being reviewed as part of the Islands Connectivity Plan.
- Significant fare reductions have been introduced in recent years on routes from Aberdeen to Orkney and Shetland, including a 20% discount on cabins and a 3 year fares freeze for islanders.
- The Scottish Government is fully funding local authorities to operate inter-island ferries and keep fares low.

CMAL AND FMEL 2014 DISCUSSIONS

- Ministers and CMAL have always been clear that they wanted to maximise competition for these contracts, including from FMEL as a local shipyard that had very recently been saved from closure by the action of the Scottish government and Mr McColl's investment company.

- The recent BBC article states a leading procurement law expert confirmed that “It would be good practice to enter discussions with a range of potential suppliers...” and that “it could be possible for CMAL to contact Fergusons as a potential supplier at that stage of the process - but that the yard should not be given an unfair advantage.”
- FMEL still had to take part in an open and transparent procurement process against a number of rival bidders in order to win the contracts to build hulls 801 and 802.

CALLS FOR PUBLICATION OF THE 2015 CONTRACT FOR HULLS 801/802

CMAL have provided PAC with a copy of the contracts for Hulls 801/802.

- Minor redactions relating to GDPR info etc material has remained.
- An extract from the contract had been published on the SG website and we plan to update the links with the full versions.
- An independent QC was commissioned by the Scottish Government and was provided with the full contract plus other supporting documentation that they requested and drew the conclusions noted.
- Both CMAL and FMEL were invited to share any relevant details with the QC at the time and extensive material was shared by both.
- In total three QC opinions were sought into the matter; by CMAL, the Scottish Government and FMEL Administrators.
- All three QC reports made the same conclusion – there was no validity to the claim.
- I understand Mr Jim McColl has also shared copies of the contracts with the committee.
- Neither CMAL or Scottish Ministers have ever denied there were mechanisms to agree changes in the contract and indeed these were used to enable a series of changes requested by the yard and by CMAL.
- These were not extensive changes as has been claimed; they resulted in about £1.5m extra costs. The claim was a separate matter.
- Richard Leonard MSP, convenor of PAC, wrote to the Scottish Government on 16 June asking for the publication of the 2015 Contract in full.

CLAIMS THAT THE 2015 CONTRACT WAS NOT A FIXED PRICE CONTRACT

Ministers and CMAL have been consistently clear that a fixed price contract does not prevent increased payments to the contractor in respect of approved contract variations.

- There were clear and established mechanisms in the contract to enable changes to be mutually agreed and costed.
- This is well-explained in the Committee’s report on the new vessels: paragraph 257 notes that: ‘CMAL also highlighted in its written evidence that “the contracts specifically guard against the Builder being out of time or money for design changes that are instructed by the Buyer’
- And paragraph 261 refers to the evidence from CMAL – which has not been disputed – that: ‘There are formal variations to contract... There were 111 discussions and 81 actuals, 46 of which were proposed by the yard and 35 of which were proposed by us, resulting in the £1.55 million.’
- Given the scale of FMEL’s initial £17.5m and further potential claims, the Scottish Government encouraged FMEL to pursue them through the courts but, as Audit Scotland makes clear, FMEL chose not to do so. And of course CMAL had refuted the claim in its entirety.
- Audit Scotland reported that the independent view on FMEL’s claim, commissioned by the Scottish Government, concluded in June 2019 that there was no legal basis for CMAL to pay more than the contract’s £97m fixed price.

- It was not for Ministers to direct either party – though we did encourage CMAL and FMEL to work proactively to resolve the dispute
- The options for dispute resolution were set out in the contract, including for FMEL to take the claim to court.
- CMAL exercised as much flexibility as they could under the contracts to support FMEL's cash flow position. However, there were limits to the support that could be provided under that mechanism.
- Scottish Ministers separately gave direct financial support available to FMEL, but this was done outwith the CMAL contracts for vessels 801 and 802.

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ROADS AND MAJOR PROJECTS

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Other Issues: Strategic Transport Projects Review (STPR2) and Delivery Plan

The second Strategic Transport Projects Review (STPR2) will inform the Scottish Government's transport investment programme in Scotland over the next 20 years (2022-2042).

- Publication of this suite of final reports on the 8 December 2022 marked **the completion of the Second Strategic Transport Projects Review (STPR2)**, which has been undertaken over the past three years.
- This concluded the detailed technical appraisal process, undertaken by Transport Scotland and their consultants, with a set of **45 recommendations** for the future of transport infrastructure in Scotland.
- **These far reaching and wide-ranging recommendations**, covering the whole of Scotland, will enable us to take climate action; to address inequalities and improve accessibility; to improve health and wellbeing; to support sustainable and inclusive economic growth; and to improve safety and resilience on our transport network
- This is a 20-year plan of both essential and transformational infrastructure, which will help us meet our aims of protecting our climate and improving lives.

- **Stakeholder engagement and consultation have been at the heart of this work since the very outset.** The draft reporting was subject to 3 months' statutory public consultation in 2022 – with the feedback provided during this has been considered in detail and fed into the final reporting.
- Publication of the final STPR2 report does not itself commit the Scottish Government to funding or delivery of any proposed schemes. The 45 recommendations are based on outcomes from the appraisal work, which provides a robust Strategic Case for investment.

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STPR2 Issue: A90 North of Aberdeen

- Calls for investment in the route in general, particularly at the Toll of Birness junction which has attracted various PQs and press coverage.
- Disappointment that dualling of the A90 north of Aberdeen was not explicitly recommended by STPR2.

STPR2 Issue: Delays to STPR2 Delivery Plan

- Ongoing criticism that STPR2 itself was published in December without funding attached. The original approach was to publish a Delivery Plan alongside the main reporting, which was delayed until this year

Rebuttal:

- It is important to note that progress is already being made on 38 of the 45 STPR2 recommendations, and those which are not yet in progress are actively being considered for mobilisation.
- Publication of the final STPR2 report does not itself commit the Scottish Government to funding or delivery of any proposed schemes – rather sets out recommendations based on the appraisal work, providing a robust Strategic Case for investment. The intention was to publish a Delivery Plan for these recommendations, which set out the pipeline for all transport infrastructure, alongside the final report. It was not possible to do that in 2022 because of the lack of certainty around capital budget at that time.
- Transport Scotland continue to develop the STPR2 Delivery Plan and most recently have been taking account of the recently published Medium Term Fiscal Strategy
- There is a need to consider how our investment can support the priorities of this government
- Recognising that the A75 is a key route for access from NI to rest of UK Transport Scotland has requested funding from the UKG's Union Connectivity Development Funding to advance design work for improvements to the A75 Trunk Road.

Pressures on Capital investment

- As set out in the policy prospectus, we are committed to prioritising capital spending to achieve net zero and maintain high quality public infrastructure across Scotland.
- The UK Government did not inflation-proof their Capital Budget which has resulted in a 7.0% real terms fall in our Barnett capital funding over the medium term between 2023-24 and 2027-28 which has significantly impacted our ability to deliver on our capital infrastructure commitments.
- Given the economic challenges we face, we have committed to refreshing the multi-year capital spending envelopes and resetting the infrastructure project pipeline alongside the 2024-25 Budget to reflect the new economic reality.

We are using all our powers to maximise the funding we have to achieve net zero and maintain high-quality public infrastructure.

- The decisions made by the UK Government to keep the capital allocation flat alongside the construction supply chain issues, labour shortages and high inflation mean that we cannot deliver on all of our capital projects within the funding available.
- Unless we receive increased capital borrowing powers or a higher level of funding from the UK Government, we will have to make tough decisions to reprioritise our infrastructure projects pipeline to ensure we spend within our means.

We are committed to achieving and maintaining a balanced capital budget.

- To address the funding gap we will refresh the multi-year capital spending envelopes alongside the 2024-25 Budget to reflect the new economic situation.
- This will include a reset of the infrastructure project pipeline to provide transparency over which projects will be delivered over a longer timescale to allow us to reprioritise spend and remain within our budget.
- Any decisions made around reprioritising capital spending will be presented to Parliament in due course.

The flat and falling funding trajectory from the UK Government, coupled with the current impact of high inflation has resulted in it taking longer to meet the National Infrastructure Mission target set in 2018.

- The National Infrastructure Mission was introduced in 2018 to increase infrastructure investment to £6.8 billion in 2025-26, with the aim of protecting and creating jobs while supporting inclusive economic growth.
- Scotland is forecast to receive a flat capital grant allocation from the UK Government, which corresponds to a 7.0% real terms fall in our Barnett capital funding over the medium term between 2023-24 and 2027-28.
- The real terms cut in our core funding, alongside our limited capital borrowing powers, and the high interest rate environment has resulted in delays to our infrastructure project pipeline.

NET ZERO TARGETS

Top Lines

- The latest emissions data does not yet reflect the strengthening of action through the updated Climate Change Plan.
- Our focus remains on delivering the updated Climate Change Plan, finalised in March 2021. The updated Plan set out a detailed and ambitious policy package to deliver transformational change across the economy as part of Scotland's just transition to net zero.
- The package of climate change monitoring reports published in May [2022] contains more up to date information at the level of policy implementation, and shows positive early signs of progress on delivery across many sectors.

Key features of Scotland's climate change framework [and comparisons with uk]

- Scotland is one of only a very few countries to have set statutory annual targets all the way to net zero. [UK use 5 year carbon budgets. To date, the UK has set 6 carbon budgets covering the period 2008-2037. The sixth carbon budget equates to a reduction of c.77% by 2035 c/w Scotland's target of an 82.5% reduction].
 - Scotland is one of only a few countries to include a share of emissions from international aviation and shipping in the targets. [The UK's Sixth Carbon Budget (2033-37) includes these emissions for the first time].

Will you also set targets for consumption-based emissions (also called the “carbon footprint”)?

- Consistent with both international reporting practice and independent advice from the UK Climate Change Committee, Scotland's statutory climate change targets are set on the basis of long-term reductions in territorial emissions. Scotland is also one of only a few countries to include a share of emissions from international aviation and shipping in the targets.
- This means that emissions associated with imports and exports are included in Scotland's emissions targets to the extent that they occur within our territory, including emissions from outbound journeys from Scottish ports and airports, but emissions that occur outside Scotland are not included.
- However, Scotland is one of the few countries to publish statutory annual reports setting out complementary figures covering economy-wide consumption-based emissions. This approach recognises the inherently global nature of climate change and the importance of our trade relations.
- It is important to note the point made by the Climate Change Committee in their 2019 advice on [Net Zero](#): “... consumption emissions will only reach net zero once the rest of the world's territorial emissions are also reduced to net zero”.

Climate Change Adaptation

- We are already seeing warming here in Scotland, with more extreme weather events and rising sea levels. As a nation we must adapt to these changes and prepare for the impacts of global climate change which are already locked in.
- We are responding to climate risk through our 2019 Adaptation Programme, which sets out more than 170 policies and proposals to build resilience in Scotland to the impacts of global climate change.
- Progress is being made. We are investing in Scotland's resilience to climate change with an extra £150 million for flood risk management and £12 million for coastal change adaptation over this Parliament.
- However, we also accept that more needs to be done to build resilience as part of Scotland's just climate transition. Alongside delivering our current policy package, we are also developing a new programme for publication in 2024 in response to the updated risk assessment from the Climate Change Committee.

FUNDING FOR MEETING AMBITION IN SCOTTISH BIODIVERSITY STRATEGY

Issue: Both public and responsible private investment in Scotland's natural capital will be essential to deliver on our climate change targets, the reversal of biodiversity loss and wider land use policy objectives.

Top lines

- This Government has overseen a substantial increase in the amount of funding available for nature restoration and regeneration, including significant investments in nature-based solutions to climate change for example in woodland creation and peatland restoration.
- We are working across sectors – for example harnessing the potential of our agriculture and planning system to deliver for biodiversity.
- The Scottish Government is committed to investing an additional £500 million in our natural economy over the course of this parliament.
- Our multi-year Nature Restoration Fund provides £65 million for large-scale multi-year projects which will drive the restoration of nature at scale.
- The draft Scottish Biodiversity Strategy sets out a commitment to develop a Biodiversity Investment Plan, to mobilise public, private and philanthropic finance.

Future Funding

- Responsible private investment in Scotland's natural capital will be essential to tackle the twin biodiversity and climate crises.
- We will produce a Biodiversity Investment Plan which will set out our assessment of the investment required for a nature-positive future, and actions needed to mobilise public, private and philanthropic finance.
- Scottish Government is committed to developing a values-led, high-integrity market for responsible investment in natural capital, that helps deliver policy goals for economic transformation, climate change and biodiversity, and that provides community benefits and supports a Just Transition.
- Our Interim Principles for Responsible Investment in Natural Capital set out our ambitions to develop markets that also deliver benefits for local communities and wider society, in line with Scotland's Just Transition principles and land reform objectives.

DECLINE IN CONDITION OF PROTECTED AREAS

Issue: NatureScot published the 2023 Official Statistic on the ‘Condition of Protected Nature Sites’. This reports 76.4% of natural features in favourable or recovering condition, a fall of 1.4% as compared to the figures from 2022.

- While it is disappointing that 2023 statistics show some reduction short term in the condition of protected areas, three quarters of natural features at protected areas are in “favourable or recovering condition”, and the long-term trend is one of improvement.
- Many protected areas remain in unfavourable condition because they require action in surrounding areas as well as on the sites themselves.
- Only through collaborative working at a landscape scale will negative pressures on protected areas such as invasive non-native species and overgrazing be tackled and improvement to nature realised.
- Looking ahead we are committed to expanding and improving areas managed for nature, including protected areas, with an ambitious commitment to protect 30% of our land for nature by 2030.

Background

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NEW NATIONAL PARKS – AMBITIONS FOR ONSHORE WIND

Issue: [Redacted]

[Redacted]

Lines to take:

How will SG reach its onshore wind targets if new National Parks are created?

To achieve net zero we know that much more enabling infrastructure and development will be required.

NPF4 supports renewable energy projects in principle. The only areas where onshore wind energy is not supported is within National Parks and National Scenic Areas.

What would be the implications for new wind farm proposals for new areas designated as National Parks?

Wind farm proposals located within areas designated as National Parks would be a matter for the relevant planning authority to determine in accordance with the development plan and national planning policy. NPF4 states that wind farms will not be supported in National Parks and National Scenic Areas.

Does this mean wind farms will not be consented in national parks?

All planning applications must as a matter of law be determined in accordance with the development plan, unless material considerations indicate otherwise. NPF4 forms part of the development plan meaning its policies will inform day-to-day planning decision making. NPF4 sets out that wind farms in National Parks and National Scenic Areas should not be supported.

What would be the implications for existing wind farms if they were included in a National Park boundary?

Consents for wind farm proposals are time limited. When the operational life and consented period ends, any subsequent proposal for repowering or life extension would need to be determined in accordance with the development plan and relevant planning policies in place at the time. NPF4 forms part of the statutory development plan. NPF4 set out that wind farms in National Parks and National Scenic Areas should not be supported.

Can NPF4 be amended?

The Planning Act allows us to amend the National Planning Framework at any time.

In practice, we would not make any change of substance without appropriate evidence, engagement and consultation. The process for making amendments will be covered in regulations which we will start to prepare later this year. We will, of course, consult on that process.

CCC 2020 ASSESSMENT OF PROGRESS IN SCOTLAND

Q The CCC were critical in their 2020 assessment of progress in Scotland, especially on some of the larger sectors, including Transport and Agriculture – both within our gift. What is your response to them?

A: In response to this Report, the Scottish Government has accepted or partially accepted 98 of the 99 recommendations provided, with the last being reserved and therefore a matter for the UK Government.

Since the publication of the Committee's report, we have made significant key steps that will drive delivery to achieve our Net Zero ambitions. This has included:

- publishing our Vision for Agriculture to ensure Scotland will become a global leader in sustainable and regenerative agriculture, beginning with up to £51 million in funding.
- committing to delivery of up to 110,000 hectares of restored peatland by 2026; and
- releasing a route map to reducing car kilometres travelled by 20% by 2030 in to assure that people live healthier, fairer and more sustainable lives.

The latest CCC's advice on our net zero transition makes clear the scale of the changes needed to achieve our emissions reduction targets to 2030.

We know we need to do more – government, industry, business and communities must work together, be ambitious, and drive the change necessary to achieve net zero.

I am pleased that the Climate Change Committee recognises Scotland's "extraordinary ambition" to decarbonise the economy over the next decade, and welcomes our focus on a fair and just transition.

OFFSHORE ENERGY SKILLS PASSPORT

Issue: [Redacted]

Q: What is Scottish Government doing to ensure the Energy Skills Passport includes offshore wind data?

A: The Scottish Government is committed to delivering a Passport that works for all offshore energy sectors and are grateful to see the ongoing commitment of all stakeholders to engaging in the process. I have been pleased to hear the positive feedback from users in the prototype stage, however there is more work to be done in partnership with the sectors. Over the coming months we will continue to work closely with project partners to ensure the solution works for employers and workers across all offshore energy sectors.

Available Capital (2023-24 and Future Years)

Issue: [Redacted]

Q: Will the Just Transition Fund hold an open bidding round next year?

A: The Just Transition Fund is a 10-year commitment and we will continue to work within our annual budgets over the coming decade to deliver this important intervention in the North East and Moray, supporting the region to deliver a fair and managed transition to net zero. Our ability to hold an open bidding round will always be dependent on budget allocations and the existing commitments of the Fund.

Q: Why only one regional Just Transition Fund?

A: The North East and Moray is a prime example of a region which stands ready to seize the opportunities of a just transition. With next generation energy solutions like floating offshore wind, cutting edge research and innovation, and a workforce with decades of transferable experience in the oil and gas sector the region has all the tools to become a global net zero hub.

By focusing the Fund on the region which is home to the “offshore capital of Europe”, we can help diversify the local economy into new sectors, create new low carbon jobs, contribute to the region’s future prosperity, and lessons learned will be replicable and potentially beneficial to other regions within Scotland as we accelerate toward our net zero future.

HIGHLY PROTECTED MARINE AREAS

ISSUE: The Cooperation Agreement between the Scottish Government and Scottish Green Party contains a commitment to designate at least 10% of Scotland's seas as Highly Protected Marine Areas (HPMAs) by 2026, across both inshore and offshore waters. (Achieving this for offshore waters is dependent on the cooperation of the UK Government.) These will provide protection from a range of marine activities that have an environmental impact - including all fisheries, aquaculture and other infrastructure developments - while allowing activities such as tourism or recreational water access at non-damaging levels.

Top Lines

- It is an unavoidable truth that we are in the midst of climate and nature crises. A healthy marine environment is essential to supporting the long-term sustainability of our marine sector and the evidence tells us that we need to do more to respond to the scale of the challenges we face.
- Failing to take the action to protect our marine environment risks the very basis on which many of our vital marine industries are built.
- We remain committed to supporting Scotland's fishing, aquaculture and seafood processing sectors, which play such a key role in contributing to our economic prosperity - especially in remote, rural and island communities.
- Scotland is not alone in recognising the need for higher levels of protection for the marine environment – the UK Government is developing proposals for Highly Protected Marine Areas and the EU is taking action to designate similar strictly protected areas through the EU Biodiversity Strategy to 2030.
- Our proposals are at a very early stage and no sites have been selected. We will work with island and coastal communities and marine industries throughout the process to ensure their concerns and views are listened to and understood.
- As part of this process I am visiting coastal and island communities to hear from them directly and will continue to do so over the summer.

Short background information:

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Q&A

Will you listen to warnings from those who rely on our seas that HPMAs will be devastating for our island and coastal communities?

- The marine sectors within Scotland's Blue Economy depend on nature - we cannot separate the economy versus the environment.
- Current trends in nature degradation place a significant risk on Scotland's economic prosperity.
- We believe that by being properly designed and located areas with enhanced marine protection can provide long term benefits for our island and coastal communities.
- In fact, the real risk to these communities is the continued harm being caused by Brexit through trade barriers, reduced access to labour and, for some, fewer fishing opportunities than we had under the Common Fisheries Policy.

Where is the evidence that HPMA's are even needed?

- Despite the significant progress we have made to improve the state of our marine environment the evidence tells us we need to do more.
- However, Scotland is not alone in recognising the need for providing higher levels of protection for the marine environment.
- In fact, the UK Government has recently announced it will designate three pilot HPMA sites in English waters later this summer with the Defra Secretary of State saying they were a "vital step forward". Indeed the Members' very own manifesto recognised the need for increased marine protection in Scotland's seas.

What evidence is there that HPMA's will bring any benefits to our communities or environment?

- Studies have shown that removing human activities can have benefits for both the marine environment and the people who rely on it.
- Scientific studies indicate that fish stocks can increase in HPMA's, providing spill over benefits for fishers and making sure there are sustainable levels of fish and other marine products to be derived and benefitted from our seas. For example, a study by Lenihan et al in California has shown spill over benefits with increased stocks of spiny lobster.
- Additionally, a global synthesis, by Lester and Halpern, demonstrated that highly protected areas generally show greater benefits and yield higher densities of organisms within their boundaries relative to partially protected sites nearby.

The First Minister has said HPMA's will not be imposed on communities that are "vehemently opposed" – how can communities make their views known?

- As my colleague, the Cabinet Secretary for Net Zero and Just Transition, said when launching our initial consultation on Highly Protected Marine Areas, we want people, particularly from island and coastal communities, to help shape their creation.
- It is of the utmost importance that this process is fair, inclusive and just, which is why we consulted at the earliest stage possible on our proposed overall approach, before any sites had even been considered.
- We will engage closely with communities throughout this process to ensure their concerns are heard and considered.

How do you propose to designate HPMA's in offshore waters when the UK Government have said they won't give you additional powers?

- The current devolved settlement fails to give Scotland the levers we need to fully tackle the challenges we face.
- Proposals for HPMA's are at an early stage and we do not currently have legal powers to designate and protect HPMA's.
- Scottish Ministers have written to the DEFRA Secretary of State to request powers to designate sites in Scottish offshore waters, on a similar basis to those previously granted for the designation of Marine Protected Areas, and will continue to press for constructive engagement on this issue.
- The UK Government itself is in the process of designating three Highly Protected Marine Areas, including in offshore waters, so Tory attempts to deny us the ability to do the same are entirely hypocritical.

REGIONAL MARINE PLANNING

Issue: The previous Environment and Climate Change Land Reform Committee (ECCLR) conducted an inquiry into the development and implementation of regional marine planning with its final report published in December 2020. The Scottish Government response to this final report has not yet been published because there was a need for agreement on the strategic direction of regional marine planning moving forward. [Redacted]

Q: When will the Scottish Government publish its response to the Environment and Climate Change Land Reform (ECCLR) Committee inquiry report into regional marine planning?

A: We welcomed the inquiry report by the previous ECCLR committee into regional marine planning that was published in December 2020. We have been carefully considering the report and each of the recommendations it contained in the context of the emergency budget review and the development of a new Scottish National Marine Plan. We are currently working to finalise our formal response which will be published in due course.

NATIONAL AIR POLLUTION CONTROL PROGRAMME (NAPCP)

Q: How will the removal of national control of air quality from Scots law impact Scotland, and what are you doing to address it?

A: I am very concerned at the UK Government's decision to revoke the UK wide National Air Pollution Control Programme provisions, through the REUL Bill, especially as they appear to have no plan in place to replace these crucial provisions.

Scottish government officials continue to engage with counterparts across the UK to try to resolve this.

LEGISLATION/STATUTORY EMISSIONS TARGETS

TOP LINES

- We remain absolutely committed to ensuring Scotland plays its full part on delivering on the Glasgow Climate Pact, which reaffirmed the global goal of limiting warming to 1.5 degrees.
- The latest emissions data for 2021 shows that Scotland's emissions are half way to net zero compared to 1990 baseline.
- Scotland narrowly missed its annual target for 2021, achieving a 49.9% emissions reduction against a target of 51.1%. To miss Scotland's target so narrowly – by just 1.2 percentage points - is, of course, disappointing but it also demonstrates that we are not far behind where our world-leading targets dictate we should be.
- While the 2021 results show a rebound from 2020, this was not unexpected given how much the 2020 position was affected by pandemic lockdowns.
- Scotland is not unique in experiencing this - UK emissions rebounded by 4.4% over the period, compared to 2.4% in Scotland.
- We knew to expect an increase in transport emissions as a result of Covid restrictions easing and we also expected that a particularly cold winter was likely to see an increase in domestic heating
- The data highlights the scale of the transformational changes needed in response to the climate emergency and the centrality of transport emissions to achieving that aim. The challenge is to achieve these outcomes in ways that are sustainable and just.
- The latest emissions data does not yet reflect the strengthening of action through the updated Climate Change Plan.
- Our focus remains on delivering the updated Climate Change Plan, finalised in March 2021. The updated Plan set out a detailed and ambitious policy package to deliver transformational change across the economy as part of Scotland's just transition to net zero.
- The new monitoring reports on the updated Climate Change Plan show that we are on track with 21 out of 43 of our key indicators. This highlights the progress we are making in implementing our ambitious policy package.

KEY FEATURES OF SCOTLAND'S CLIMATE CHANGE FRAMEWORK [AND COMPARISONS WITH UK]

- Scotland has a statutory interim 2030 target of a 75% reduction in emissions, including international aviation and shipping. [UK Paris Agreement target is 68% by 2030 - doesn't include international aviation and shipping].
- Scotland's net zero target year is 2045, reflecting Scotland's greater relative capacity to remove emissions than the UK as a whole [UK net zero target year is 2050].
- Scotland is one of only a very few countries to have set statutory annual targets all the way to net zero. [UK use 5 year carbon budgets. To date, the UK has set 6 carbon budgets covering the period 2008-2037. The sixth carbon budget equates to a reduction of c.77% by 2035 c/w Scotland's target of an 82.5% reduction].
- Scotland is one of only a few countries to include a share of emissions from international aviation and shipping in the targets. [The UK's Sixth Carbon Budget (2033-37) includes these emissions for the first time].
- By default, no international offsetting can be used to meet any of Scotland's domestic emissions reduction targets [Despite a Climate Change Committee recommendation that future UK carbon budgets should be met solely through domestic emissions reductions, the UKG currently reserves the right to use international carbon credits to meet carbon budgets e.g. around 3% of the UK fourth carbon budget (2023-2037) could be met internationally].

- We hold ourselves to account if annual emissions targets are missed, by requiring a catch-up plan to set out additional policies to make up for the excess emissions by outperforming on future targets [similar requirements are placed on the UK Government in the event a carbon budget is not met].

The following measures are specific to the Scottish legislation:

- Scotland's legislation also enshrines in law our commitment to a just transition, ensuring fairness is at the heart of our approach.
- The Act also includes pioneering wider measures such as establishment of an independent Citizens' Assembly on climate change who have made recommendations on how targets should be met; and the creation of a national Nitrogen Balance Sheet which was published in 2022.

PROGRESS TO TARGETS

WHAT PROGRESS HAS SCOTLAND MADE IN REDUCING EMISSIONS?

- Scotland has an economy-wide target for net zero emissions of all greenhouse gases by 2045 at the latest. Interim targets are set for 2030 and 2040, for reductions of 75% and 90% from a 1990/95 baseline. Annual targets are set for all other years from now until net zero.
- Scottish GHG emissions statistics for 2021 (published 20 June 2023) show statutory annual target for that year was narrowly missed, with a 49.9% emissions reduction against a target of 51.1% from the 1990 baseline.

WHAT ARE YOUR EXPECTATIONS FOR ACHIEVING FUTURE TARGETS?

- The outcome of the 2022 target will not be known until those statistics are published next year.
- From the very start we have known meeting these targets, and realising the full benefits of becoming a net zero nation, would not be easy.
- The latest climate science is giving us an even sharper picture of what climate change means in reality. We have no choice but to respond by sharpening our collective resolve to meet this challenge.
- This is not just about the next twelve months or even the next twelve years. This is about well-informed, ambitious decision making that will shape a generation.
- The latest statistics provide a valuable lesson on the scale of transformational changes needed in response to the climate emergency, and the continuing centrality of sectors like transport and energy. The challenge before us is to achieve these outcomes in ways that are sustainable and just.
- Let all of us - as a Government and a Parliament – get ready to lean even further in and commit to the bold and ambitious approach required to ensure Scotland can continue to play its part in global efforts to tackle the climate and nature crisis.

WHY HAS THE 2021 ANNUAL TARGET BEEN CHANGED [FROM 57.9% TO 51.1%]?

- Scotland's emissions targets from 2021-2029 have been amended by Regulations agreed by Parliament. The need for such periodic revisions, as data and carbon accounting standards evolve over the years, was anticipated when the 2019 Climate Change Act was agreed by this Parliament.
- The modification of targets is in response to advice of the UK Climate Change Committee to make a technical adjustment to ensure our emissions targets remain consistent with the latest methodology for carbon accounting.
- The 2045 Net Zero target year and interim targets for 2030 and 2040 are unchanged.

WHY ARE THE MOST UP TO DATE GHG INVENTORY METHODS NOT BEING USED TO MEASURE PROGRESS?

- The 2019 Climate Change Act agreed by the Scottish Parliament implements a target reporting methodology advised by the Climate Change Committee to provide a transparent approach to managing technical data revisions in the emissions inventory.

- The approach “freezes” the inventory measurement methods so that reporting on targets is based on the methodology in place at the time targets were set, meaning the goalposts do not change between the time a target is set and the time when it is reported against. This allows Parliament and stakeholders to see more clearly the impact of on the ground action.
- In line with the requirements of the Act, reporting for the 2021 emissions target will update to the most up-to-date set of inventory methods.

NON-STATUTORY MEASURES OF PROGRESS

WILL YOU ALSO SET TARGETS FOR CONSUMPTION-BASED EMISSIONS (ALSO CALLED THE “CARBON FOOTPRINT”)?

- Consistent with both international reporting practice and independent advice from the UK Climate Change Committee, Scotland’s statutory climate change targets are set on the basis of long-term reductions in territorial emissions. Scotland is also one of only a few countries to include a share of emissions from international aviation and shipping in the targets.
- This means that emissions associated with imports and exports are included in Scotland’s emissions targets to the extent that they occur within our territory, including emissions from outbound journeys from Scottish ports and airports, but emissions that occur outside Scotland are not included.
- However, Scotland is one of the few countries to publish statutory annual reports setting out complementary figures covering economy-wide consumption-based emissions. This approach recognises the inherently global nature of climate change and the importance of our trade relations. The latest consumption emissions data – for 2019 –is available at: <https://www.gov.scot/publications/scotlands-carbon-footprint-1998-2019/>.
- It is important to note the point made by the Climate Change Committee in their 2019 advice on Net Zero: “... *consumption emissions will only reach net zero once the rest of the world’s territorial emissions are also reduced to net zero*”.
- To support our transition to a circular economy, we believe that there is merit in developing statutory targets to tackle consumption reduction as well as other aspects of the circular economy. Through our Circular Economy Bill, we are consulting on new powers to set statutory circular economy targets through secondary regulations.

WHY ARE YOUR UK COMPARISONS NOT BASED ON PER-CAPITA EMISSIONS (WHICH SHOW SCOTLAND HIGHER THAN UK AVERAGE)?

- Statutory emissions reductions targets across the UK are based on reducing actual emissions levels, across the whole economy and over the long term.
- On this basis Scotland continues to outperform the UK as a whole in delivering long-term reductions [Scotland down 49.2% from 1990 to 2021, UK down 46.7%].
- Country-level comparisons based on per-capita emissions from particular sectors are not necessarily helpful, as these will reflect variations in both historical emissions levels and the regional nature of land-use types and practices.

Background:

2019 Climate Change Act: [The 2019 Act](#) received Royal Assent on 31 October 2019 and amends the [Climate Change \(Scotland\) Act 2009](#). It increases the ambition of the 2009 Act targets for reducing emissions, in response to the UN Paris Agreement and global climate emergency. It also updates arrangements for advice, planning and reporting. All provisions were commenced in March 2020.

Targets: Scotland has an economy-wide target for net zero emissions of all greenhouse gases by 2045 at the latest. Interim targets are set for 2030 and 2040, for reductions of 57.5% and 90% from a 1990/95 baseline. Annual targets are set for all other years from now until net zero.

2030 Interim Target: *The 2030 target was changed from 70% - the level recommended by the Climate Change Committee (CCC) – by opposition amendment with cross-party support at Stage 3 [Sept 2019] of the most recent Scottish Climate Change Bill. The CCC recently said [December 2022] that a 65-67% reduction in Scotland’s emissions by 2030 is both feasible and consistent with Scotland’s Net Zero commitment”. However, they do not recommend that the 2030 target is changed saying that, “Once Parliament has expressed its ambition by legislating targets, we apply the principle that methodological updates should only lead to a reduction in ambition in those targets where they have a material impact on their achievability”. In this regard the CCC indicates that “The legislated 2030 target [of a 75% reduction] means that policies must go further than the CCC pathway” and major additional policy action is required immediately.*

Proposal to amend annual targets 2021-2029: *In December 2022 the Climate Change Committee (CCC) published its first 5-yearly review of Scottish emissions targets. The review highlighted updates to internationally set methodology for carbon accounting, which have undergone significant revisions as a result of new ways to account for peatland emissions. Secondary legislation entered into force in May 2023 which f adjusts the 2020 target to 48.5% (previously 56%) in line with CCC advice, for the sole purpose of modifying the 2021-2029 targets which had not yet been reported on at the time.*

Source emissions and data revisions: *For transparency, actual emissions figures based on the most up to date possible set of inventory methods are also published. On this basis, emissions have fallen by 49.2% from 1990.*

ADAPTATION AND RESILIENCE

TOP LINES

- We are already seeing warming here in Scotland, with more extreme weather events and rising sea levels. As a nation we must adapt to these changes and prepare for the impacts of global climate change which are already locked in.
- We are responding to climate risk through our 2019 Adaptation Programme, which sets out more than 170 policies and proposals to build resilience in Scotland to the impacts of global climate change.
- Progress is being made. We are investing in Scotland's resilience to climate change with an extra £150 million for flood risk management and £12 million for coastal change adaptation over this Parliament.
- However, we also accept that more needs to be done to build resilience as part of Scotland's just climate transition. Alongside delivering our current policy package, we are also developing a new programme [for publication 2024] in response to the updated risk assessment from the Climate Change Committee.

CLIMATE ADAPTATION AND RESILIENCE PROGRESS

- As the our most recent [May 2022] monitoring report to Parliament demonstrates, progress is being made on adaptation in Scotland. For example:
- We are investing in Scotland's resilience to climate change with an extra £150 million for flood risk management and £12 million for coastal change adaptation over this Parliament.
- In November 2021, we announced a new £55 million multi-year commitment to the Nature Restoration Fund bringing the total to £65 million over this Parliament, and are continuing to invest £250 million over 10 years on peatland restoration. This is part of our commitment to restore 250,000 hectares of degraded peatland by 2030.
- However, it is also clear that still more needs to be done to build resilience in Scotland as part of our just climate transition. Alongside delivering our current policy package, we are also developing a new programme [for publication 2024] in response to the latest evidence and advice from the CCC.

IPCC SYNTHESIS REPORT

- The Intergovernmental Panel on Climate Change's (IPCC) Synthesis Report [published in March 2023] is clear that global action on adaptation is not yet keeping pace with the worsening impacts of climate change.
- This is a shared global challenge, which applies here in Scotland too.
- We have already recognised the need to enhance our existing action, including an extra £150m for flood risk and £12m for coastal change in this Parliament.
- In the run up to COP26, we hosted a National Climate Resilience Summit [October 2021] to raise collective ambitions across the public, private and third sectors for an inclusive and resilient Scotland.
- The UK Climate Change Risk Assessment [published January 2022] identifies the risks to Scotland from the changing climate, and advice from the Climate Change Committee has informed our approach to further building Scotland's resilience to these risks.
- Alongside delivering our current policy package, we are developing a new climate adaptation programme for publication in 2024.

ADAPTATION AT COP26 & COP27

- COP26 taking place in Glasgow provided an opportunity to showcase our outcomes-based and person-centred approach to adapting to climate change.

- We held a number of successful events, for example a workshop on regional resilience with the California State Government and an interactive event with the British-Irish Council on cultural heritage and coastal resilience. These provided a platform to present Scotland's approach to climate change adaptation globally.
- COP26 also provided an opportunity to showcase regional adaptation initiatives in Scotland, such as Climate Ready Clyde in the Glasgow City Region.
- At COP27 the Scottish Government hosted an 'adaptation innovation lab' event. This event highlighted the key challenges regional governments face in developing climate adaptation responses, as well as examples of how these have been overcome.

ADAPTATION SCOTLAND PROGRAMME

- The Adaptation Scotland programme is funded by the Scottish Government to support capacity building and action on adaptation by the public sector, businesses and communities in Scotland. This includes developing Scotland's pioneering place-based approach to climate change adaptation.
- Adaptation Scotland's award winning Adaptation Capability Framework is used across the public sector to assist organisations in assessing and developing their adaptation capacity. Adaptation Scotland continues to support use of this framework with a new cohort of members were recruited to the benchmarking working group over Summer 2022.
- Adaptation Scotland recently published [October 2022] new resources designed for local authorities, public bodies and the private sector to increase their understanding of and access to climate adaptation finance and funding. And in [March 2023] launched the Community Climate Adaptation Routemap, a practical guide for communities to adapt to climate change.

Q&A

What is the Scottish Government doing in response to the CCC's criticism [March 2022] that progress on adaptation in Scotland has "stalled"?

- We welcome the Climate Change Committee's independent scrutiny of our response to the global climate emergency. We are pleased that the Committee supports our vision for a climate resilient Scotland. However, we accept that more needs to be done.
- Adaptation to the locked in impacts of climate change is a global challenge and we are not alone in needing to accelerate progress.
- Alongside continuing to deliver the 170 policies and proposals in our current Adaptation Programme, we are now also developing the next Programme for publication in 2024 and are looking for additional, early actions we can take to address the highest priority risk areas identified by the CCC.
- Our recent [May 2022] monitoring report on progress includes an early response to some of the CCC's key recommendations.
- The other, sector-specific, recommendations from the CCC are all under active review, and will help to shape the Scottish Government's co-ordinated policy response to the updated Climate Change Risk Assessment.

Background:

May 2022 annual progress report on the Climate Change Adaptation Programme: *The report published/laid on 26 May was the third statutory annual monitoring report on Scotland's Climate Change Adaptation Programme 2019-2024 (SCCAP2). It provides an assessment of progress towards building resilience in Scotland to the impacts of climate change. No formal quantitative monitoring framework is in place to measure progress towards the SCCAP2 outcomes. Instead, this report provide examples of progress – since the time of the last report in May 2021 – in implementing policies and proposals that contribute towards each of the SCCAP2 outcomes. The*

report also includes an initial response to the CCC's recent (March 2022) and generally critical independent assessment of the SCCAP2 programme.

Climate Change Risk Assessment: The 5-yearly update to the evidence reports for the UK-wide climate change risk assessment (CCRA) published by the Climate Change Committee on 16 June 2021 shows a severe and worsening landscape of climate-related risk in Scotland (and across the UK). The assessment identified 61 main risk areas and concludes that current levels of policy intervention in almost all of these are insufficient. Also identifies eight highest priority areas as needing more action within the next two years (i.e. by summer 2023), including: risks to human health and wellbeing from high temperatures, risks to biodiversity, risks to soil health (with significant impacts on ability to progress to net zero goals), risks to a range of infrastructure networks. The statutory version of the CCRA was laid in the UK Parliament (by UK Government, with agreement from the DAs) on 17 January 2022. This constitutes the statutory trigger for Scottish Ministers to develop the next Scottish national policy programme on climate change adaptation. Within the CCRA, the UK Government (Defra) and all of the DAs accept the CCC's independent assessment of risk.

CCC independent assessment of SCCAP2: On 15 March 2022, the Climate Change Committee (CCC) published its first independent assessment of the second Scottish Climate Change Adaptation Programme (SCCAP2, which covers the period 2019 to 2024). The report is generally critical – headline findings:

- Progress in delivering adaptation has stalled across all sectors and opportunities to embed adaptation actions are not currently being taken.
- Long-term vision set out in SCCAP2 needs to be operationalised through time bound and quantitative targets, with clear SG accountability.
- There is a gap in monitoring and evaluation of adaptation meaning that the effects of policies to manage risks are largely unknown.
- There are numerous local-level examples that can form the template for a stronger and larger-scale adaptation response.
- The CCC scores the effectiveness of the majority (63%) of current sectoral plans and risk management actions as being 'low'.

A second independent assessment of SCCAP2 is expected in November 2023.

CLIMATE CHANGE COMMITTEE

TOP LINES

- The independent expert advice of the Climate Change Committee plays an important role in Scotland's approach to responding to the global climate emergency.
- We greatly value all of the Committee's advice and reports.
- As set out in the [2021] PfG, we are currently exploring the establishment of a new office of the CCC in Scotland.

CCC 2022 SCOTTISH PROGRESS REPORT (PUBLISHED DECEMBER 2022)

- We responded to the Climate Change Committee's latest advice on 20 June 2023 – accepting or partially accepting 98 of the 99 recommendations with the other one being for the UK Government.
- The Climate Change Committee recognised the scale of Scotland's 'extraordinary ambition' to decarbonise the economy over the next decade, but recognised the immense challenges we face in achieving those.
- Scotland's targets are among the most stretching in the world, but it is right to be continually ambitious on an issue that will affect our future generations.
- Progress has been made – Scotland is half way to net zero.
- We are now entering the most challenging part of the journey to date, with a need to halve our emissions again by 2030.
- The next full Climate Change Plan will show the emissions reductions of the economy wide policies in the plan, as well as detailing other benefits like job creation, and the costs of the policies.

CCC 2022 UK PROGRESS REPORT (PUBLISHED JUNE 2022)

- We agree with the independent Climate Change Committee that much greater urgency and focus on delivery is required from the UK Government, if climate goals across the UK are to be met.
- Scotland continues to decarbonise faster than the UK average. As the Committee's new report recognises, we are leading the way in key delivery areas such as energy efficiency and tree planting.
- Scotland can only meet its climate targets if the UK Government does more in areas that remain reserved and significantly increases investment in the net zero transition.

CCC INDEPENDENT ASSESSMENT OF SECOND SCOTTISH CLIMATE CHANGE ADAPTATION PROGRAMME (PUBLISHED MARCH 2022)

- We are pleased that the Climate Change Committee's independent assessment of our second Climate Change Adaptation Programme supports our vision for a climate resilient Scotland. However, we accept that more needs to be done.
- Adaptation to the locked in impacts of climate change is a global challenge and we are not alone in needing to accelerate progress. The CCC's report reinforces this.
- We have already recognised the need to enhance action under our existing Adaptation Programme. For example, we are providing an extra £150m for flood risk management and £12m for coastal change adaptation over this Parliament. And we are supporting resilience internationally by trebling our world-first Climate Justice Fund.
- We welcome independent scrutiny of our response to the global climate emergency and asked the CCC to prepare this report on adaptation here in Scotland.
- The CCC's findings add further weight and urgency to recent international evidence that action to build resilience is not keeping pace with worsening climate impacts.

- Alongside continuing to deliver the 170 policies and proposals in our current Adaptation Programme, we are now also looking for additional actions we can take to address the highest priority risk areas identified by the CCC.
- A just transition to a net-zero society and economy requires action on adaptation at the same level of priority and focus as that on emissions reductions.
- As such, we particularly welcome the CCC's advice on how to include adaptation in Scotland's just transition. We will, as recommended by the CCC, also seek to engage the independent Just Transition Commission in shaping our next steps.
- CCC quote on comparisons to UK (Chris Stark, CEO, on GMS 15 March): *"The Scottish Government has been noticeably better [than other parts of the UK] at putting a vision around [...] what they want to do to make Scotland more [climate] resilient. We don't see that for example from DEFRA in the UK, who have the lead there".*

ESTABLISHMENT OF A CCC SCOTLAND OFFICE

- As set out in the [2021] PfG, we are exploring the establishment of a new office of the CCC in Scotland.
- A Scottish office of the CCC would be expected to build relationships with other relevant advisory and regulatory bodies in Scotland, including the First Minister's Environmental Council, the Just Transition Commission and Environmental Standards Scotland.
- **If pressed on timelines:** We are currently exploring the potential to establish a Scottish office with the CCC and their other sponsors.

Q&A

What impacts has the UK Climate Change Committee had on your climate change policies? How valuable a resource is it for you?

The independent expert advice of the Climate Change Committee is an important part of Scotland's approach to delivering a just transition to net zero emissions and a climate resilient future. For example, Scotland's statutory annual emissions reduction targets were set by the Scottish Parliament in line with the Committee's advice, with the exception of the 2030 target of a 75% reduction which went further than the Committee's recommendation of 70%. Also, the Committee's latest advice on Scotland's progress [December 2022] is supporting development of our next Climate Change Plan with policies and proposals for meeting statutory emissions targets out to 2040 [we expect to publish a draft later this year].

We will continue to work closely with the Committee to ensure we benefit fully from their expertise going forward.

How beneficial would an advisory body with a more specific focus on your jurisdiction be?

The UK Climate Change Committee provides Scotland-specific advice, including in line with the requirements of the Climate Change (Scotland) Act 2009. This includes annual reports on progress in reducing emissions, regular reviews of the levels of Scotland's statutory emissions reduction targets, and regular assessments of Scottish programmes for adaptation and climate risk management. There are also a number of Scottish bodies that we engage with to help inform our approach to climate change (see next question for examples).

We continue to keep arrangements for climate change advice under review, and will consider opportunities to enhance our independent advice as required.

What other independent bodies do you look to for advice on climate policy?

We engage closely with experts, advisory bodies, businesses and other organisations to help inform our climate policy. This includes the Climate Emergency Response Group, the Climate Change Committee, the Scottish Science Advisory Council, First Minister's Environment Council and the Just Transition Commission.

Background:

The UK Climate Change Committee is the Scottish Government's [and UKG's] independent statutory adviser on climate change. It is jointly sponsored by UKG and devolved administrations. It comprises a Committee (made up of recognised experts in their fields) on mitigation (chaired by Lord Deben) and on adaptation (chaired by Baroness Brown). Regular CCC advice is required under Scottish climate change legislation, including annual reports on progress in reducing emissions, regular reviews of the levels of statutory emissions reduction targets, and regular assessments of programmes for adaptation / climate risk management.

CCC Scotland Office: The 2021-22 PfG restated a continuing commitment (first set out in 2019) to establish an office of the CCC in Scotland to enhance CCC advice for Scotland on both mitigation and adaptation matters. While work on establishing an office was delayed due to COVID and then COP26 pressures, SG officials are now working with the CCC Secretariat [Redacted]

Additional capacity provided by a Scotland office will enable the CCC to build wider relationships in Scotland, and improve their understanding of the Scottish evidence and policy landscape. This will be reflected in improved quality of current advice and analysis for Scotland on both mitigation and adaptation (e.g. progress reports on mitigation and adaptation, advice on Scottish targets, review of draft Climate Change Plans, Scottish element of Climate Change Risk Assessments). There will also be capacity to provide new Scotland-specific outputs and functions to be agreed with the CCC.

[Redacted]

The Climate Change Committee (CCC) and the National Infrastructure Commission (NIC) have written [6 Sept] to the new Prime Minister setting out the positive case for action on energy efficiency, low carbon heat and renewables in the face of the current cost of living crisis. They say that "The UK cannot address this crisis solely by increasing its production of natural gas." and "Energy security and reducing the UK's exposure to volatile fossil fuel prices requires strong policies that reduce energy waste across the economy and boost domestic production of cheap and secure low carbon energy." The CCC and NIC recommend that the UKG develops credible policies for energy efficiency in buildings; provides and promotes a comprehensive energy advice service; delivers a working market-based mechanism for low-carbon heat; makes full use of new auctions for onshore wind and solar; delivers updated National Policy Statements for energy and acts quickly to resolve barriers to deployment of strategic energy infrastructure. There are no recommendations addressed to SG. Further detail can be found in the letter available at: <https://www.theccc.org.uk/publication/ccc-and-nic-write-to-prime-minister-rt-hon-elizabeth-truss-mp/>

CCC Scottish Progress Report and Review of Scottish Target Levels (published 7 Dec 2022): CCC call for further action and a "clear and quantified" delivery plan, and recommend adjusting Scotland's emissions targets between 2020 and 2029. Liam Kerr (Con) said damning report showed SNP-Green government falling miles short in action required to tackle climate emergency. Maurice Golden (Con) criticised SG record on recycling, and called delivery of climate action "absolutely woeful". Liam McArthur (LD) said report exposes glaring gaps in plans and progress being jeopardised by ministers' failure to co-operate at UK level or to give local councils a fair deal". Scottish Labour MSP, Colin Smyth, said "The report is utterly damning".
KEY MESSAGES FROM CCC REPORTS:

- *Scotland is still not delivering on key milestones such as energy efficiency in homes and peatland restoration.*
- *Scotland's 2020s annual targets should be adjusted to align with a translation of the legislated 2020 target to the new inventory basis (but 2030, 2040 and 2045 targets should stay the same).*
- *The 2020 interim target was achieved. However the fall in emissions in 2020 was largely due to travel restrictions during the COVID-19 pandemic, without which it is unlikely the target would have been met.*
- *A quantified delivery plan is urgently needed. The Scottish Government urgently needs to show how its policies will combine to achieve the emissions reduction required to meet the challenging 2030 target.*
- *Cooperation with the UK Government is key for realising both Scotland's ambitions and the full potential of Scotland's contribution to the UK's own decarbonisation plans.*

JUST TRANSITION FUND

Top Lines

Since the Fund's launch in 2022, £75 million of support has been announced comprised of:

- £50 million in capital grant programme support for 24 projects.
- £25 million allocated to the Scottish National Investment Bank for 2023-24, to be invested in the North East, on a commercial basis and in line with the Bank's Investment Strategy, its missions including to support a Just Transition to net zero.
- Commitments from the first year of the fund include:
 - **£11 million** on a **package of skills interventions** supporting the transferability of workforce across sectors to meet the needs of the net zero transition including an advanced manufacturing skills hub.
 - **£30 million** on **innovative projects and approaches**, including two targeted innovation funding support schemes: the Social Enterprise Just Transition Fund and supply chain pathway and challenge fund; and a digital innovation lab.
 - **£3 million** testing and promoting **emerging technologies** such as EV battery recycling technology, offshore green hydrogen, and decommissioning; and
 - **£4 million** empowering and **investing in communities**, with our participatory budgeting approach and through specific community projects in ecovillages, adaptation and local climate assemblies.
- We also ring-fenced £1m of the Fund in 2022/23 for participatory budgeting, which we will continue every year over the lifetime of this parliament helping to empower local communities by giving them a direct say on how money is spent in local areas.

Achievements

Since the first projects were awarded funding several have hit key milestones helping to accelerate the region's transition to net zero, including:

- 11 energy supply chain companies have received capital grant funding through ETZ's Energy Transition Challenge Fund so far, enabling local businesses to decarbonise unlocking additional private capital investment in the region.
- Funding has also gone towards:
 - the purchase of a new site for ETZ's Energy Transition Skills Hub,
 - engineering infrastructure for Ripcell's EV battery recycling pilot and
 - engineering studies for our tidal and wave energy projects respectively.
- NESCAN's Climate Assembly has engaged 840 people across 22 events empowering communities to explore what a Just Transition means for them.
- £1 million funding (total) has been approved for 7 social sector organisations in the North East through Social Investment Scotland's Social Enterprise Just Transition Fund.
- The NESS CCUS feasibility study, the Cabrach Distillery project, VSA's Easter Anguston Farm feasibility study and Findhorn EcoVillage's feasibility studies have all successfully completed.

Discussion papers publication

I am pleased to note that today we will be publishing discussion papers to support development of our Just Transition Plans on the Built Environment and Construction, Land Use and Agriculture and Transport.

- These discussion papers form part of a suite of materials, including fact sheets for each sector and an overview of the process and timings for developing Just Transition Plans.
- The discussion papers set out a vision for the transition to net zero and pose several broad questions aimed at identifying the key priorities to be focussed on as policies develop.

- We have taken this approach following challenge from the Just Transition Commission, who advised that publishing draft Plans with draft policy positions would be too prescriptive to support effective co-design.
- We hope that this approach provides enough structure to have constructive conversations while protecting room for stakeholders to consider and propose policy solutions to the issues outlined.
- I am grateful to the Commission for their work to steer us on these papers, through written feedback, dialogue with officials and undertaking their own engagement to advise us. Their ongoing scrutiny is vital to this work.
- Over the summer and into the autumn I look forward to engaging with communities, workers and their unions, business, local government and the wider public as we inform the draft Just Transition Plans.
- I will be writing to the convenor today providing further exposition on this approach and with links to the published papers, which will be online around midday today.

Support for Unions – STUC Funding

Workers voices are crucial as we work to ensure a just transition – that is why we have committed additional grant funding to support just transition capacity within the trade union movement.

- We have committed to provide annual funding of £100k to support just transition capacity within the trade union movement; this has enabled the STUC to provide two dedicated worker engagement roles within the STUC, supporting just transition planning and delivery for workers.
- These new roles allow the STUC to continue to:
 - engage with workers and feed into our Just Transition Plans;
 - help workers influence the manner of the transition in their own organisations and sectors and;
 - support workers within the low-carbon economy.
- The unions – particularly through the creation of the Just Transition Commission – have already been fundamental to our policy thinking about a just transition. This funding will ensure that they have the capacity to continue to represent their members, informing our approach as we get on with delivering good, green jobs and a truly just transition.
- **[QUOTE]** *“[The] trade union movement has been at the forefront of pushing for a just transition, ensuring climate justice is entwined with workers’ voices. [...] This funding, in addition to the work ongoing within the Just Transition Commission, will ensure we hold business, Government and all other stakeholders to account.* (Roz Foyer, General Secretary STUC, 25 April 2022)

Support for Business – Scottish Business Climate Collaboration

As our economy transforms, we want Scottish businesses to be ready to take advantage of the opportunities to innovate at home and then export their solutions to the rest of the world.

- The business sector in Scotland will play a crucial role in helping capture the economic and social benefits as we transition to a net zero economy.
- That’s why the Scottish government is helping to fund the Scottish Business Climate Collaboration (SBCC) which launched in October 2021 ahead of COP26 to help accelerate the just transition to a net-zero future within the business community.
- Scottish Government has provided £150,000 in funding over two years for the SME programme. Additional funding for the programme will be provided by SBCC members.
- SBCC members are major businesses from a range of key strategic economic sectors. They are: Aggreko; Diageo; EY; FirstGroup; Lloyds Banking Group; Scottish Power; Scottish Water; and the Wood Group.

- The eight businesses represent around 25,000 employees in Scotland and 570,000 globally, with more than £92 billion in global revenue.
- SBCC is providing strategic direction and exploring practical, best practice action members can take – corporately and at employee levels – in the fight against climate change.

SME Net Zero Hub

The SME Net Zero hub will help keep SMEs informed about how best to transition to Net Zero, contributing to a flourishing and sustainable net-zero economy

- In March 2023, the SBCC launched the SME Net Zero Hub, with an online tool and specific business-to-business mentoring to support participating SMEs in carbon reduction and setting net zero targets.
- It provides a practical step by step programme, equipping businesses with the tools and knowledge to achieve net zero within their own organisations and in the goods and services they supply.
- The Hub takes the form of learning management software featuring an online course with 12 short modules and a Carbon Tool to measure baseline emissions and develop a Carbon Reduction Plan.
- Each SBCC partner organisation will promote and distribute the e-learning series across their supply chains in a bid to reduce scope three emissions at scale and educate SMEs of all industries about the challenges and opportunities presented by tackling the climate crisis.
- The series will be free to access and open-sourced to all Scottish SMEs who wish to take part.

CLIMATE CHANGE- ACHIEVEMENTS, COMMITMENTS AND ISSUES

Key Achievements

International

- We are the first government committed to fund loss and damage – and held up as a global leader on what is one of the most contentious international climate topics and have trebled the Climate Justice Fund to £36m and launch of a £24m programme.
- We are a Co-Chair of U2 European Group, new co-chair of U2 Policy Forum leading on hydrogen. Geopolitical events have triggered an acceleration of efforts to increase hydrogen production and use in Europe and we are witnessing a rush to grow a European hydrogen market that we wish Scotland to be part of. This September, we published a Scottish Hydrogen Investment Proposition to promote inward investment in hydrogen in Scotland and the export of renewable hydrogen.
- We have doubled our initial commitment of £100,000 to the Under2 Coalition Secretariat to develop a Just Transition Taskforce, to facilitate knowledge-sharing between members of the Coalition.

Domestic

The latest emissions data [for 2020 shows] that Scotland's emissions are down by over 50% since the 1990 baseline, over half way to net zero. We continue to out-perform the UK as a whole in delivering long-term emissions reductions.

- It is welcome that Scotland's 2020 emissions target [of a 56% reduction] has been met. It is also welcome that the data shows continued underlying progress across many key sectors.
- Scotland is one of only a very few countries to have set statutory annual targets all the way to net zero.
- Scotland is one of only a few countries to include a share of emissions from international aviation and shipping in the targets. [The UK's Sixth Carbon Budget (2033-37) includes these emissions for the first time].
- Our Infrastructure Investment Plan includes almost £9bn for environmental sustainability and the transition to net zero. As part of the 2023/24 Scottish Budget, nearly £2.6 billion of capital funding was allocated to the Net Zero, Energy and Transport Portfolio to support the delivery of our agreement with the Scottish Greens and Programme for Government, as well as supporting our portfolio ambitions on Net Zero, Energy and Transport.
- Since opening for business in November 2020, the Scottish National Investment Bank has committed £258.4 million across 20 investments in line with its strategic missions - with more in the pipeline. The Bank is the first mission-oriented investment bank in the UK and is being capitalised by the Scottish Government with £2 billion.
- Our updated Climate Change Plan (CCPu) includes xx policies and proposals covering the period up to 2032.
- Last year Scotland became the first UK nation to ban problematic single-use plastics (e.g. plastic cutlery, crockery, beverage stirrers etc)
- Since last January, all young people and children from 5 to 21 who live in Scotland have been eligible for free bus travel.
- Last year all the main air quality monitoring sites in Scotland met legal standards to protect health.
- We are also striving to protect and enhance our natural carbon sinks, and over the past 5 years over 75% of the newly planted trees across the UK were planted in Scotland and restored x Hectares of peatland.

- Scottish Forestry manages the Woodland Carbon Code. The woodland carbon market has already expanded by more than the 50% target set in the Climate Change Plan for 2025.
- We are responding to the impacts of climate change through our 2019 Adaptation Programme, which sets out more than 170 policies and proposals to build resilience in Scotland to the impacts of global climate change.
- Progress is being made. We are investing in Scotland's resilience to climate change with an extra £150 million for flood risk management and £12 million for coastal change adaptation over this Parliament.
- Our £500 million Just Transition Fund has allocated £75 million to date, supporting projects and communities across the North East and Moray to create jobs, support innovation, and secure the highly skilled workforce of the future.

Buildings

Achievements

- We have committed to a New Build Heat Standard, meaning new buildings applying for a building warrant will be prohibited from using direct emissions heating systems to meet their space and hot water heating and cooling demand.

Commitments

- Consult on regulations for low carbon heating this year.

TRANSPORT

Achievements

- Finalised 20% car km reduction route map prepared for publication
- Research on car demand management options completed and prepared for publication.
- The Scottish Government has awarded almost £113m to support operators to acquire 548 new zero emission buses and supporting infrastructure, through the Scottish Zero Emission Bus Challenge Fund and the Scottish Ultra Low Emission Bus Scheme.
- In 2023-24, £421.8 million has been allocated in funding for bus services and concessionary fares.
- The Scotland-wide free bus travel schemes for Young People and for Older and Disabled people support a much larger percentage of the population than schemes elsewhere in the UK.
- Over £300 million is spent each year to provide up to 2.6 million people in Scotland with access to free bus travel.
- With over 3 million journeys every week these schemes are helping people all across Scotland cut costs for essential, everyday and leisure travel, making sustainable travel a more attractive option and supports our net zero ambitions.
- Scotland has the most comprehensive public charging network in the UK outside of London, with over 3,000 public charge points.
- Within the 2023-24 budget, almost £190m has been allocated to Active Travel, money that will fund infrastructure projects, behaviour change initiatives and improving access to bikes for people of all ages and abilities.
- Recently completed schemes include the Stockingfield Bridge and Garscube Road in Glasgow, where cycling rates have increased by 300%. We expect to see completion of high profile schemes of South City Way in Glasgow, and City Centre East West Link in Edinburgh in 2023-24.
- We brought ScotRail into public control and ownership on 1 April 2022.

- The Scottish Government took the decision last year to freeze ScotRail fares as part of a suite of measures to tackle the ongoing cost of living crisis.
- Since 2009 we have reconnected 15 communities to the rail network with new stations opened in the Highlands the North East of Scotland, the Central belt and the Borders.
- In the next 2 years, new stations at East Linton, Cameron Bridge & Leven will open, reconnecting those communities to our rail network.
- Prior to the onset of the pandemic, more than 75% of passenger journeys on ScotRail were being made in low carbon electric trains.
- In 2022/23 around 13 thousand trains moved over 4 million tonnes of goods, saving millions of lorry miles in Scotland. Our rail freight growth target is measured in net tonne miles and new traffic to rail in 2022/23 amounted to over 48 million net tonne miles, bringing significant environmental benefits. In addition, over 40% of our rail freight is electrically hauled from origin to destination.
- Glasgow City Council's low emission zone came into force.

Commitments

- 20% reduction in car kilometres by 2030 against a 2019 base line.
- Phase out of petrol and diesel cars by 2030.
- Phase out petrol and diesel buses by the end of 2023.

Agriculture

Achievements

- The Scottish Government's Vision for Agriculture was published in March 2022.
- We published an [Agricultural Reform routemap](#) on 10 February 2023 which sets out the timescales to share more information with farmers, crofters and landowners to help them plan and prepare for changes which will come into force from 2025.
- Preparing for Sustainable Farming (PSF) under the National Test Programme (NTP) launched in Spring 2022. Central to this track is the provision of funding for conducting Carbon Audits and Soil Sampling Testing. Testing Actions for Sustainable Farming under the NTP was a national pilot to develop and test actions that may become a requirement of direct support from 2025 onwards. It began in July 2022 with a survey to test awareness, attitudes, and outcomes in sector. Over three years (until 2025) the NTP will deliver Scottish Government investment of up to £51 million.
- The PSF has been updated to include a [package of animal health and welfare](#) (AHW) interventions to help farmers improve sheep and cattle efficiency and was launched 10 February 2023. The AHW interventions will be available until 31 December 2024, with claims system open until 28 February 2025.
- On 10 November 2021, at COP 26, Scotland became the latest nation to sign up to the **4 per 1000 initiative**, which aims to boost carbon storage in agricultural soils and reduce the global carbon footprint
- Launched a new **Agriculture, Biodiversity and Climate Change Network** at the RHS in 2022 for farmers and crofters to highlight and share climate change mitigation actions is to be established.
- Continue to promote the **Integrating Trees Network**, a farmer-led initiative that aims to encourage more farmers and crofters to plant trees. Has hosted eighteen engagement events since March 2021 in partnership with Scottish Forestry

- **The Agri-Environment Climate Scheme 2021** awarded £30m to over 600 rural businesses for environmental projects and mitigate the impact of climate change under. Total support from 2015-2021 is around £244m to almost 3,000 projects
- **The Sustainable Agriculture Capital Grant Scheme (SACGS) pilot scheme** has provided grant worth £12.8m to 3,148 businesses to invest in a wide range of items of agricultural equipment to enable changes necessary to reduce direct and indirect greenhouse gas (GHG) emissions. 554 applicants have accepted offers worth £4.6m through SACGS 2022 to support the purchase of **low emission slurry** equipment
- emissions from Agriculture fell by 2.9% (0.2 MtCO₂e) in 2020 from 2019, and overall by 14.9% (1.3 MtCO₂e) from the 1990 baseline figure.
- **The Climate Mitigation and Adaptation Practical Training Fund**
- was established in February 2022 and was supported by Scottish Government who provided funding of up to £250,000 to Lantra Scotland to administer the Fund. The Fund is aimed to contribute to Scotland gaining the skillset to become a global leader in sustainable and regenerative practices
- Five years of additional funding for the **Monitor Farm Programme** was announced in February 2022 (to a sum of £1.9M over a five year period).
- Regulations came into force from 1 January 2022 to consolidate the Silage Slurry and Agricultural Fuel Oil (Scotland) Regulations 2003 into The Water Environment (Controlled Activities) (Scotland) Regulations 2011. Guidance and advice are provided to farmers through the Scottish Environment Protection Agency and **Farming and Water Scotland**, an initiative funded by Scottish Government.
 - In December 2022 SAOS, supported by the Scottish Government, launched the MyHerdStats tool. MyHerdStats provides cattle keepers in Scotland with access to cattle performance indicators

Commitments

- We are committed to integrating enhanced conditionality on at least half of all funding by 2025, then from 2026 we intend to introduce a new mechanism which will see future support payments linked to the contribution farmers and crofters make in delivering our climate and nature objectives. This will ensure the right tools and support are in place when, from 2025, the climate and biodiversity performance of businesses will determine the level of agricultural support.
- We have committed to reduce our agricultural emissions by 31% (2.3 MgtCO₂e) by 2032.
- We have committed to publish a draft Land Use and Agriculture Just Transition Plan alongside the new Climate Change Plan.
- We are now developing the next Scottish Climate Change Adaptation Programme for publication in 2024 which will set out a range of actions that can further build our agriculture sector's resilience to climate change.
- A new Scottish Agriculture Bill will be brought forward in 2023 to provide an adaptive framework, to replace the current CAP framework, and support farmers, crofters and land managers to overcome the challenges they face.
- Scottish Government have procured another year of the Farm Advisory Service (FAS) to run to March 2024. It is envisaged that new FAS contracts will be procured in 2023/2024 for delivery up to and including 2026/27. We have also extended Farming For a Better Climate for a further two years until end of March 2025.
- Scottish Ministers have committed to extending AECS to 2024.
- In 2023 the ATF budget which underpins SACGS is being used to provide an extension of support for slurry storage across Scotland

Industry

Achievements

- Scotland no longer supports the unabated extraction of fossil fuels. Neither is it a solution to the energy price crisis people across Scotland are facing. We want to see the fastest possible just transition for the oil and gas sector.
- Since 1 November 2021, the Scottish Government no longer provides new direct financial or promotional support for the fossil fuel energy sector overseas¹, other than in limited circumstances, and is aligning its support to boost clean energy exports.

Commitments

- Increase industrial energy productivity efficiency 30% by 2032
- Reduce industrial emissions intensity by 30% by 2032.
- By 2024, develop a Grangemouth Industrial Just Transition Plan, Scotland's first JT plan that is both industrial and place-based, focusing on the future, net-zero development of our most significant manufacturing hub, whilst also considering the impacts on the wider town of Grangemouth.

Electricity

Achievements

- The electricity sector is the most mature in terms of decarbonisation, with emissions falling by 13.1Mt CO₂e between 1990 and 2020, the largest reduction of any sector.
- In last year's round of ScotWind licensing, we significantly exceeded the goal of securing 8-11 GW of offshore wind in the pipeline, to achieve 27.6GW of wind energy capacity, should every project be developed to potential.

Commitments

- **Offshore Wind:** We have set an ambition for 8-11 GW capacity by 2030 and are consulting on setting a further offshore deployment ambition.

Waste

Achievements

- Last year Scotland became the first UK nation to ban problematic single-use plastics (e.g. plastic cutlery, crockery, beverage stirrers etc.)
- Circular Economy Bill introduced on 13 June 2023

Commitments

- Continue to invest in modernising local authority recycling infrastructure through the £70 million Recycling Improvement Fund.
- Publish a new National and Litter Flytipping strategy in 2023 and deliver a charge on single-use disposable beverage cups by 2025.
- Publish a final circular economy & waste route map which will set out priority measures to drive progress towards our waste and recycling targets and reduce emissions from Scotland's waste.
- Continue to work with the other UK administrations to introduce packaging extended producer responsibility in a phased manner from 2024 onwards.

¹ Defined as the extraction, production, transportation, refining and marketing of crude oil, natural gas or thermal coal, as well as any fossil-fuel fired power plants.

- Scotland was the first nation in the UK to introduce a ban on landfilling of biodegradable municipal waste, which comes into force on 31 December 2025.

LULUCF

Achievements

- 80% of the trees planted across the UK last year were planted in Scotland
- Through our Peatland ACTION delivery partners we restored 7,468 hectares of peatland in 2022-23. We have restored more than 65,000 hectares to date, and our £250 million commitment will ensure that we continue the recent upward trend in annual restoration rates towards our 250,000 ha target.

Commitments

- In 2020 we committed £250 million to restoring 250,000 hectares of degraded peatlands by 2030.
- To achieve this we need to restore a minimum of 20,000 hectares per year.
- The First Minister's new policy prospectus 'New Leadership - A Fresh Start', published 18 April 2023, promises to deliver up to 110,000 (of the 250,000) hectares of restored peatland by 2026.
- We have fulfilled our commitment to consult on ending the sale of peat in Scotland (consultation closed 12 May 2023) and responses received will inform ambitious timescales for phasing out the sale of peat.

Negative Emissions Technologies (NETs)

Achievements

- As requested by SG, a UKG amendment has been tabled to enable the inclusion of DACCS under the term 'carbon capture entity' in Clause 68 of the Energy Bill.

Commitments

- The 2020 update to the Climate Change Plan (CCPu) set out a defined emissions envelope for Negative Emissions Technologies for the first time. The emissions envelope was set at -0.5 by 2029, rising to -5.7 MtCO₂ by 2032.
- The CCPu also committed to a 'Detailed feasibility studies on NETS [which] will assess the opportunities for negative emissions in Scotland, and identify applications with the greatest potential, including specific sites where possible.'

EMISSIONS TRADING SCHEME (ETS)

Top Lines

- The UK ETS places a market-determined price on carbon emissions in certain sectors aiming to incentivise decarbonisation in the most cost-effective way to support our climate objectives, whilst appropriately supporting Scotland's Just Transition objectives and mitigating competitiveness issues that could arise from the ETS.
- The ETS Authority –formed by the four governments– consulted during spring 2022 on increasing the climate ambition of the UK ETS, including by aligning it with net zero objectives. The Authority intends to publish a joint Government Response to the consultation in the coming months and to legislate for the net zero aligned cap to be in place by 2024.
- We continue to work together with the rest of the Authority to ensure the scheme drives ambitious decarbonisation while supporting our Just Transition objectives.

Update on implementation of the conclusions of the Joint Budget Review in relation to climate change

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WATER INDUSTRY

Water Scarcity

Water levels are lower than usual for the time of year, particularly in parts of north and southern Scotland. With little rain forecast, shortages could become more likely and potentially more widespread.

Top Lines - Public Water Supplies are operating normally.

- There is no immediate danger to public water supplies.
- We have invested in resilience measures to ensure that drinking water supplies are available.
- As there is no certainty about the duration of this dry weather it is prudent that we all take measures to reduce our water consumption in particular reducing non-essential use, for example, washing cars with a hose.

Top Lines - Help for households on Private Water Supplies.

- Nearly 200,000 people in Scotland depend on a Private Water Supply for their drinking water.
- I recognise that these supplies are much more vulnerable to the impacts of a changing climate.
- We have reopened the emergency scheme to provide bottled water.
- For those who are affected, please contact your Local Authority for access to the Scheme.

Sewer Overflows

CSOs are an integral part of most of the sewer networks in Scotland and across the UK. Scotland's sewerage system is designed to accept sewage, industrial wastewater and surface water/run-off drainage. In the event of very heavy rainfall it is designed to spill dilute sewage to the environment to ensure that sewers don't back up and flood homes, businesses, streets and sewage works.

With increasing areas of impermeable surfaces (also known as urban creep) and the impact of climate change (increasing frequency and intensity of these types of rainfall events), CSOs are spilling more frequently. This is exacerbated by blockages in the network due to inappropriately-flushed items e.g. types of wet wipes, hygiene products etc. and other detritus that finds its way into the network.

Top Lines

- Publicly owned Scottish Water has already invested £686 million since 2010 in action to improve Scotland's water environment.
- This has contributed to SEPA's most recent classification results showing 66% of Scotland's water bodies in good ecological condition or better (compared to England's just 16%).
- But we are not complacent, with aims now in place to ensure that 81% of Scotland's water bodies achieve a 'good' or better classification by 2027.
- And this will be aided by Scottish Water's new Improving Urban Waters Route Map which commits a further £345-470 million during 2021-27 on activities including solutions for high priority CSOs and monitoring.

CLIMATE ACTION HUBS:

Update on progress since the £4.3 commitment (see Annex B)

- In April 2023 the Cabinet Secretary for Net Zero, Energy and Transport announced that the Scottish Government will invest up to £4.3 million in 2023/24 to expand to a nationwide network of Climate Action Hubs.
- The application form and guidance have now been published. Communities are being supported to design proposals that will build on existing activity and ensure a joined up and cohesive approach to driving climate action in their areas.
- The Improvement Service and SSN held an event for SG and local authorities on 13 June to discuss how we ensure the hubs have the right local connections to drive a strategic approach.
- The Fife Climate Action Hub launched in May 2023 led by the Fife Community Climate Action Network (FCCAN).
- Two proposals are currently being assessed (Moray Hub led by tsi MORAY and Outer Hebrides Hub led by Climate Hebrides CIC (an arm of the CPP)).
- The next application is due in the coming weeks (Borders) with a further 4-5 expected in August/September (Glasgow, Edinburgh, East Lothian, Argyll and Bute and Forth Valley (FV may be 2 applications for Stirling/Clacks and Falkirk).
- Some concerns have been raised that the approach to supporting hub development needs to be tailored to each area; SG officials are proactively working to find alternative ways to support the development of hubs in a number of areas (Dumfries and Galloway, Perth and Kinross and Ayrshire).

Background

- The Climate Action Hub programme provides a vehicle for communities to come together and engage in collective climate action. It has been designed to drive awareness of the climate emergency and to foster local community action to adapt to and tackle climate change.
- The hubs provide access to resourced expertise to help ensure that strategic development at a local level properly addresses and includes climate action. Giving communities a greater say on how they respond to climate change allows them to produce strategies that are anchored in the concerns and objectives of their local community.
- The two pathfinder Climate Action Hubs (covering the Aberdeen/shire and the Highlands and Islands (Orkney and Shetland)) reach new groups, drive local activity, identify and secure additional funding for communities and embed climate solutions into local planning supporting sustainable and resilient communities.
- The hubs empower communities to identify the actions that are most appropriate to their needs. They support peer-to-peer learning, promote collaboration between projects, and help groups to take advantage of funding opportunities.

INTERNATIONAL CLIMATE CHANGE

Top Lines

- The twin crises of climate change and biodiversity loss are amongst the biggest global challenges of our time.
- In this decisive decade for climate action, the Scottish Government is committed to working with and supporting our international partners to help secure a global transition to a net zero and resilient future in a way that is fair and just for all.
- If the world is to deliver on the Glasgow Climate Pact, nations need to continue to increase ambition and take credible action to reach net zero emissions, rather than roll back on progress that has already been made.
- Although we are not party to the Paris Agreement, Scotland will do its part to ensure that climate action supports the most vulnerable people and communities who are facing the worst impacts of climate change; tackles inequalities; addresses loss and damage; and delivers climate justice.
- We are already building meaningful and lasting international partnerships to mobilise action and ambition and find solutions to address some of the key climate change issues; including through our position as co-chair of the Under 2 Coalition and our membership of the Regions4 steering committee.
- For example, through the Under 2 Coalition, we have partnered with Bloomberg Philanthropies to set up the Net-Zero Futures initiative, and at COP26 pioneered the creation of the coalition's Just Transition Taskforce.
- Our leadership of the Net Zero Futures Policy Forum and Just Transition Taskforce ensures that Coalition members have the practical support they require to deliver their climate targets.
- The Scottish Government was among the first to put climate justice at the heart of its international climate action. A climate justice approach recognises those least responsible for the global climate emergency are being affected first and most severely by it.
- We are proud of our world first Climate Justice Fund [2012] CJF and our support for people in Malawi, Zambia and Rwanda to build more resilient and equal communities.
- Developed countries, like Scotland, have a moral responsibility to help address the loss and damage caused by unavoidable climate change impacts. We were proud to become the first country to commit funding for loss and damage at COP26.
- Since then, we have continued to play a significant leadership and convening role, most recently bringing together international representatives and practitioners to articulate best practice on addressing L&D at Scotland's conference *Addressing Loss and Damage*.
- We are committed to being a bridge builder, to amplifying the voices of the global south, and addressing the unequal impacts of climate change on marginalised people, especially young people and women.
- We will continue to demonstrate the leading action that smaller governments can take in pursuit of global climate goals and work to secure greater recognition from Party governments of the contribution that states, regions and devolved governments make towards climate action.
- That global recognition must be accompanied by structures that enable governments of all levels to influence the global climate agenda and maximise our collective potential in responding to the climate crisis.

ENERGY TRANSITION FUND

Top Lines

- £75m Energy Transition Fund (ETF) is designed to support our energy sector and the North East whilst progressing energy transition as we move toward a net zero society by 2045.
- The fund protects existing jobs, skills and knowledge, and supports creation of new jobs in the North East, and across Scotland. This will be achieved by opening up opportunities through energy transition and harnessing private sector funding.
- The investment will also benefit the wider Scottish energy sector and broader supply chain, working with local businesses to maximise the economic benefits, create and support sustainable jobs and contribute to inclusive economic growth across the country – this is central to our approach to net zero to ensure it is a just transition and no one is left behind.
- **The Energy Transition Zone** - £26.3m to help transform north east Scotland into a globally integrated energy cluster focussed on accelerating net zero through energy transition activities. It aims to generate 2,500 new jobs in Aberdeen and realise as much as £400m GVA.
- **The Global Underwater Hub** – £6.5m. The vision for the Global Underwater Hub (GUH) is to transform the globally competitive underwater sector in the UK to accelerate the transition to net zero, drive innovation and growth and make a step change in the development and internationalisation of technology and services.
- **The Net Zero Technology Transition Programme** -£16.7m At the heart of the NZTTP are seven interconnected projects focussing on reducing emissions and transforming the industry to an integrated, digitally enabled energy system. Involving 56 companies in 7 consortia, it aims to deliver a 4% reduction in UK emissions (14MTCO₂e) and create 21,000 jobs by 2050.
- **Aberdeen Hydrogen Hub** – £15.5m - Aberdeen Hydrogen Hub will play a leading role in supporting the Scottish Government's Net Zero Emissions target and presents the opportunity to deliver Scotland's first commercially investable, 'green hydrogen' production facility focussed initially on the decarbonisation of transport.

EMERGING ENERGY TRANSITION FUND (EETF)

Top Lines

- The Climate Change Plan update, published in December 2020, announced the Emerging Energy Technologies Fund (EETF) to support the development of the hydrogen sector and carbon capture, utilisation, and storage (CCUS), including negative emissions technologies (NETs) in Scotland.
- The EETF is providing capital support to accelerate low carbon infrastructure projects that will be essential to deliver net zero. The Hydrogen Action Plan, published on 14 December 2023, confirmed that up to £100m would be made available to support renewable hydrogen production and our hydrogen production ambition of 5GW by 2030. Up to £80 million EETF funding will also be directed to projects supporting the development of a CCUS transport and storage network and production of low-carbon hydrogen that will further enable NETs projects to develop in Scotland.
- **Hydrogen** - The first tranche of this funding, the **Hydrogen Innovation Scheme**, opened in June 2022. Following the first HIS funding calls we have offered grants totalling over £7m to 32 projects that will drive innovation in renewable hydrogen production, storage, and distribution.
- The second tranche of the EETF hydrogen investment programme, the **Green Hydrogen Fund**, will launch in 2023. This flagship fund, which will provide up to £90m, will focus on supporting renewable hydrogen production from Scotland's abundant renewable energy resources, seeking to give Scotland first-mover advantage.

SCOTTISH INDUSTRIAL ENERGY TRANSFORMATION FUND (SIETF)

Top Lines

- Through the £34 million Scottish Industrial Energy Transformation Fund (SIETF) which co-invests with a diverse range of Scottish manufacturers to reduce energy costs and emissions through increased energy efficiency and deep decarbonisation.
- The 2022 Programme for Government committed us to continue SIETF which leverages over £100m of total investment to directly reduce emissions from industrial processes. The fund in its current form should cut manufacturing sector industries emissions by c.0.15Mt CO₂e.
- Our SIETF programme continues to receive significant applications from a wide range of industrial manufacturing sectors across the country. By enhancing energy efficiency it cuts energy costs, in particular for Scotland's diverse food and drink sector.
- Up to 2022, over 20 projects have been offered grants totalling £12m with many more to be offered during 2023. The programme will be reviewed prior to further invitations to apply.
- We welcome UKG intent to grow IETF by £185m (March 2023). Subject to review, business case and consultation, we expect our separate fund (SIETF) to expand proportionally.

HEAT IN BUILDINGS

Top lines

Heating our homes and workplaces causes 20% of our emissions – we cannot achieve Parliament's net zero target without ending our use of gas boilers.

- Meeting our 2030 interim climate change target will need more than one million Scottish homes to change to a zero-carbon heating system.
- We will consult during 2023 on a Heat in Buildings Bill to phase out fossil fuel boilers in Scotland's homes and buildings and move to clean heating systems.
- We are allocating at least £1.8bn over the course of this Parliament towards heat and energy efficiency measures and to support those least able to pay.
- Over 150,000 households in Scotland already live in homes which are warmer and cheaper to heat, thanks to investment by the Scottish government.
- Moving to cleaner heating systems and improving energy efficiency can end our reliance on fossil fuels and deliver enduring savings for homes and businesses.

Our commitment to allocate at least £1.8bn over this parliament will help kick-start growth in the market and support those least able to pay. This includes:

- At least £465m to support those least able to pay, delivered through our Warmer Homes Scotland and Area Based schemes.
- £300m Scotland's Heat Network Fund to support the construction of new heat networks and the expansion and decarbonisation of existing heat networks.
- £200m Social Housing Net Zero Heat Fund, investing in a sector already leading the way in the heat transition.
- £200m Scottish Green Public Sector Estate Scheme, supporting leadership for energy efficiency and heat decarbonisation right across the public sector.

Issue: From April 2024, new build homes in Scotland will not be allowed to have gas boilers. Industry body, Homes for Scotland warned plans could increase cost of buying a home and reduce delivery.

Spend to Date

- Of the £1.8bn allocated as part of the strategy, £243.5m has been spent between April 2021 to the end of March 2023. £330m is allocated for 23/24 and the forecast annual funding increases in subsequent years.
- The programme is seeing trends showing an increased demand that supports a continuing increase in capital support across the range of schemes offered by the HiBs programme. Action is being taken to increase the reach of the funding based on the outcomes in projects to date.

The New Build Heat Standard is an important step towards decarbonising our buildings and reaching the 2030 target and net zero.

- Heating Scotland's homes and buildings is one of the biggest contributors to our carbon emissions and we know we have to take decisive action to meet the legal climate targets which all parties in parliament voted for.
- The New Build Heat Standard, laid in Parliament on 8 June, will mean that no new buildings constructed under a building warrant applied for from 1 April 2024 will be built with direct emissions heating systems, like gas and oil boilers. New domestic and non-domestic buildings will be built with zero direct emission, climate-friendly, alternatives, like heat pumps and heat networks.
- In practice, as warrants typically last 3 years, this means that we expect some new developments to be able to install direct emissions heating systems, like gas boilers, until April 2027 – this supports the transition for the housing sector, including for those buying new homes.

- The New Build Heat Standard presents an opportunity for developers to deliver future-proofed buildings that would otherwise require costly and disruptive retrofit works. Some developers are already doing that ahead of changes to regulations, and social housing providers are working to the new standards from this December.

Warmer Homes Scotland Scheme – details of scheme and new contract

- Deliver heating improvements and energy efficiency retrofits for those in fuel poverty. Provides energy saving home improvements, including central heating systems and insulation, to eligible households who are struggling to keep warm or with the cost of their energy bills.
- The current scheme closed to new applications in March. Improvements will continue to be installed up until the end of the current contract and all new applications will be assessed under the criteria for the successor scheme, for delivery when the new contract goes live on 2 October.
- We have now signed the contract with the successful bidder to manage the scheme, Warmworks, who will begin mobilisation over the next 4 months ahead of the 'go live' date.
- The WHS successor scheme has a significantly increased maximum contract value of more than £700m over up to 7 years, so it can provide even more support for fuel poor households over its lifetime.
- We delivered measures in 5,478 households during 2022/23, a record number of installs through WHS.
- We have widened the eligibility criteria to the Warmer Homes Scotland scheme, allowing a further 100,000 households to become eligible.
- Households who receive improvements through Warmer Homes Scotland are expected to save an average of £152 per year on their energy bills.

FAIR FARES REVIEW

This government is committed to ensuring our public transport system is a key enabler for growth and opportunity – recognising it provides the vital link between where people live, learn, earn and socialise.

- We are committed to a sustainable and integrated approach to public transport fares - supporting the future long term viability of our public transport system.
- This Government has already introduced concessionary fare schemes in which over two million people are able to access free bus travel - including all children and young people under 22, disabled people and everyone over 60.

It is clear that public transport needs to be attractive to users to help reduce transport emissions – and reducing fares is one mechanism to do that.

- Evidence shows over the last decade rail and bus fares have risen above general inflation, whilst motoring costs have not risen to the same extent.
- This Government is progressing the Fair Fares Review to ensure that all forms of public transport can remain sustainable.
- The Review considers both the cost and availability of services and the range of discounts and concessionary schemes which are available on all modes, to ensure our public transport system is more accessible, available and affordable, with the costs of transport more fairly shared across government, business and society.
- The Review will report by the end of this year, allowing time to gather evidence from the removal of the ScotRail peak-time rail fares pilot, the wider Fair Fares Review and the Year 1 evaluation of the U22 free bus travel scheme to be used to bring forward further targeted measures from 2024-25 onwards.
- The Review will recommend a package of measures which can be considered for implementation from 2024-25 and onwards. These will provide opportunities to address the wider issues for the cost and availability of public transport services across all modes.

A pilot for the removal of ScotRail peak-time rail fares will run for six months starting this October, as part of the Fair Fares Review.

- Following this initiative, the Government will carefully consider its impact and the long-term sustainability of such a proposition.
- This April, we marked the first anniversary of ScotRail being taken into Scottish Government control, thereby ensuring the long term sustainability of rail operations across the country.
- We know that fare increases are never welcome and that is why, for over a decade, ScotRail has kept fares increases lower than in the rest of the UK by ensuring they are no more than RPI, or even lower in the case of off-peak fares.
- My Government is considering future fare options whilst taking account of the extremely challenging fiscal climate facing both rail passengers and funders and I expect to provide an update on this in due course.
- My Government took the decisionThe freeze lasted for last year to freeze ScotRail fares for as long as possible as part of a suite of measures to tackle the ongoing cost of living crisis. The freeze lasted for 18 months
- However from 3 July 2023, ScotRail fares will increase by 4.8% - this does not include season tickets and flexi-passes which will remain frozen at current prices. Any increase is unwelcome for passengers, therefore Scottish Ministers have kept the rise as low as possible to maintain the attractiveness and affordability of rail as a travel option.

- For over a decade the Scottish Government has kept fares increases down by ensuring they are no greater than RPI, or even lower in the case of off-peak fares.
- The increase ScotRail is now implementing is significantly less than RPI due to concerns about its historically high level, it is also lower than the increase applied across the rest of Great Britain from March.
- We know that there is much to be done in encouraging people back to rail if we are to achieve our net zero targets.

This Government has frozen ferry fares on the Clyde and Hebridean and the Northern Isles networks until October 2023, encouraging tourism this summer as island businesses continue to recover from the pandemic.

- Fares beyond October are being actively considered and decisions will be taken as soon as possible to allow bookings to be made over the winter.

DEMAND MANAGEMENT AND CLIMATE CHANGE

Transport travel data for the week ending 18 June 2023:

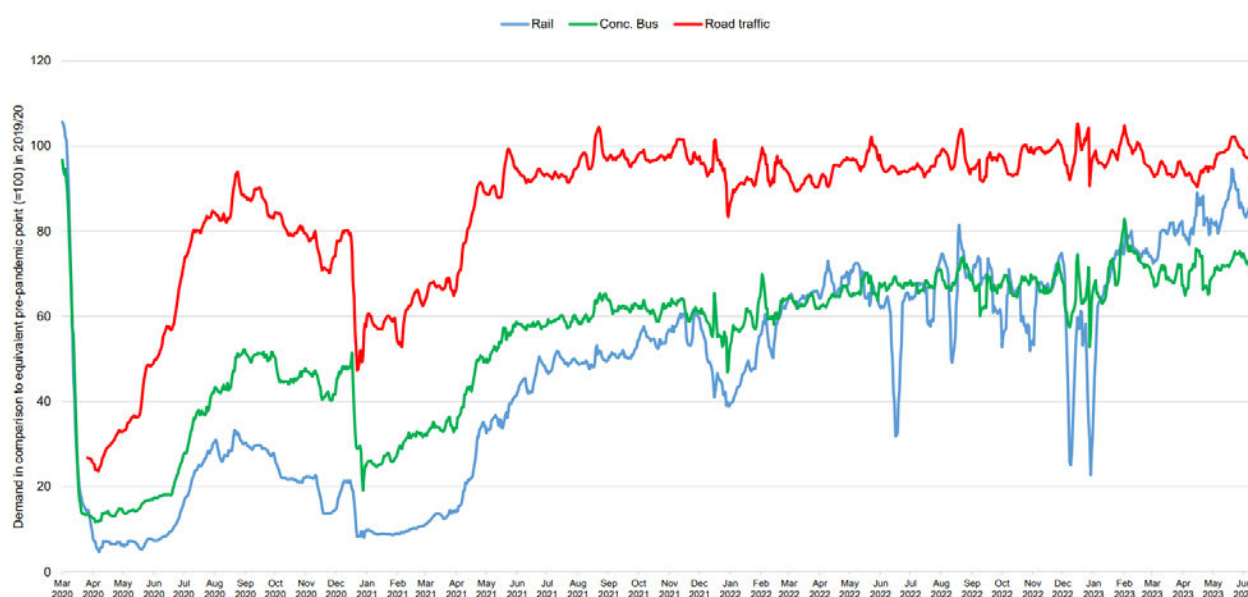
- Rail patronage was down 15% on the equivalent period in 2019 and down 2% on the previous week.
- Concessionary bus travel patronage excludes travel with the new under 22 free bus travel pass. It was down 28% on the equivalent week in 2019 and down 3% on the previous week.
- Car traffic was down 4% on the equivalent week in 2019, but up 1% on the previous week.
- HGV traffic was up 1% on the equivalent week in 2019, but down 1% compared to the previous week.

Transport Trends Data – week ending 18 June 2023				
Mode	Demand compared to recent weeks			Demand compared to equivalent 2019 pre-pandemic period
	One week ago	Two weeks ago	Four weeks ago	
Rail	↓2%	↓6%	↓1%	↓15%
Concessionary bus	↓3%	↓1%	↓2%	↓28%
Car	↑1%	↓4%	↑1%	↓4%
HGV	↓1%	↑3%	↓1%	↑1%

Please note that concessionary bus figures are presented as a proxy for all bus travel due to the delay in receiving commercial patronage data. Recent data suggests total bus patronage is 15 to 20 percentage points higher relative to 2019.

Date: 18 June 2023

Baselines: Road, Rail and Concessionary Bus compared with equivalent point in 2019-20.



This Government is committed to putting people - not cars - first across our streets and neighbourhoods.

- Our draft route map sets out how we will reduce car kilometres by 20% by 2030 – a truly world-leading commitment, demonstrating our level of ambition in meeting Scotland's statutory targets.
- Change cannot be achieved by Scottish government alone - it needs solutions at all levels of government to be identified and delivered. Our approach to reducing car use has been co-developed with CoSLA. Together we will publish an updated route map following consultation in the coming months.

- Furthering this collaborative approach, this Government will work with all local authorities to support equitable measures which discourage car use to accompany greater investment in public transport and active travel for a fairer and greener transport system.
- We know that to reduce car use, public transport has to be available, affordable and accessible so, as part of the Fair Fares Review, a pilot to remove ScotRail peak fares on all routes will start in October.
- In addition, £421.8 million has been allocated in funding for bus services and concessionary fares in 2023-24, providing up to 2.3 million people in Scotland with access to free bus travel.
- This is part of a total of over £2 billion spent on supporting public transport by the Scottish Government annually.
- The Scottish Government recognises the need to go further in order to meet our statutory climate goals, and we are committed to finding ways to make alternative travel modes more attractive, and supporting people to take fewer journeys by car.
- The evidence is clear travel behaviours can only be changed on the required scale through a broad combination of interventions, including infrastructure, incentives and regulation.
- We are taking an evidence-based approach to what might work to achieve change.
- As such we have commissioned research exploring a range of equitable options for demand management to discourage car use. We will use this evidence to inform the development of a Demand Management Framework, taking into account the needs of businesses, people in rural areas and people on low incomes to help ensure a just transition to net-zero.

[Redacted]

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Reaching our target of a 20% reduction in car kilometres by 2030 will require a broad combination of interventions including infrastructure, incentives and disincentives.

- Both Edinburgh and Glasgow have committed to 30% car kilometre reductions by 2030 and we welcome this ambition.
- I recognise that we still have some way to go in transitioning away from private vehicles and towards more sustainable public transport. This reduction in car use will require a substantial shift in travel behaviour, and we need all sectors of society to play their part in meeting the challenge.
- We do not expect car use to reduce equally for all, including some businesses, those in rural areas, and those who rely on cars for mobility or other reasons, but for those who are able to change their travel behaviour we want to recognise and enable that.

As set out in our draft 20% car kilometre route map, bus and wider public transport are key to achieving our ambitions to reduce car use and achieve net-zero.

- The ability to run their own bus services is an important option for local authorities in responding to their own transport challenges but it is only one of a range of flexible tools we are providing, allowing local authorities to determine what is best for their local areas.
- Who owns bus companies is not as important as how good the services are and our ambitions for decarbonisation and growth of the bus sector apply regardless of service ownership model.
- £421.8m of funding has been allocated for bus services and concessionary fares in 23/24 providing up to 2.3 million people in Scotland with access to free bus travel. This is part of a total over of over £2bn spent on supporting public transport by the Scottish Government annually.

The aim of creating 20mph zones is to encourage people to walk, wheel and cycle, and create more pleasant streets and neighbourhoods.

- Introducing a consistency for 20mph speed limits across the country in built up areas will help us meet our vision for Scotland to have the best road safety performance in the world by 2030 - and the longer term goal where no one is seriously injured or killed on our roads by 2050.

Introduction of Low Emission Zones (LEZ) in our four largest cities is a key initiative to improve urban air quality.

- LEZs will ensure that everyone, but particularly the oldest, youngest and those with pre-existing medical conditions, are protected from the harmful impacts of poor air quality in our city centres.
- In Glasgow, air quality benefits are already being accrued, largely due to a range of financial support packages from the Scottish Government.
- Phase 2 of the LEZ in Glasgow came into force on 01 June 2023 vehicles driven in the city centre zone must meet the Euro 6 emissions standard for diesel vehicles or Euro 4 for petrol vehicles.
- Residents living within the zone have a further 12 months grace period and Glasgow City Council has granted a temporary exemption for qualifying taxis, which will allow non-compliant taxis to continue to operate in the zone after the enforcement begins, however this exemption will not last beyond 1 June 2024.
- Vehicles driven by, or carrying Blue Badge holders are exempt from LEZ requirements. Blue Badge holders can register their exemption on the national LEZ website.
- Administered by Energy Saving Trust, a range of grants funded by Scottish Government have been available to help achieve LEZ compliance for low-income households, sole traders, and micro-businesses.
- Extensive LEZ awareness campaigns have been led at national level by Transport Scotland and at local authority level by Glasgow City Council. This has communicated awareness of the LEZs, the emissions standards, the locations involved, the timings, and what support funding is available to help households and businesses adapt to LEZs.
- Dundee will start its LEZ enforcement on 30 May 2024. Edinburgh and Aberdeen will start enforcement on 1 June 2024. Any lessons learned from the launch of Glasgow's enforcement will be shared with the other cities.

The most direct levers on the cost of buying or running a petrol or diesel car – fuel duty and vehicle excise duty – are reserved to the UK Government.

- The UKG acknowledged in their Net Zero Review that revenues from existing motoring taxes will decline sharply this decade as we transition away from fossil fuels and the taxes based on them. However the UKG has so far consistently failed to set out how they will address this.
- The recent rises in the cost of motoring underline the unfairness of the current, regressive motoring tax regime. We will continue to press the UKG for a fair and progressive future transport tax system that better incentivises the transition to zero-emission vehicles,

reduces unnecessary journeys and raises revenues to fund policies to support a shift to more sustainable travel.

- Reforms to transport taxes will be crucial in meeting net zero targets. If the UK Government is unwilling to take action here then they should devolve the relevant powers to Scotland.

ACTIVE TRAVEL

Ensuring that people can walk, wheel and cycle safely is key to making our transport more sustainable and helping us meet our climate change targets.

- Over half of the journeys made in Scotland are under 5km - if we choose to walk, wheel or cycle instead of taking the car for these shorter journeys, we'll be playing our part in helping Scotland reach its net zero emissions target.
- We have already delivered around 415 miles of walking and cycling paths in our towns and cities, of which around 270 miles is completely new infrastructure, and around 290 active travel infrastructure projects are already in train nationally within the Places for Everyone scheme.
- The movement to Active Travel supported by the correct level of investment will not only cut carbon emissions and other pollution, but it will give us more pleasant communities to live in, improve our health and wellbeing, reduce inequalities and support sustainable economic growth.

We have committed that by 2024-25 at least £320m or 10% of the total transport budget will contribute to active travel investment, accelerating progress towards our ambitions for an active nation and reducing car kilometres.

- The Active Travel budget for 2023-24 is £189m to deliver a range of infrastructure, behaviour change and access to bikes programmes.
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- Local authorities are the predominant recipients of active travel related funding, either directly or through delivery partners such as Sustrans, Paths for All, and Regional Transport Partnerships.
 - Local Authorities received confirmation of their allocation of the £35m Cycling Walking Safer Routes (CWSR) fund on 31 March.

We need a fundamental shift in the pace and scale of delivery of infrastructure to realise our Active Travel ambitions.

- Through the Active Travel Transformation Project, we will make recommendations for an alternative delivery system to match the ambition of our policy and funding, and to ensure that Active Travel is the natural, safe and inclusive choice for short journeys.
- The 2023/24 Transformation Fund, in the region of £20m, includes funding to partners to support the delivery of eligible construction-ready schemes in 2023/24.
- Learning from the 2023/24 process will help inform the wider Transformation Project, with the options appraisal ongoing for the potential new delivery model.

LOW CARBON ECONOMY

To enable the transition to electric cars and small vans and supporting an affordable, reliable and well-maintained network of charging points across Scotland, my Government is committed to working with the private sector to double the public charging network to at least 6,000 chargepoints by 2026.

- This month we launched our Vision for Scotland's public electric vehicle charging network for cars and vans.
- The Vision sets out what an ideal public charging offer looks like and is intended to help guide development of an exemplar charging network across Scotland.
- The Vision is aligned with our ambition of reducing the reliance of road vehicles and promoting greater use of active and sustainable transport.
- Last year, we launched the £60m Public Electric Vehicle Infrastructure Fund. This will see Scotland's Local Authorities working with the private sector to invest in and develop a future charging network that works for everyone.
- The fund aims to double the size of the public charging network over the next four years, leveraging half of the £60m investment from the private sector.
- It is impractical for public sector alone to deliver Scotland's public charging network at the scale and pace required.
- Local authorities have an important role in planning future charge point needs and developing collaborative partnerships with private Charge Point Operators.
- Leveraging the skills, expertise, resources and investment from private sector partners is central to our Vision and approach of the EV Infrastructure Fund.
- Over the last decade we have invested over £65m in the ChargePlace Scotland public EV charging network which now has 2,500 public electric vehicle charge points. Overall Scotland has the most publicly available EV charge points per head of population in the UK outside of London with 4000 devices.

We are continuing to electrify and decarbonise the railway

- We are enabling the operation of longer, greener and quieter electric trains between Barrhead and Glasgow and directly supporting decarbonising passenger services on Scotland's Railway and delivering the modal shift required for Scotland to reach Net Zero.
- The rail decarbonisation action plan, published in July 2020, commits to the replacement of all passenger diesel trains - the order and programme in which that is done will depend on business cases and available budgets.
- The Plan is a dynamic document, with a refresh scheduled later this year.
- The focus over the last few years has been on design and development of the decarbonisation projects and work is progressing on the 23km Barrhead to Glasgow route.
- In June 2023 a £29m new Feeder Station at Ferguslie in Paisley was commissioned, to support future railway electrification, and improve the resilience of the railway electrification system.

This Government has committed to phasing out the need for new petrol and diesel cars and light vans as well as vehicles of all types in public sector fleets by 2030.

- We continue to embed sustainable travel behaviours and progress with decarbonising our bus fleets and working with partners to ensure that the majority of our buses are zero emission from 2024.
- The public sector continues to lead from the front when it comes to fleet decarbonisation. We have provided over £70m of funding to directly support EV chargers and around 4,000 ultra low and zero emission vehicles in the fleet. We are now focusing on making sure the public sector can access the zero emission infrastructure it needs.
- My Government has provided over 7,000 interest free loans - worth over £187m - to individuals and businesses across Scotland to help to accelerate the shift to zero emission

transport. This support helps overcome the biggest barrier to EV uptake which is the initial high upfront cost.

On 15 May, the Minister for Transport launched the second and final phase of the Challenge Fund while visiting Alexander Dennis in Larbert.

- The Scottish Government is offering up to £58 million to transform the market for zero emission buses, on top of the previous investment of over £113 million in zero emission buses.
- It is clear that the market is now at a pivotal point and, with the money we are offering, the sector could make the zero-emission bus market self-sustaining, enabling bus and coach operators of all types and sizes to achieve zero emissions over the coming years.
- ScotZEB 2 is designed to drive necessary change in the market, by building collaboration among operators, financiers and the supply chain to decarbonise buses and coaches at-scale, as rapidly as possible, and remove the need for government subsidy.
- ScotZEB 2 is open to bus and coach operators, including home-to-school operators, community transport operators, manufacturers, energy companies, Local Authorities and financiers, who must all come together to tackling the global climate emergency

BUS

Support for Bus Services

- The 2023-24 published budget allocated £62.5 for Support for Bus services of which:
 - £45m RDEL has been allocated this year for Network Support Grant which is a direct to subsidy to bus operators to keep fares lower and services more extensive than they otherwise would be. It is provided at the rate of 14.4 pence per kilometre (returning support to pre-covid levels following the ceasing of Network Support Grant Plus)
 - £5m CDEL and £0.75 RDEL has been allocated for the Community Bus Fund (which will be distributed to local authorities once launched)

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Bus Partnership Fund

To date, up to £26.47m of bus priority funding has been awarded through Transport Scotland's Bus Partnership Fund to eleven partnerships covering 28 local authorities across Scotland.

- This initial funding has been awarded to local authorities, working in partnership with operators, to identify, develop and deliver bus priority measures. The awards made through the Bus Partnership Fund to date are the first step towards delivering long term investment in bus priority infrastructure.
- These measures will tackle congestion, making bus journey times shorter and services more reliable for passengers. This will encourage people to leave their cars, get onto buses and help meet our climate change targets.
- In the short term this is delivering bus priority traffic light equipment to help buses get through junctions more quickly, bus lane cameras and is making temporary bus measures permanent.
- There were not many construction ready bus priority projects identified in applications to the Fund. Transport Scotland funded Partnerships to undertake studies to identify more measures, including ensuring alignment with active travel and wider transport strategies.
- Appraisal is an essential part of good financial management as recognised by the Scottish Public Finance Manual.
- Transport Scotland continues to work with Partnerships and stakeholders to understand how collectively they can identify and overcome barriers to increase the pace of delivery.
- The Scottish Government remains committed to funding further bus priority projects once business cases are completed.

Network Support Grant Plus

- The Network Support Grant Plus (NSG+) was a temporary scheme introduced on 1 April 2022 providing higher funding for bus services while patronage and networks recover and adapt from the effects of the pandemic. Stronger conditionality was attached to NSG+ to reflect the higher levels of support being provided, including expectations on service levels, enhanced data reporting, and controls on fares, including a freeze on fare increases during the last six months of the scheme.
- From 1 April to 14 August 2022, an additional 65 pence per kilometre (ppkm) was available, reducing to 36 ppkm between 15 August to 9 October 2022, and finally down to 24.8 ppkm from 10 October 2022 to 31 March 2023. The NSG+ ended on 31 March 2023. After this date, support for bus services reverted to pre-COVID levels of 14.4ppkm through NSG.
- The NSG+ total will not be known until August 2023. NSG+ included a profit sharing arrangement. A reconciliation exercise with participating operators is currently being carried out.

Community Bus Fund

- The Community Bus Fund (CBF) was allocated £0.75 million RDEL and £5 million CDEL for 2023-24. As it is to be distributed to local authorities, the fund is currently progressing through the formal COSLA governance process, so has not yet been approved.
- Our proposal is for the £5 million CDEL to be distributed to all local authorities based on levels of Transport Poverty, and for the £0.75 million RDEL to be distributed to local authorities wishing to begin preparations to explore the Transport (Scotland) Act 2019 powers once in force. Local authorities would submit an expression of interest to TS to access the RDEL funding.
- Pending the outcome of the formal COSLA governance process, we are aiming to launch the fund in August 2023. There has been no spend to date, as the fund has been in development.

Bus Taskforce

- The Taskforce was established by Ms Gilruth in October 2022 to look at the immediate challenges facing the industry of patronage, driver shortages and community engagement. Three subgroups looked at each of these challenges in more detail and provided updates to the Bus Taskforce.
- The final meeting of the Bus Taskforce is scheduled for 28 June 2023, and a collaborative report from the taskforce is due to be published later this year.

CONCESSIONARY TRAVEL

With over 68 million free bus journeys made by under 22s across Scotland, the landmark Young Persons' Free Bus Travel policy is already helping young people and families with children cut costs for everyday and leisure travel, while at the same time protecting our climate.

- To have seen over 68 million journeys made through the scheme so far demonstrates the appetite for sustainable travel in Scotland.
- Over two-thirds of children and young people eligible for free bus travel are now benefiting – our focus remains on encouraging as many more as possible to do so too.
- Uptake is much higher amongst those who can use the scheme independently, with over 78% of 12-15 year olds and 80% of 16-21 year olds having a valid card.
- In addition, of the journeys made, just under 60% were taken by those aged 16-21, showing huge interest and usage of the scheme and representing significant cost savings for young people accessing education and work.

We have no set uptake target, but we encourage all young people and their parents, guardians or carers to apply for their pass now.

- I'm confident that over time – as with the older and disabled persons' schemes – the Young Persons' Free Bus Travel Scheme will generate high uptake year on year.
- By the end of May, there were 635,220 valid Young Scot or NEC cardholders able to access free bus travel. This includes cards issued from online and offline routes and including those that have collected a travel product from the Transport Scot Pass Collect mobile application.
- By the end of April we have had over 68 million customer journeys made under the scheme.

Costs for the Concessionary travel schemes depend largely on patronage as the Scottish Government reimburses bus operators on each journey made.

- As the effects of COVID-19 still continue to impact bus patronage and the YPS scheme only came into operation a year ago, the usual analysis and forecasting that underpins the annual revisions of the reimbursement rates and the cap has been more difficult, and in the interests of stability, we have agreed with CPT to roll over the same rates that exist for the current financial year for both schemes into 2023-24.
- Taking into account the changes in passenger numbers for ODPS, the cap has been lowered from £226.1 million to £216.2 million for 2023-24. This will ensure those people eligible under the ODPS and YPS will continue to benefit from free bus travel in the coming year, ensures fair compensation for operators and provides suitable value for the public purse.
- Reimbursement terms will continue to be kept under review, working with operators, to collect the latest available data on journeys and costs. During 2023/24, we will also work with the industry on improving the reimbursement model for future financial years.
- It is our objective that bus operators are financially no better and no worse off as a result of their participation in the concessionary travel schemes. Rates are agreed between Transport Scotland and bus operators to ensure that they provide value to the public purse.

The Scottish Government is committed to tackling anti-social behaviour and promoting safer and stronger communities, where people take responsibility for their own actions and how they affect others.

- The Scottish Government is aware that there have been incidents of anti-social behaviour over recent months that have been linked to the introduction of the Scotland-Wide Free Bus Travel Scheme for Young People. These incidents should not detract from the success of the scheme, but they are concerning.
- The police, local authorities, and other local agencies are responsible for tackling anti-social behaviour at the local level. It is these agencies, empowered by the Scottish Government,

working in a concerted and co-ordinated way with local people that are working to tackle the problem effectively.

- The Scottish Government is encouraging anyone witnessing such incidents to report this behaviour to their local council's Antisocial Behaviour Team and to report all criminal behaviour to the police.

To understand the impact of the young persons scheme, the Scottish Government have committed to ongoing evaluation of the scheme during the first five years of its operation

- In line with other travel/transport schemes, Transport Scotland are conducting process, impact and outcome evaluations of the Young Persons' Free Bus Travel scheme. These will assess the short, medium and long term impacts of the scheme by comparing conditions at different stages.
- Work is currently underway on the stage 1 evaluation with a report expected to be published later in the year.
- This evaluation will gather input from a wide-range of people and organisation, including bus operators, the police, local authority and bus users - both cardholders and paying passengers
- It will explore key themes raised in the baseline evaluation, such as personal safety and changes to travel habits as well as looking at emerging themes such as the potential link between the scheme and a rise in anti-social behaviour.

FERRIES

Report from NZET committee into ferries (being published 26 June 2023)

- I welcome receipt of the report and thank the committee for its detailed work. In particular we support the strong emphasis the committee placed on hearing from the communities who use the services and we agree that the voices of ferry users need to be a focus of future ferries policy and investment.
- We will carefully consider the recommendations of the report and respond to the committee in due course

We will continue to invest in our transport infrastructure, and are committed to supporting the ferry, road and rail networks as we work to improve the resilience of the transport network to climate change impacts.

- We are committed to significant and sustained investment in ferry services, and in the vessels and ports that support them. The Islands Connectivity Plan (ICP) will replace the 2013 Ferries Plan, but be broader in scope, taking account of aviation, ferries and fixed links, as well as onward and connecting travel issues. It will be developed within the context of the National Transport Strategy and the National Islands Plan and be informed by the outcomes of the Strategic Transport Projects Review. Consultation and engagement will be central to its development.
- Work on ICP is underway, with priority being given to a draft Long-Term Plan for Vessels and Ports. Work on the other elements of the ICP is also underway, with further engagement, consultation and publications through 2023.
- The draft Long-Term Plan for Vessels and Ports is the first element of the Islands Connectivity Plan (ICP) to be produced. An initial draft was circulated to key stakeholders in December 2022 and Transport Scotland officials will commence a formal public consultation in Summer 2023, with the intention to finalise the Plan during 2023.

Recognising the criticality of reliability and resilience for island communities, this Government has accelerated replacement of major vessels in the ferry fleet and will deliver six new major vessels by 2026.

- We are making significant progress in the construction of vessels MV Glen Sannox and 802 and, as confirmed by Wellbeing Economy Secretary Neil Gray on 16 May, the completion of these vessels remains the quickest way of introducing new lifeline connectivity for our island communities.
- CMAL's confirmation of signing of the contract and agreement of the builders refund guarantees for the additional two vessels, for the Little Minch routes, with Cemre, Turkey, following the recent procurement exercise is also welcome news.
- Good progress is being made on the four new vessel builds in Cemre, which represented the best value for money in terms of quality and price. The two Islay and two Little Minch vessels are on track for delivery.
- The Little Minch vessels are intended for deployment on the routes to Lochmaddy Uig and Tarbert, delivering dedicated services to communities in the peak season rather than the shared vessel operation currently in place. This will create the opportunity for significantly increased capacity and resilience for the communities of the Western Isles throughout the year.
- While Ferguson Marine did not bid on these vessels, we are fully committed to supporting the yard. Efforts continue to secure a suitable future, including a pipeline of future work, to help protect jobs and commercial shipbuilding on the Clyde.
- This Government has also provided funding to CalMac Ferries to enable the charter of the MV Alfred to provide additional resilience for a nine month period.

RAIL

Boosting economic sustainability and connectivity, the £116m Levenmouth Rail Link is progressing well and is on track to enter into service in Spring 2024.

- This is a programme of investments to deliver social inclusion and sustainable economic growth, within which the rail project happens to be the largest element.
- The railway project is a catalyst for a transformational multi-modal transport system (Rail, Bus and Active Travel) that will deliver a step change in public transport and active travel connectivity. Creating new journey opportunities and economic benefits for the Levenmouth area.

Construction of the new East Linton Station is underway and on track to open by the end of March 2024,

- Good progress is being made on delivery of this new station. This will enable sustainable travel to and from the significant housing and employment growth taking place in the area, as well as creating new opportunities for tourism and leisure travel.

ROADS AND MAJOR PROJECTS

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STRATEGIC TRANSPORT PROJECTS REVIEW (STPR2)

STPR2 will inform the Scottish Government's transport investment programme in Scotland over the next 20 years (2022-2042) and will help to deliver the vision, priorities and outcomes for transport set out in the National Transport Strategy (NTS).

- We have set out 45 recommendations for future investment in Scotland's strategic transport network in the second Strategic Transport Projects Review, published on 20 January 2022.
- STPR2 sets out how the recommended investments will contribute to Net Zero, Inclusive Growth and our vision for a sustainable, inclusive, safe and accessible transport system helping deliver a healthier, fairer and more prosperous Scotland for communities, businesses and visitors.
- Embedded in STPR2 is the Sustainable Investment Hierarchy, which prioritises reducing the need to travel unsustainably. This is followed by focussing on maintaining and safely operating existing assets, then making better use of existing capacity before considering targeted infrastructure improvements.
- The STPR2 recommendations support the measures set our route map to reduce car kilometres by 20% by 2030 and represent a major piece of work by this Government to make all of Scotland more sustainable.
- STPR2 is an ambitious plan for investment for the next 20 years (2022-2042) however, is not a funded plan and is subject the funding allocations agreed by Parliament each year through the annual budget process. The final STPR2 Report and associated impact assessments were published on 8th December 2022.

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STPR2: A90 North of Aberdeen

Transport Scotland recognise the importance of the continued safe and efficient operation of the trunk road network, including the A90 between Ellon and Peterhead, as well as the continued provision of reliable and effective multi-modal connections across the country.

- The second Strategic Transport Projects Review (STPR2), published on 8 December last year, did consider proposals to dual the A90 north of Ellon. However, after an extensive evidenced based process with substantial stakeholder and public consultation, dualling was not recommended.
- Recommendations within STPR2 do, however, make provision for improvement to the trunk and motorway network over and above regular maintenance, to focus on safety and resilience, rather than to add capacity.
- Nestrans, the regional transport partnership for the North East of Scotland, has commissioned work to review and update previous studies on the A90(N) and A952 Ellon to

Peterhead and Fraserburgh corridors. It is anticipated that the findings will be reported later this year. Officers from various teams across Transport Scotland have engaged with Nestrans and their transport consultants in the evidence gathering phase of work, and will continue to engage as the study progresses.

STPR2 Delivery Plan

Work towards publication of the STPR2 Delivery Plan is ongoing. Significant action is being taken by this Government to develop, deliver and invest in Scotland's strategic transport infrastructure for the long term.

- Transport Scotland officials have been developing the STPR2 Delivery Plan, utilising a multi-criteria approach for prioritisation and drawing upon the evidence base and consultation responses from STPR2.
- It is important to note that progress is already being made on 38 of the 45 STPR2 recommendations, and those which are not yet in progress are actively being considered for mobilisation.
- Publication of the final STPR2 report does not itself commit the Scottish Government to funding or delivery of any proposed schemes – rather sets out recommendations based on the appraisal work, providing a robust Strategic Case for investment. The intention was to publish a Delivery Plan for these recommendations, which set out the pipeline for all transport infrastructure, alongside the final report. It was not possible to do that in 2022 because of the lack of certainty around capital budget at that time.
- Transport Scotland continue to develop the STPR2 Delivery Plan and most recently have been taking account of the recently published Medium Term Fiscal Strategy.
- publishing our Vision for Agriculture to ensure Scotland will become a global leader in sustainable and regenerative agriculture, beginning with up to £51 million in funding.

AIR QUALITY

Issue

- **Committee published its report on SG Air Quality Improvement Plan, following Environmental Standards Scotland investigation.**
- **UK Government's decision to revoke legislation requiring the UK wide National Air Pollution Control Programme (NAPCP) as part of the Retained EU Law and Revocation Bill (REUL), with no agreed plan to replace the provisions**
- **Introduction of Low Emission Zones in Scotland**

Top Lines

- Welcome Scottish Parliament's approval of our Improvement Plan, and we have responded to all the points made by the NZET Committee.
- Improving air quality, and in turn the health of our people and environment, is an urgent priority for this government and we're taking action across the board to deliver this.
- For the first time, outside of recent lockdown periods, all monitoring sites in Scotland are meeting air quality objectives.
- This reflects a long term downward trend in air pollution – for nitrogen dioxide from 14 monitoring sites failing to meet objectives in 2013 to zero in 2022; for particulate matter from 17 in 2013 to zero in 2022.
- The introduction of Low Emission Zones in our four largest cities in May 2022 is a key initiative in further improving urban air quality.
- Compared to the rest of the UK and other parts of Europe, Scotland enjoys a high level of air quality.
- Our air quality strategy is building on our already significant achievements in reducing air pollution.

National Air Pollution Control Programme (NAPCP)

- I am very concerned at the UK Government's decision to revoke the UK wide National Air Pollution Control Programme provisions, through the REUL Bill, especially as they appear to have no plan in place to replace these crucial provisions.
- Scottish government officials continue to engage with counterparts across the UK to try to resolve this.
- However, we will not hesitate to act to protect Scotland's devolved interests and the health of the people of Scotland.

We are in no doubt that air pollution has a negative impact on health.

- Our vision is for Scotland to have the cleanest air in Europe.
- The relationship between air pollution and health is extremely complex.
- It is widely documented that air pollution has a negative impact on health, however the types of illness that air pollution can exacerbate can also be affected by multiple other factors – such as obesity, alcohol, smoking and genetics.
- It is not generally possible to say with any certainty what impact air pollution can have on a specific individual.
- We will consider the implications for future policy of the new WHO guidelines published in September 2021.

We have committed to investing at least £320 million, or 10% of the total transport budget, on active travel by 2024-25 – almost triple what it is today.

- As part of our Climate Change Plan update we have committed to phase out the need for new petrol and diesel cars and vans and reduce car kilometres by 20% by 2030.
- These and many other actions are set out in our new air quality strategy 'Cleaner Air for Scotland 2 – Towards a Better Place for Everyone'.

Introduction of Low Emission Zones (LEZ) in our four largest cities is a key initiative to improve urban air quality.

- The introduction of LEZs will ensure that everyone, but particularly the oldest, youngest and those with pre-existing medical conditions, are protected from the harmful impacts of poor air quality in our city centres.
- In Glasgow, air quality benefits are already being accrued, largely due to a range of financial support packages from the Scottish Government.
- On 1 June phase 2 of the LEZ in Glasgow came into force and vehicles entering the city centre zone were required to meet Euro 6 emissions standards for diesel vehicles or Euro 4 for petrol vehicles.
- Residents living within the zone have a further 12 months grace period and Glasgow City Council has granted a temporary exemption for qualifying taxis, which will allow non-compliant taxis to continue to operate in the zone after the enforcement begins, however this exemption will not last beyond 1 June 2024.
- Vehicles driven by - or carrying - Blue Badge holders are exempt from LEZ requirements. Blue Badge holders can register their exemption on the national LEZ website.
- Administered by Energy Saving Trust, a range of grants funded by Scottish Government have been available to help achieve LEZ compliance. These grants offer practical support to low-income households, sole traders, and micro-businesses.
- Extensive LEZ awareness campaigns have been led at national level by Transport Scotland and at local authority level by Glasgow City Council. This has communicated awareness of the LEZs, the emissions standards, the locations involved, the timings, and what support funding is available to help households and businesses adapt to LEZs.
- A vehicle checker will allow you, by providing your vehicle registration number, to check if your vehicle can or cannot drive within a LEZ based on whether it is considered compliant or non-compliant with the emission standards was launched in early April.
- Dundee will start its enforcement on 30 May 2024. Edinburgh and Aberdeen will start enforcement on 1 June 2024. Any lessons learned from the launch of Glasgow's enforcement will be shared with the other cities.

ENVIRONMENTAL GOVERNANCE

Issue

- **The Scottish Government has tabled and published its report on environmental governance, as required by the Continuity Act. Consultation on this report will run until late September.**

Top Lines

- Officials engaged with stakeholders to gather evidence on the issues in the review to inform the development of the report and consultation.
- The report considers the three issues required by the Continuity Act – the effectiveness of environmental governance post-Brexit, access to justice and if an environmental court would improve environmental governance arrangements.
- Although it is early to judge the new arrangements, we are confident that the Continuity Act has ensured that there remains effective environmental governance following the UK's exit from the European Union.
- The new arrangements have already demonstrated, through ESS's air quality investigation, the key role of the Parliament in the new arrangements.
- The Scottish Government does not believe that an environmental court would improve governance arrangements, which we expect will continue to work with limited instances of recourse to the courts.

The Scottish Government does not see any convincing argument for major reforms to the justice system regarding environmental matters, however we understand stakeholders concerns and are working to improve access to justice.

- The Scottish Government is committed to ensuring that there is effective access to justice on environmental matters in Scotland.
- We must be clear that access to justice does not, and cannot, mean that all parties can achieve the outcomes they desire in each individual decision or circumstance.
- The Scottish planning system is inclusive, which engages all interests as early and effectively as possible before decisions are made about development and its impacts.
- Third party rights of appeal were considered by the Scottish Parliament during the passage of the Planning Act 2019, but were not passed.
- We do not believe that a third party right of appeal is required for compliance with the Aarhus Convention. We are considering a communication we have received from the Aarhus Convention Compliance Committee on this matter, and will respond in due course.
- The Scottish Government is aware of its obligations in terms of the Aarhus Convention and work is progressing to address the limited areas of concern with our compliance.
- Work is well underway to improve access to justice through legislation and interventions, including:
 - The recognition and inclusion of the human right to a healthy environment within the new Human Rights Bill
 - A review of the Protective Expenses Order regime
 - Introduction of an exemption from court fees for Aarhus cases
 - Planned reform of legal aid.

The Scottish Government does not believe that the creation of an environmental court would enhance environmental governance arrangements.

- In line with section 41 of the Continuity Act, the report considers whether an environmental court can enhance governance arrangements and the consultation will provide stakeholders with the chance to present their views on this question.
- The Scottish Government is not convinced that the creation of a specialist court would improve governance arrangements.
- Since the establishment of ESS and the commencement of provisions within the Continuity Act there have yet to be any cases taken to court under ESS's powers or its ability to seek Judicial Review.
- The Scottish Government does not see any strong argument for a change in the balance of parliamentary, administrative and judicial roles in decision making on environmental matters, or for the creation of a specialist court.
- Any disruptive change to planning and consenting regimes could add significant costs and delay to projects including the renewable energy infrastructure we urgently need.

The Scottish Government has committed to the inclusion and recognition of the Human Right to a Healthy Environment within the new Human Rights Bill.

- The Scottish Government's consultation on proposals for a Human Rights Bill was published on 15 June.
- The Scottish Government has committed to introducing a new Human Rights Bill during the current parliamentary session. This will be a significant milestone in Scotland's human rights journey, building on past work to embed a human rights culture across Scotland.
- The Human Rights Bill will give effect to a wide range of internationally-recognised human rights – belonging to everyone in Scotland – within the limits of devolved competence.
- This includes the right to a healthy environment which has been recognised formally by the UN General Assembly.
- The right could include the different parts of the right as set out in international law, such as clean air; safe & sufficient water; non-toxic environments (in which to live, work, study and play); healthy ecosystems and biodiversity; and safe climate.
- We will carefully consider how these elements align with the unique Scottish context as we develop the right in Scots law.
- The Bill will also seek to strengthen access to justice for all of the rights within the framework through the provision of effective remedies.

PRIVATE INVESTMENT IN NATURAL CAPITAL

Top lines

- Both public and responsible private investment in Scotland's natural capital will be essential to deliver on our climate change targets, the reversal of biodiversity loss and wider land use policy objectives.
- We're investing substantially in restoring and regenerating nature - £500m over the course of this Parliament. But public funding will never be enough.
- Current level of nature restoration funding won't put us on track to meet our targets – activity to deliver nature restoration needs to accelerate at pace and scale.
- We will work to ensure that investments are responsible, deliver genuine benefits to the environment and support our local communities.

We are taking action to stimulate responsible private investment in the restoration of nature and enhancement of Scotland's natural capital.

- In February, we announced the launch of the Facility for Investment Ready Nature in Scotland, FIRNS, which will utilise up to £1.8m in 2023/24 to scale up investment readiness support. The facility will be delivered by NatureScot in partnership with National Lottery Heritage Fund.
- This follows the work of the Investment Ready Nature in Scotland (IRNS) scheme, which last year awarded £580k of grants to seven pioneering projects, with delivery by NatureScot and funding from the Esmée Fairbairn Foundation and National Lottery Heritage Fund.
- FIRNS and IRNS support organisations and partnerships develop projects which use private investment and market-based mechanisms to help restore the natural environment in Scotland.
- Through these funds we will take action to enable community and other organisations to access specialist and technical advice, will grow the national pipeline of nature restoration projects ready for private investment and learn lessons about the specific barriers that are limiting market growth.

NatureScot, Scotland's nature agency, is partnering in a private finance investment pilot that could mobilise £2 billion in landscape scale restoration of native woodland, create new jobs and support rural communities across all parts of Scotland.

- A Memorandum of Understanding is now in place between NatureScot and financial partners.
- If successful, the pilot could unlock private investment in natural capital, with the aim of reducing emissions and restoring biodiversity through landscape scale nature projects.
- This project will work with existing landowners and managers to restore native woodlands and other habitats, rather than acquiring land or changing land ownership.
- NatureScot are currently developing an ethical framework that will guide investments from the partnership and ensure investment meets the aims of our Interim Principles for Responsible Investment in Natural Capital.
- £2 billion of investment in woodland could create around 185,000 hectares of native woodland and sequester 28 million tCO₂e over the next 30 years.

Private investment in natural capital must be responsible and deliver benefits for both nature and local communities.

- In our National Strategy for Economic Transformation we committed to establishing 'a values-led, high-integrity market for responsible private investment in natural capital, supported by a national project pipeline for nature-based solutions.'
- To help guide market development, in March 2022, we published Interim Principles for Responsible Investment in Natural Capital to make sure that investments are not imposed on communities, deliver local benefits and are in line with the principles of a just transition.
- This is supported by our recent Land Reform consultation which also aims to ensure that communities are engaged in and benefit from nature-based development.

NATIONAL PARKS

Top Lines

- We are committed to the designation of at least one new National Park during the lifetime of the current Parliament.
- This will support the Scottish Government's Biodiversity Strategy – specifically halting the loss of biodiversity by 2030 and restoring and regenerating nature by 2045. It will form part of our efforts to protect 30% of land for nature by 2030.

Timeline

- The first step was a consultation launched in May 2022 to begin building consensus on what National Parks should be delivering for Scotland, our communities and visitors.
- This was followed by a second stage, full public engagement and consultation exercise which was undertaken by NatureScot in Autumn 2022. Drawing on the consultation outcomes, NatureScot published advice to Ministers in March 2023 on the role of National Parks in Scotland and how nominations for new National Parks could be evaluated.
- This consultation has demonstrated that many people want to see new National Parks in Scotland. The process has also shown that people in Scotland think our National Parks have a very important role to play in tackling the biodiversity and climate crises, whilst also supporting local communities, businesses and visitors. We have given thorough consideration to the advice received from NatureScot and the views expressed by consultees.
- In May 2023 published a draft appraisal framework to help with the selection of new National Parks, before opening the nominations process for new Parks later this year.
- The full development process will end in designation of at least one new National Park in Scotland by 2026.

Lines to take

- It is essential that the creation of new National Parks helps to address the twin climate and biodiversity crises while improving individuals and community wellbeing.
- One of the priority actions in the Scottish Biodiversity Strategy is to introduce at least one new National Park and strengthen their leadership role for nature recovery and just transition to net zero in their areas.
- We are aware of several areas which are interested in National Park status, including some which have well established campaigns.
- Public consultations have helped to build consensus with stakeholders and the people of Scotland over what National Park status should achieve for Scotland and the communities who live and work within them.
- They have also helped to shape the development of an open and transparent Appraisal Framework which will be used to assess nominations for National Park status and inform the work of the existing National Parks.
- Through our Stakeholder Advisory Group we are working with key stakeholders to provide advice and assurance on key elements of the project and priorities for existing and future National Parks (stakeholders include NatureScot, Cairngorms/Loch Lomond & the Trossachs National Park Authorities, Scottish Land and Estates, Trees for Life, National Farmers Union).
- Scottish Government will provide communities and interest groups with support if they wish to nominate their area for National Park status based on the criteria in the Appraisal Framework.
- NatureScot have been partnering with us to support stakeholder engagement and consultations.

Sensitivities – lines to take

Changes to the aims, powers and governance of National Parks

- Last year's public consultation sought views on whether changes should be made to the aims, powers and governance of National Parks. Thorough consideration is being given to the views expressed by consultees and advice from NatureScot. Any proposals for change will be presented for further public consultation later this year.

How many new National Parks will be created during this Parliament?

- The Bute House Agreement provides a commitment to designate at least one new National Park in Scotland within the current Parliament, provided relevant legal conditions can be met. Relevant legal conditions means those matters defined under the Aims and Conditions for National Parks as specified in the National Parks (Scotland) Act 2000.

How will new areas be chosen for National Park status?

- We are aware that there are several areas which may be interested in obtaining National Park status. There is therefore the need for an appraisal process to determine which area or areas should be subject to a formal proposal. This process needs to be fair and transparent. That is why we are consulting publicly on a draft appraisal framework and broad selection criteria for new National Parks.

Will new National Parks have the same role and functions as the existing National Parks?

- The provisions with the National Parks (Scotland) 2000 Act allow for some flexibility for the role and function of the National Park Authorities so that they can be tailored to the particular area being designated through the Designation Order. Any proposed changes to the role and functions of existing and new Parks will be presented for further public consultation later this year

Will there be any support provided for local authorities, community groups or interest groups putting together a nomination for their area to be considered for National Park status?

- Yes, the Scottish Government will aim to provide support to any group wishing to put together a nomination for National Park status. Final details of this support offering will be confirmed before the nomination window commences and it will be designed to enable and support groups in the planning and development of their nominations, for example by helping to arrange and host local community discussions and workshops.

Net zero, onshore wind and National Parks

What would be the implications for new wind farm proposals in areas designated as new National Parks?

- Scotland's fourth National Planning Framework (NPF4) was adopted and published on 13 February 2023 following approval by parliament.
- NPF4 supports renewable energy projects in principle. It seeks to encourage, promote and facilitate development that minimises emissions, adapts to the impacts of climate change and protects, restores and enhances biodiversity.
- NPF4 states that, whilst development proposals for all forms of renewable, low-carbon and zero emission technologies will be supported, development proposals for wind farms in National Parks and National Scenic Areas will not be supported.
- For areas that already have windfarms in place or under construction, or where planning permissions have already been granted, NPF4 policies would not apply, unless and until any new planning application is brought forward, for example in relation to the repowering or extension of an existing wind farm.

Does this mean wind farms will not be consented in national parks?

- As a matter of law, every planning decision must be made in accordance with Scotland's fourth National Planning Framework (NPF4) and the relevant local development plan.

What would be the implications for existing wind farms if they were included in a National Park boundary?

- Consents for wind farm proposals are time limited. When the operational life and consented period ends, any subsequent proposal for repowering or life extension would need to be determined in accordance with the development plan and relevant planning policies in place at the time.

STRATEGY AND DELIVERY PLANS

Top Lines

- The Strategy is the starting point for our wider Biodiversity Framework, it's where we set out our high-level vision "for Scotland to be Nature Positive by 2030, and to have restored and regenerated biodiversity across the country by 2045".
- Underpinning the Strategy will be the second limb of the framework, the dynamic Delivery Plan, where we set out the actions we need to take to deliver on the high-level vision and outcomes.
- We will be consulting further on this framework later this year and there is further opportunity to refine our vision, outcomes and actions to ensure we are aligned with our international obligations as set out in the new Global Biodiversity Framework.
- We have engaged with a wide range of stakeholders to develop the Strategy and Delivery Plan and we will continue to work with stakeholders to ensure a 'whole of government' and 'whole of society' approach to addressing local and national priorities for nature
- We listened to the feedback from stakeholders around the importance of species, hence we have identified one of the key priority actions as continuing to have effective species recovery, reintroduction and reinforcement programmes, including having targeted measure to restore important groups and concentrations of species.
- In developing our Delivery Plan we have used a logic-modelling process, informed by biodiversity experts and academics external to the Scottish Government, to identify the actions required.
- For the first Delivery Plan – and it is important to remember that this is only the first – we have developed a process of impact prioritisation and policy prioritisation to ensure that the actions are SMART as well as high impact.

INNS:

- The Scottish Government is working with a range of partners to minimise the negative impacts caused, by invasive non-native species in Scotland.
- Scottish Government funds a variety of actions to tackle invasive non-native species in Scotland through land management support schemes such as the Agri-environment, Climate Scheme, Forestry Grant Scheme and Nature Restoration Fund.
- Over £928,000 has been offered since Sept 2021 under the Nature Restoration Fund to six separate projects that have management and control of invasive non-native species as a central priority for action.
- In addition, to date more than £3.6m of Forestry Grant Scheme funding over the past eight years has been committed for rhododendron control projects.
- The Scottish Invasive Species Initiative (SISI) is a 5-year partnership project tackling invasive non-native species in rivers and water courses in an area of 29,500 km² in northern Scotland, over a third of Scotland's total area. It is led by NatureScot and is part-funded by them as well as through the Heritage Lottery Fund and in-kind support from project partners and volunteers. The total project value is approximately £3.24 million.
- The Delivery Plan will include provision for the development of a Framework to address the management and eradication of invasive species, particularly invasive non-native species.
- This Framework will sit alongside the Great Britain Invasive Non-Native Species Strategy, whose main focus is co-ordinated action to prevent new invasive non-native species establishing and spreading.

SBS relations with other strategies:

- It is essential that biodiversity considerations are mainstreamed into our policy development. That is one of the key aims of our new Biodiversity Strategy.
- Given the breadth of matters dealt with by government there is, of course, a wide range of Strategies and Plans to address issues in particular sectors. The Biodiversity Strategy provides a clear vision and set of outcomes which all our policies must help achieve.

- The Environment Strategy for Scotland presents a whole-of-government approach to tackling the climate and nature crises by creating an overarching framework for Scotland's strategies and plans on the environment and climate change. Strengthening the connections between environmental policy and policies across government, it helps us identify priorities, opportunities and drive the transformative changes needed to meet our targets to restore nature and tackle climate change, while harnessing the opportunities this creates for our economy and wellbeing.
- Healthy biodiversity underpins our prosperity, our wellbeing and our Net Zero ambitions, so this strategy will support the achievement of objectives across government.

Just Transition Planning

- A just transition is both the outcome – a fairer, greener future for all – and the process that must be undertaken in partnership with those impacted by the transition to net zero. Just transition is how we get to a net zero and climate resilient economy, in a way that delivers fairness and tackles inequality and injustice.
- In order to ensure that this transition is carried out in a manner which is inclusive and achieves the greatest economic opportunity across Scotland, SG are developing sectorial and regional Just Transition Plans (JTPs) alongside the CCP process.
- These sectorial JTPs will seek to ensure that economic and social opportunities are not missed and that the risks associated with rapid structural change are mitigated.
- Our approach to Just Transition planning is guided by our National Just Transition Planning Framework (published September 2021). We will ensure maximum read across in policies and proposals, and that just transition considerations are incorporated throughout development.

NATURAL ENVIRONMENT BILL AND STATUTORY NATURE RESTORATION TARGETS

- The Bill will put in place key legislative changes to restore and protect nature, including enabling targets for nature restoration, and a framework for setting, monitoring, and reporting on those targets.
- Establishing statutory targets for nature recovery is a key mechanism to support the delivery of our new Biodiversity Strategy, which sets out our high level, nature-positive goals for Scotland to be Nature Positive by 2030, and to have restored and regenerated biodiversity across the country by 2045.
- Nature restoration targets will form part of our Accountability Framework that will drive action across Government.
- The targets will help drive the transformational change needed to halt and reverse biodiversity declines, and monitor our progress.
- While the detail is still being developed, we expect to develop targets that will support delivery of the priority themes and outcomes laid out in our Biodiversity Strategy.
- The Bill will also put in place any legislative provisions needed to deliver our commitment to protect 30% of Scotland's land for nature by 2030, which is also now a key target in the new Global Biodiversity Framework.
- Introducing a Natural Environment Bill was a key commitment in our Programme for Government 2021-22 and the Bute House Agreement.
- The Bute House Agreement included the commitment to designate at least one new National Park within the parliamentary period. Prompted by this process, changes to the National Parks (Scotland) Act 2000 are being considered, in order to strengthen the leadership role of National Parks in tackling the interlinked crises of climate and biodiversity. The Bill may therefore also contain provisions to modernise national parks legislation.

Background:

- An introduction date for the Bill is still to be agreed by the Cabinet Sub-Committee on Legislation.
- The Bute House Agreement states that a Natural Environment Bill is to be introduced in Year 3 of this parliamentary session. [Redacted]

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30x30

Top Line

- We have committed to protect at least 30% of our land for nature by 2030. In our new Biodiversity Strategy and underpinning delivery plans we will start to set out the actions required to achieve this commitment.

Lines to take

- Achieving 30x30 on land and sea will ensure that Scotland is [a world leader] taking forward nature based solutions to tackle the twin crises of climate change and biodiversity loss.
- Our 30x30 programme will promote ecological restoration and safeguard at a scale never before seen in Scotland.
- Identifying appropriate areas to contribute to the 30% target, and ensure their continued management for nature will require collaboration across private, voluntary and public sectors.
- While this will mean land use change, we are committed to ensuring that we achieve this in accordance with a just transition, ensuring we deliver social and economic benefits, alongside environmental ones, particularly for our rural communities.
- Even with 30% of Scotland managed for nature, this in itself is unlikely to halt biodiversity loss and realise the full potential of nature to address climate change. We will therefore work to ensure our policies align to promote nature friendly urban and rural environments.
- We have commissioned NatureScot to advise on how Other Effective [area-based] Conservation Measures (OECMs) might operate in Scotland and the scope to exceed the 30% target for land and freshwater protected and managed for nature.
- NatureScot and Scottish Government are currently taking forward a co-design process with stakeholders to develop a Framework through which the 30x30 commitment will be delivered.
- At COP15 in Montreal, the High Ambition Coalition launched the establishment of the Sub-national Government Task Force on 30x30 to share experience and best practice in delivering this global commitment. Continuing our work through the Edinburgh Declaration, Scotland is one of the founder members of the Task Force.

NATURE NETWORKS

- Our draft Scottish Biodiversity Strategy (SBS) (December 2022) highlights the need to improve ecological connectivity across Scotland, in order to address the twin crises of climate change and biodiversity loss.
- Nature Networks are key to delivering the vision and outcomes set out in the SBS, to halt and reverse biodiversity loss by 2030, and 2045, respectively.
- Nature Networks will ensure spaces for nature, delivered through local partnerships, that contribute to local priorities for nature, and support biodiversity-rich areas, including our National Parks and Protected Areas.
- Nature Networks are crucially important in linking urban and rural landscapes, delivering positive benefits for wildlife and bring nature closer to people.
- We have developed a co-designed Nature Network framework to help inform implementation. Following input from a wide range of stakeholders, the framework will be included in the SBS and Delivery Plan public consultation this summer.
- We continue to engage with a wide range of stakeholders to identify what is required to implement effective Nature Networks in Scotland.
- We are exploring how best to support Local Authorities and their partners in delivering Nature Networks, developing elements of an online toolbox via;
 - A CivTech project commissioned by NatureScot to map potential opportunities for connectivity, habitat creation and restoration at a national level.
 - Inclusion of nature elements within the Climate Intelligence Hub. A centralised advice and data resource service which has recently been approved by Ministers in order to help Local Authorities meet their Climate Change obligations.
 - The collation of good examples and practices already taking place across Scotland.
- We anticipate that an outline toolkit is published in 2023, and regularly updated as Nature Networks evolve.

BIODIVERSITY INVESTMENT PLAN

- Both public and responsible private investment in Scotland's natural capital will be essential to deliver on our climate change targets, the reversal of biodiversity loss and wider land use policy objectives.
- The Global Biodiversity Framework that was agreed at COP15 last year identified leveraging responsible private finance as a key target to tackle the twin crises of biodiversity loss and climate change.
- Responsible private investment in Scotland's natural capital will be essential for Scotland to tackle the twin biodiversity and climate crises.
- That is why we have committed to produce a Biodiversity Investment Plan which will set out our assessment of the investment required for a nature-positive future, and actions needed to mobilise public, private and philanthropic finance.
- Our Interim Principles for Responsible Investment in Natural Capital set out our ambitions to develop markets that also deliver benefits for local communities and wider society, in line with Scotland's Just Transition principles and land reform objectives.

NATIONAL PLANNING FRAMEWORK 4

- The adoption and publication of National Planning Framework 4 – on 13 February 2023 - is an important milestone for planning in Scotland.
- NPF4 rebalance the planning system so that climate change and nature recovery are the primary guiding principles for all plans and decisions.
- Improving biodiversity is a cross-cutting theme which runs throughout NPF4. Our strategies and policies support development that helps to secure positive effects for biodiversity.
- Policy 1 gives significant weight to both the nature crisis and the climate emergency to ensure that these are each recognised as a priority in all plans and decisions.
- Policy 3 plays a critical role in ensuring that developments will secure positive effects for biodiversity. Development proposals for national, major and Environmental Impact Assessment (EIA) development will only be supported where it can be demonstrated that the proposal will conserve, restore and enhance biodiversity, including nature networks - a key delivery element of the SBS - so they are in a demonstrably better state than without intervention. Proposals for local development will include appropriate measures to conserve, restore and enhance biodiversity.
- NatureScot's [Developing With Nature Guidance](#) was published alongside NPF4 and supports the implementation and delivery of Policy 3 (c). It describes a range of biodiversity measures, widely applicable across a range of settings.
- As set out in [NPF4's Delivery Programme \(version 1\)](#) we are committed to bringing forward further guidance to support Policy 3 more widely. we are committed to bringing forward further guidance to support Policy 3 more widely.
- Work is underway to prepare this Guidance, supported by a Technical Advisory Group (TAG) which includes CIEEM, RTPI, the Improvement Service, NatureScot and Heads of Planning Scotland. The role of this group is to inform guidance preparation and to support wider work on building skills and capacity on biodiversity and nature across the planning system. Recently, members of the group convened a roundtable event drawing in wider stakeholders, including developers, NGOs, as well as planning, legal and environmental professionals to discuss 'off-site enhancement', the outputs of which are being used to inform guidance. A note of the meeting can be found on the [Transforming Planning webpage](#). We will continue to give consideration to how and in what way we can engage with all interests to support delivery and implementation of policy 3, and further information will be made available including via our web pages.

NATURE RESTORATION FUND

- In July 2021 we launched the Nature Restoration Fund, which provides funding for multi-year, multi-partner larger scale projects that aim to deliver significant improvements in biodiversity.
- The Nature Restoration Fund provides £65 million additional funding across this parliament for projects that will restore nature, safeguard wildlife and tackle the causes of biodiversity loss and climate change.
- The Nature Restoration Fund has already provided nearly £30 million for biodiversity projects since its launch in 2021.
- That includes 127 projects in the competitive scheme, and direct funding to local authorities amounting to £11.5m.
- It is already making an important contribution to delivering our strategic Vision and Outcomes, and restoring Scotland's terrestrial and marine environment.
- The Biodiversity Challenge Fund was absorbed into the Nature Restoration Fund, but there will be an overall increase in funding available.

FLOOD RISK MANAGEMENT

- Managing our exposure to floods and their impacts is a significant and growing challenge as climate change brings more severe and frequent flood events
- Improving resilience to flooding is a priority for the Scottish Government.
- We will continue to work with and support local authorities to deliver actions that protect our communities and businesses.
- Since 2008, the Scottish Government has made available £42 million per year to local authorities to invest in flood risk management actions – a commitment that is in place until 2026.
- The 2020 Programme for Government committed an additional £150 million over the course of this Parliament for flood risk management actions.
- We are working hard with COSLA and Local Authorities to ensure that this funding is used as effectively as possible and so delivers the greatest benefit to local communities.
- As committed to in last Year's Programme for Government we have now started consulting on a first National Flood Resilience Strategy for Scotland which will seek to engage a broader range of delivery partners to deliver more diverse flood management actions faster.
- The Strategy will seek to address some of the bigger flood risk management challenges we currently face such as how to finance our larger flood protection schemes and how we can increase climate resilience in our urban areas through more blue and green solutions to surface water flooding.
- In 2021 we published our Water Resilient Places policy framework for surface water management and blue-green infrastructure.
- It seeks to embed design for surface water management in all our climate adaptation and place-making activities.
- The Creating Water Resilient Places event in Edinburgh in September 2022 brought together Chief Executives and other senior leaders from across Scotland's eight cities and key government agencies to discuss the opportunities and challenges of making our urban areas water resilient places to help them respond to climate change.

CIRCULAR ECONOMY, RECYCLING AND WASTE MANAGEMENT

CIRCULAR ECONOMY BILL

We have introduced a Circular Economy Bill to Parliament.

- The Circular Economy Bill will establish the legislative framework to support Scotland's transition to a zero waste and circular economy, significantly increase reuse and recycling rates, and modernise and improve waste and recycling services
- Scotland recycled 56% of waste in 2021 but we aim to recycle 70% of waste by 2025. Increasing recycling will cut climate emissions, pollution and littering, and create opportunities in the economy. The Circular Economy Bill will help us meet our targets and drive Scotland to become a world-class recycling nation
- The Bill takes powers to give Ministers and local authorities the tools they need to achieve our ambitions for a circular economy.
- It represents a package of new powers and responsibilities that will be underpinned by support and investment, such as the £70 million Recycling Improvement Fund.
- The Scottish and local government also need the tools and levers to drive change across the supply chain and the Bill sets out strategic interventions and responsibilities to do that

We must make a circular option the easier option for Scottish households, businesses and the public sector.

- I want everyone in the country to experience a modern, easy to use waste service that makes it easy for people to do the right thing for the planet.
- We will work with local authorities and householders to co-design how these powers are implemented to take account of different circumstances and different needs.
- The Bill is part of wider package of measures including the Waste Route Map which will set out how we intend to deliver our system-wide, comprehensive vision for Scotland's circular economy.
- The responses to the Route Map consultation have been published, and we are considering this feedback carefully as part of the development of the Route Map, alongside ongoing assessment of impacts.

CIRCULAR ECONOMY BILL - HOUSEHOLD PENALTIES

The new Bill would give local authorities in Scotland powers to issue fixed penalty notices if households persistently do not use waste and recycling bins correctly. In England and Wales similar fines are already an option available to local authorities.

- Local authorities in Scotland already have powers to issue notices to householders about improper disposal of household waste. Failure to comply with a notice is a criminal offence.
- This new power gives local authorities the flexibility of a civil method of enforcement as an alternative to criminal prosecution.
- Similar options were introduced in Wales in 2006 under the UK Labour Government and in England in 2015 under the Conservative government.
- The powers are for persistent and deliberate non-compliance, and a last resort for local authorities when communication and corrective action is not acted on.
- Scottish Government guidance would be issued to ensure these powers are used proportionately.

SINGLE USE VAPES

We all have a responsibility to dispose of our waste properly and littering of single use vapes is unacceptable.

- The Minister for Green Skills, Circular Economy and Biodiversity asked Zero Waste Scotland to examine the environmental impact of single use vapes and consider options to tackle the issue.
- Zero Waste Scotland submitted the initial findings of the review of the environmental impact of single-use vapes report at the end of May.

- The findings are currently being considered and the report is undergoing final revisions prior to publication, which we expect to take place in June. Any future approach will be determined by the findings of the review.
- We are considering the evidence, expert advice and policy options, which we have said could include a potential ban on single-use vapes. However, there are other options, for example increasing access to responsible disposal options, improved product design or public communications campaigns.
- We look forward to the report's findings being published and the opportunity to discuss potential next steps to address the issue.

WASTE AND RECYCLING KEY ACTIONS

The total amount of waste going to landfill in Scotland has dropped by nearly a third over the past decade, but we need to do more to maintain progress.

- Scotland was the first nation in the UK to introduce a ban on landfilling of biodegradable municipal waste, which comes into force on 31 December 2025.
- We are the first in the UK to implement a ban on many of the most problematic single-use plastics.
- We have announced over £53 million of landmark investments from the Recycling Improvement Fund to improve recycling quantity and quality.
- We have maintained the temporary notification direction on new incineration facilities in Scotland.
- We are working with Zero Waste Scotland to develop a behaviour change strategy which will enable individuals to make better-informed decisions to reduce the risk of food waste as early as possible.
- We have identified room for improvement in the food redistribution network across Scotland and we are working with Zero Waste Scotland to build capacity and accessibility to ensure food is used and not wasted from households.

RECYCLING INVESTMENT

We are making one of the biggest investments in a generation to modernise recycling in Scotland through the £70m Recycling Improvement Fund for local authorities.

- Increasing the performance and accessibility of recycling services across Scotland is a foundation of this Fund.
- Over £53 million has now been awarded to 17 local authorities to increase the quantity and quality of recycling across Scotland. Zero Waste Scotland estimate that Recycling Improvement Fund projects already underway will benefit 61% of Scottish households and reduce CO2 emissions by over 52,000 tonnes each year – the equivalent of taking over 28,000 cars off the road
- On 24 March, the Minister for Green Skills, Circular Economy and Biodiversity announced the latest investment from the Recycling Improvement Fund for Highland and Clackmannanshire Councils, to improve local recycling services.
- Earlier this year over £21 million was awarded to Glasgow City Council to improve recycling in the city.
- Early evidence from a project funded in Edinburgh to improve recycling from communal bins indicates that recycling has increased by nearly 7% compared to 2018/19 levels.
- We are funding a range of improvements, including more frequent recycling collections, the extension of food and garden waste collections, and boosting Scotland's capacity to recycle problematic materials like plastic films.

SINGLE USE PLASTIC

Scotland was the first part of the UK to implement a ban on many of the most problematic single-use plastics.

- The ban, which came into force on 1 June 2022, means it is an offence for businesses in Scotland to supply: expanded polystyrene beverage cups, expanded polystyrene food containers, single-use plastic beverage stirrers, plastic cutlery, straws, balloon sticks and plastic plates.
- This is a significant shift for businesses but the case for banning these products is clear (over 700 million of these products are estimated to be consumed in Scotland every year).
- We are focused on supporting businesses to comply with the regulations and now that they have been in place for a year, we are focusing on evaluating the effectiveness of the ban to help shape future policy.
- Enforcement officers can use a range of techniques such as advising businesses on how to comply with the regulations before escalating to issuing a fine. Zero fines does not mean enforcement of the ban is not taking place.

INCINERATION

As Scotland moves towards a circular economy, we must treat residual waste responsibly.

- This is why the Scottish Government commissioned the independent review of the role of incineration in the waste hierarchy.
- The review underlines that the best form of residual waste treatment is preventing waste from occurring in the first place. However, in the short-term, incineration has a role to play as we make the transition to a circular economy, and end the practice of sending biodegradable municipal waste to landfill by 2025.
- The review makes it clear that while incineration has a role to play in treating Scotland's unavoidable, unrecyclable municipal waste, that role is limited and as we move to a circular economy we will need significantly less residual waste treatment capacity.

Our response to the first report from the independent review of incineration, published on 16 June 2022, accepted all of the recommendations.

- We will work within existing statutory and other frameworks to set out clearly that Scottish Government does not support the development of further municipal waste incineration capacity in Scotland, with very limited exceptions.
- We have kept the temporary notification direction on new incineration facilities in place, requiring local authorities to notify Scottish ministers when they receive an application for planning permission or are minded to approve an application for incineration facilities.

We published our response to Dr Church's second report, which considers the options to decarbonise the waste management sector in Scotland, on 5 May.

- The Scottish Government has accepted, in full or in principle, all of the recommendations of this second report, and set out the work we are undertaking to decarbonise the waste sector and phase out the unnecessary incineration of plastics.
- Our primary focus will continue to be on measures that limit plastics from entering the waste stream through, for example, improved product design, incentives to limit the amount of low-quality plastics produced and strengthening source segregation.
- We already have work underway that will divert plastics away from the black bin to reuse and recycling, including our £70 million Recycling Improvement Fund, which is already supporting more than half of Scotland's councils to modernise their local recycling facilities.
- We are also continuing to incentivise and support the deployment of combined heat and power through our £300 million Heat Networks Fund.
- However, the review is clear that, while heat networks can be an effective way of capturing excess heat from an incineration plant, this is not a reason to construct a new one.

LITTER AND FLYTIPPING

Littering and flytipping are unacceptable, whatever the circumstances, and there is no excuse for this behaviour anywhere in Scotland.

- We have set out bold plans to tackle flytipping, including proposals to more than double the current maximum fine, and will be taking forward action through a new National Litter and Flytipping Strategy this year.
- Through the Circular Economy Bill, we are introducing new powers to increase the deterrent effect and the options available to enforcement officers in tackling flytipping and roadside litter.
- These new powers are to search and seize vehicles suspected to be involved in illegal waste activity and a new civil penalty regime to enforce littering from vehicles, which will make the keeper of the vehicle liable to pay a penalty charge when a littering offence has been committed from that vehicle.
- We are also strengthening householder duty of care legislation to ensure that household waste is dealt with in the correct manner via authorised waste handlers.
- We will also be consulting on proposals to improve scrutiny and control over who is able to obtain and hold authorisation to handle waste.
- The Scottish Government shares the ambition of Murdo Fraser's Members' Bill to tackle flytipping, and we are committed to taking further steps to strengthen existing enforcement measures.
- We are working closely with SEPA and local authorities to ensure we have effective flytipping prevention and enforcement measures.
- Local authorities remain responsible for and are indeed best placed to make decisions regarding the provision of waste and recycling services.
- Individual prosecution decisions for flytipping cases are a matter for the Procurator Fiscal.

LANDFILL BAN

We are committed to ending the practice of landfilling biodegradable municipal waste in Scotland in line with recommendations from the Climate Change Committee.

- We understand that 20 local authorities have a contractual arrangement in place for 2025 that complies with the landfill ban.
- The Scottish Government is providing centrally supported procurement to help other local authorities secure contracts in preparation for the forthcoming ban.
- We will continue to work closely with local authorities and commercial operators to support those that do not currently have solutions to treat their residual waste ahead of the forthcoming ban.

UKSI PERSISTENT ORGANICS POLLUTANTS REGULATION AMENDMENT

Background

- The UK Persistent Organic Pollutants Regulation implements the Stockholm Convention in the UK, which aims to eliminate the production, use and release into the environment of POPs. POPs are chemicals that are internationally recognised by Convention signatories as toxic, persistent, bio-accumulative and subject to long range transport in the environment, meaning they pose a global threat to the environment and people.
- One such POP, perfluorooctanoic acid (PFOA), has a number of exemptions to its ban to allow certain essential uses to continue until such time that alternative chemicals can be developed. One exempt use is in “*textiles for oil- and water-repellency for the protection of workers from dangerous liquids that comprise risks to their health and safety*”. This use is set to expire on 4 July 2023 under the UK POPs Regulation, although under the Convention countries can apply to continue the use until 3 December 2023 (five years after the substance PFOA was listed as a POP under the Convention). The earlier date set in the UK regulation corresponds to that in the EU POPs regulation, where a more ambitious target was set. However there is now a need to extend the expiry date for this use to allow a defence-critical application to continue until a suitable alternative has been found.
- The sole purpose of this UKSI is to extend the expiry date for this single use from 4 July 2023 to 3 December 2025.

Possible Questions

Q: are you able to give any more detail on what this use is:

A: The use is required for a defence-critical capability; the use is small, critical and the chemical is disposed of by professionals. The exemption would allow use to continue until 3 December 2025, extended from the current expiry of 4 July 2023.

Q: won't changing the expiry date mean other uses continue as well until this later date?

A: No. other national legislation includes provisions that prevent this.

Q: Will the extension of the expiry date for this exemption weaken environmental protections or result in more of this chemical being released?

A: No – only very small amounts of the chemical will be used in a controlled environment. Disposal will also be done in a controlled environment by professionals.

Q: why cannot a less hazardous substance be used?

A: Current scientific research suggests that only this substance, PFOA, provides the high level of protection required for this capability, and the technical progress made on alternatives does not allow for a sufficiently effective solution at this time.

Q: what would be the impact if Scottish Minister's didn't consent:

A: . Consenting enables Scotland continued use of this defence-critical capability. Withholding consent would mean this capability could not legally be deployed in Scotland.

HIGHLY PROTECTED MARINE AREAS

TOP LINES

Our commitment to designate Highly Protected Marine Areas (HPMAs) in Scotland's seas marks a step change in the protection of our marine environment.

- It is an unavoidable truth that we are in the midst of a climate and nature crisis and we must be prepared to take action commensurate with the scale of that challenge. However, it is also true that as we tackle the climate emergency, we must do so via a fair and just transition which empowers communities and shares in the benefits of a green economy.
- The evidence tells us we have to do more to protect our marine environment which is the basis on which many of our vital marine industries are built.
- The IPCC's Synthesis Report, published on Monday 20 March 2023, issued a dire warning of the consequences of climate change, should we fail to act. The impacts of climate change are already being observed in Scotland's seas and the report highlights the importance of a healthy marine environment in helping to combat climate change.

Our seas must remain a source of prosperity for the nation, especially in our remote, coastal and island communities.

- It is vital that those communities help shape the creation of these areas which is why we chose to consult early on in the process.
- We will continue to engage directly with coastal and islands communities before any sites are proposed.
- I recognise there is considerable strength of feeling on this issue – from those who support it and those who have concerns. We have begun analysing responses and will consider these very carefully as we develop next steps. I recognise the value that Scotland's fishing and aquaculture sectors play in contributing to our economic prosperity.
- We want island and coastal communities to thrive and be able to benefit from their huge natural assets. That is why we are proposing that essential lifeline services such as communications, transport and energy infrastructure for our island and coastal communities should not be impacted by the creation of HPMAs.

The Cabinet Secretary for Net Zero and Just Transition has committed to visiting coastal and island communities in the coming months to hear directly from those people who may be affected.

- We will work with island and coastal communities throughout the site selection process to ensure their concerns and views are listened to and understood.
- This Government will not steamroll through or impose on any community a policy that it is vehemently opposed to.
- I say to all those who have expressed opposition that we are willing to engage and listen so that we can get to the agreed outcomes together.
- By being properly designed and located we believe HPMAs can provide long term benefits for our island and coastal communities.

LEGAL POWERS

The current devolved settlement fails to give Scotland the levers we need to fully tackle the challenges we face.

- Proposals for HPMAs are at an early stage and we do not currently have legal powers to designate and protect HPMAs.

- Scottish Ministers have written to the DEFRA Secretary of State to request powers to designate sites in Scottish offshore waters, on a similar basis to those previously granted for the designation of Marine Protected Areas, and will continue to press for constructive engagement on this issue.
- The UK Government itself is in the process of designating three Highly Protected Marine Areas, including in offshore waters so Tory attempts to deny us the ability to do the same are entirely hypocritical.
- We have consulted on proposed new legal powers, to be introduced through primary legislation, to allow Scottish Ministers to designate HPMA's in inshore waters.
- I can be clear that we will not seek to designate the full 10 percent in inshore waters if the UKG do not give us the powers for offshore. We need to protect a range of habitats across the wide variety of our seas.

MARINE SCOTLAND TWEET

This is a complete non-story based on a fundamental misunderstanding of how government works

- Marine Scotland is a core directorate of the Scottish Government and not a separate agency.
- It is the role of Marine Scotland officials, like all civil servants, to support the elected government of the day in developing and implementing its policies and Programme for Government commitments.
- A Scottish Government social media account sharing a press article written by a Scottish Minister is an entirely legitimate form of official support and there is no evidence whatsoever that any breach of the Civil Service Code has taken place.
- While others in this chamber may be content to play politics and engage in this sort of manufactured scandal, this government will continue to focus on the real priorities of people in Scotland.

DEFINING COMMUNITY OPPOSITION OR CONSENT

The shape of a community depends on the local situation and the people affected by proposals. This will be different in different places.

- Before affected communities can be defined we need to develop site proposals.
- It would be wrong to pre-empt the definition of a community by setting out the parameters here today which could risk excluding some voices who should be heard.
- For example, a fisher may live in one location, forming part of that community, but, in fact, regularly work fishing grounds many miles away. Until we have specific site proposals it will be difficult to say how someone like that may be impacted.
- So understanding those communities will be built on who is affected, not, necessarily, on proximity to the sites.
- We will use the best available approaches for engaging people impacted by the proposals. We are already making every effort to ensure everyone affected has a voice in this process, and we will continue to go beyond the statutory requirements to discuss and develop proposals with people affected by them.

SITE PROPOSALS

We have not proposed any HPMA sites yet.

- We are at the very early stages of developing HPMA's and are yet to consider where they might be located as part of a separate process.
- Stakeholders from both coastal and island communities and marine industries will be engaged throughout the site selection process to ensure their concerns are heard and considered.
- Once draft site proposals have been developed there will be a further round of consultation on these before any final sites are actually designated.

- It is essential we select sites on the basis of best available scientific evidence, taking into account socio-economic factors affecting the resilience and viability of marine industries and coastal communities.
- I cannot stress enough that no sites have been selected and people suggesting otherwise are putting out misinformation which is causing unnecessary concern to communities.

Site proposals will be spread across Scotland's seas, from West to East Coast, incorporating both inshore and offshore waters.

- Those suggesting that HPMA's will only be in the coastal region are wrong and misleading people. We want to protect and restore a wide range of our precious habitats ensuring ecological coherence.

ENGAGEMENT WITH STAKEHOLDERS

Stakeholders are being engaged at all key stages of development of policy and site selection for HPMA's.

- It has always been our intention to develop these ambitious proposals in close collaboration with those impacted by them – in particular, people living and working in our island and coastal communities.
- That's why we have chosen to consult right at the beginning of the process.
- In total we have had over 40 meetings with stakeholders already and the Cabinet Secretary will continue engaging directly with our coastal and island communities before finalising next steps.
- For example, prior to the consultation, we met with over 20 stakeholder groups representing a wide range of marine industries and users. These meetings included fisheries organisations, aquaculture groups, environmental NGOs, community representatives, and COSLA.
- Feedback from the meetings helped to shape policy development and inform our overall approach.
- We ran ten online information sessions from February to April to help anyone wishing to provide a response to our consultation.
- We also provided additional, targeted events, with regional fishing industry groups, such as the Western Isles Fishermen's Association and the North East White Fish Forum.

The Scottish Government is listening to the concerns from marine users and industries.

- Socio-economic factors affecting the resilience and viability of marine industries, such as the fishing industry, and the coastal communities which depend on them will be taken into account.
- Our coastal and rural communities are a major beneficiary of the natural capital that our seas provide, and HPMA's will help to ensure a resilient marine environment that can continue to provide for future generations.
- The HPMA site selection process will include opportunities for third party proposals and we will encourage all stakeholders to engage in this process.

We mustn't forget that there are those that support HPMA's

- Not every consultation response is a negative, and we have seen some community based NGOs support the concept, recognising that there may be different ways of delivering.

BENEFITS OF HPMA's

Studies have shown that removing human activities can have benefits for both the marine environment and the people who rely on it

- HPMA's will be a major advance in conserving and enhancing Scotland's marine biodiversity and achieving good environmental status for our seas by affording high levels

of protection to marine ecosystems through limiting or prohibiting specific human activities that may have negative impacts.

- Indeed our own research tells us that the nature in our seas is being harmed by human activity, including the effects of climate change. And the sea is critical to helping us manage climate change, but it's ability to do that is reducing so we need to protect it urgently.
- Scientific studies indicate that fish stocks can increase in HPMAs, providing spill over benefits for fishers and making sure there are sustainable levels of fish and other marine products to be derived and benefitted from our seas. For example, a study by Lenihan et al in California has shown spill over benefits with increased stocks of spiny lobster.
- Additionally, a global synthesis, by Lester and Halpern, demonstrated that highly protected areas generally show greater benefits and yield higher densities of organisms within their boundaries relative to partially protected sites nearby.
- People will be able to enjoy and appreciate the ecosystems HPMAs protect by undertaking recreational activities such as swimming and kayaking that are non-damaging. Again, those suggesting otherwise are wrong.

The experience of Lamlash Bay no take zone, shows us the benefits for both the marine environment and the people who rely on it.

- Based on studies coordinated by the community group, it has been noted that since protection, commercially important species such as the king scallop and European lobster have increased in size, age and density.
- The 2008 designation of the Lamlash Bay no-take zone off the coast of Arran, was as a result of campaigning by local community group, Community of Arran Seabed Trust (COAST).

Arran is an excellent example of an engaged local community reaping the benefits from increased marine protection.

- COAST was awarded £136,000 of funding from the Nature Restoration Fund in September 2021, which helped to support the purchase of the MV Coast Explorer.
- I look forward to seeing how COAST continues their research, outreach and education using this new boat to further benefit the community of Arran.

UK AND OPPOSITION POSITIONS

Even the UK Government recognises the need for action to protect our seas.

- In March, the UK Secretary of State for the Environment, Food and Rural Affairs, Therese Coffey, called HPMAs a "vital step forward" **[QUOTE]**: *"Highly protected marine areas are a vital step forward in enabling our ecosystems to thrive, increasing climate resilience and ensuring we have a healthy and productive marine environment for generations to come."*
- The UK Minister for Biosecurity, Marine and Rural Affairs, Lord Benyon said **[QUOTE]**: *"Not only will the first of these Highly Protected Marine Areas protect important species and habitats, but they will propel the UK forward in our mission to protect at least 30% of the global ocean by 2030."*

Tory hypocrisy on marine protection is staggering.

- The Tory group 'Conservative Friends of the Ocean' are strong advocates of Highly Protected Marine Areas.
- Their patrons include 16 of their MPs - led by Penny Mordaunt – and including Environment minister Rebecca Pow, Youth minister Mims Davies, Industry minister Nusrat Ghani, Home Affairs Select Committee Chair Tim Loughton, and also Lord Ian Duncan.
- In last year's Tory leadership contest the Friends of the Ocean group asked candidates to sign up to a number of pledges, including "Recommit to achieving 30x30 protection of UK waters."
- The 30x30 campaign is the aim to have 30% of waters covered by Marine Protection Areas by 2030.

- Rishi Sunak not only signed the pledge but, in fact, he went even further. Writing to the Conservative Friends of the Ocean he pledged that ***“I am committed to introducing pilots of Highly Protected Marine Areas in English waters, providing the highest level of protection for our seas, and safeguarding the 372 Marine Protected Areas (MPAs).”***

Although they are asking us to wait for the results, the purpose of the UK Government’s pilot approach is unclear.

- They are already adding additional sites without waiting for the results, which of course may take years given how slowly some features grow and recover.

In their manifestos every opposition party supported the creation of new marine protected areas.

- **Scottish Conservative 2021 manifesto (page 41)** *“We will review the current Marine Protected Areas in Scottish waters, with a view to expanding their extent, and pilot the introduction of Highly Protected Marine Areas. We will promote sustainable fishing and effective stock management.”*
- **Scottish Labour 2021 manifesto (page 84)** *“We will also support a plan for ocean recovery with at least one tenth of Scotland’s Seas fully protected, and a further 20% highly protected, from destructive and extractive activities by 2030. We will develop Regional Land Use Frameworks by 2023, with input from a wide range of stakeholders to set out regional land use priorities and funding requirements.”*
- **Scottish LibDem 2021 manifesto (page 24)** *“As other industries compete for the use of marine space we will seek to balance the competing demands of different users including aquaculture, marine renewables and marine protected areas so that all interests can be accommodated... (page 38) We will start a Marine Recovery Plan to restore more of our seas, encourage marine biodiversity and boost eco-tourism businesses alongside traditional maritime industries. Designate new marine protected areas where this is backed by scientific evidence.”*

NEED FOR HPMAs

Our proposals for Highly Protected Marine Areas, like similar developments across the EU, are intended to offer a greater level of protection to our most precious marine life, allowing key species and habitats to recover, helping to tackle climate change, benefiting nature and supporting our blue economy.

- Evidence tells us that once in place, HPMAs will make a positive impact in addressing both ecosystem recovery and biodiversity enhancement, helping to support a sustainable future for Scotland.
- The ecological evidence surrounding HPMAs shows that in temperate waters they deliver greater conservation benefits than those seen in other types of MPA.

Despite the significant progress we have made to improve the state of our marine environment the evidence tells us we need to do more

- The Scottish Marine Assessment 2020 showed that a number of marine species were in decline. If we do not address biodiversity loss, there is a risk that the marine environment will not remain resilient enough to provide the resources and benefits we gain from it for the long term.
- The Assessment showed that 19 out of our 21 marine regions did not meet the criteria that less than 15% of their habitat area should be in poor condition.
- The most recent assessment under the UK Marine Strategy showed that, across the UK, 11 out of the 15 ecosystem components failed to achieve Good Environmental Status – a measure of the health of our seas. That is clearly not acceptable and we need to act urgently to tackle that.
- Without a healthy environment, we cannot tackle the impacts of climate change and we undermine the very asset on which our marine industries are built.

Scotland is not alone in recognising the need for providing higher levels of protection for the marine environment through the introduction of HPMA's

- The EU is working towards a minimum of 30% of the sea protected, with a minimum of one third of that being strictly protected (i.e. 10% of EU seas should be strictly protected by 2030).
- The UK Government has recently announced it will designate three pilot HPMA sites in English waters later this summer.
- Comparable levels of high protection are found in various places such as California, New Zealand and Australia.

SUPPORTING THE FISHING INDUSTRY

Scottish Ministers remain committed to supporting Scotland's fishing sector, which plays such a key role in contributing to our economic prosperity - especially in remote, rural and island communities.

- If we do not take action in the marine space, there is a risk that the marine environment will not remain resilient enough to continue to provide the resources and benefits that we gain from it for the long term.
- My colleague Mairi Gougeon recently launched the third round of the £14m Marine Fund Scotland, aimed at supporting innovative and sustainable organisations in line with our Blue Economy Vision
- The real threat to the Scottish fishing industry is the continuing adverse impacts of Brexit and UK Government immigration policies – such as disproportionate Skilled Worker Visa requirements - which not only fail to address Scotland's distinct demographic and economic needs, but which also risk labour shortages, vessel tie-ups, and acute financial hardship.

THREE MILE LIMIT

The Scottish Government has no plans to introduce an arbitrary 3-mile limit restricting trawl or dredge activity in our inshore waters.

- Instead of a blanket approach, we believe it is necessary to instead develop an approach that takes account of the complex ecology and habitats.

SPATIAL MANAGEMENT

The Scottish Government recognises there is an increasing 'squeeze' on our marine space and the concerns from marine industries in regard to displacement.

- This is why a Blue Economy approach in Scotland is needed.
- The programme of work to develop a "National Marine Plan 2" will seek to address the increasing competition for marine space, exploring opportunities for a clearer prioritisation and decision-making framework to guide different interests and sustainable use of Scotland's marine space.
- A new prioritisation framework will ultimately be met with some challenges across the sectors, however NMP2 will seek to address such challenges through establishing a framework that seeks to give greater clarity to marine users around issues such as coexistence, compensatory measures and opportunities for safeguarding specific activities.

MARINE PROTECTED AREAS (MPAs) AND PRIORITY MARINE FEATURES (PMFs)

ISSUE

We have agreed to deliver fisheries management measures for existing Marine Protected Areas (MPAs) where these are not already in place, as well as key coastal biodiversity locations outside of these sites, by 2024, directly following the conclusion of the required statutory consultation processes. These measures will give protection for MPA features, as well as those priority marine features identified as most at risk from bottom-contact gear out with MPAs. This sets a definitive and ambitious timeline to complete work to apply protections within the Scottish MPA network.

TOP LINES

- The Scottish MPA Network protects and enhances our marine environment, supporting ecosystem health, improved livelihoods, economic prosperity, social inclusion and wellbeing
- MPAs support sustainable marine industries by enhancing the natural capital on which they rely.
- 37% of our seas are now designated as MPAs, exceeding the global biodiversity target to achieve MPA coverage of 30% of global seas by 2030.
- Putting in place the remaining fisheries management measures to protect marine features in MPAs will help deliver our commitment to achieve and maintain good environmental status for our waters.
- Fisheries measures are also being developed for the 11 Priority Marine Features (PMFs) most at risk from bottom trawling outside MPAs, in line with our Marine Plan, providing additional protection to our inshore waters.
- Many of the habitats protected in the MPA network capture and store blue carbon, enhancing their value as natural assets.
- Spillover effects from well managed MPAs can lead to higher and more profitable catches of commercial species in surrounding areas.
- All proposals to manage the MPA network are PMFs are evidence-led, based on Sustainability Appraisals and underpinned by stakeholder engagement at all stages.

The Scottish MPA Network protects and enhances our marine environment, supporting ecosystem health, improved livelihoods, economic prosperity, social inclusion and wellbeing.

- MPAs are a key tool in ensuring our marine environment is restored, adapted and resilient to climate change and sustainably managed to achieve good environmental status.
- MPAs support marine industries by enhancing the natural capital upon which they rely, as called for in Scotland's National Strategy for Economic Transformation.
- MPAs protect Scotland's vulnerable and unique species and habitats ensuring that their benefits can be accessed by current and future generations.

MPAs support sustainable marine industries by enhancing the natural capital on which they rely.

- It is not possible to have sustainable and profitable marine industries in the long term without a healthy marine environment.
- MPAs protect key habitats that can act as nursery areas for commercial species and store blue carbon.
- MPAs can improve the resilience on the marine environment, including commercial species to climate change.
- Spillover effects from well managed MPAs can lead to higher and more profitable catches of commercial species in the surrounding areas.

All MPAs are managed according to the needs of the protected features and their conservation objectives.

- Sites in the MPA network must be managed to achieve the conservation objectives for their protected features, whilst also allowing sustainable use.
- We have taken an evidence-based approach to delivering management measures for MPAs. Management measures for the most vulnerable sites were implemented in 2016 and the measures for the next phase of sites are being finalised.
- There are duties on all public authorities to ensure that there is no significant risk to protected MPA features from their decision-making in consenting and licensing human activities.

Fisheries Management Measures will complete the protection of the MPA Network.

- Fisheries activity is managed at the sector level and management measures for sites are being developed using NatureScot (inshore waters) and JNCC (offshore waters) evidence-based scientific advice, where this recommends that fishing may impact on features.
- Implementing the remaining fisheries management measures will ensure we have a well-managed MPA network that can achieve its conservation objectives.
- Fisheries management measures are being developed for 186 sites under two processes for the Scottish inshore marine region (0-12 nautical miles) and the offshore marine region (12-200 nautical miles).
- There are 165 sites within the inshore marine region and 21 sites within the offshore marine region that fisheries management measures are being developed through engagement with stakeholders.

Additional protection for vulnerable Priority Marine Features (PMFs) will complement the MPA Network

- The National Marine Plan requires that development and use of the marine environment must not result in significant impact on the national status of Priority Marine Features.
- On the basis of evidence gathered we will implement measures to protect 11 PMFs most vulnerable to bottom contracting fishing gear outside of MPAs.
- These 11 PMFs play a key role in the marine ecosystem that provides natural benefits to the fishing industry and wider society.

We are using the Scottish MPA Monitoring Strategy to measure the effectiveness of the MPA Network.

- The Monitoring Strategy sets out our approach to monitoring and ensures that the necessary evidence continues to be collected from the MPA network.
- This information will underpin assessment and reporting obligations, as well as enabling monitoring of the ecological benefits the network provides.
- Our current priorities are establishing the condition of features. We are also exploring the effectiveness of fisheries management measures implemented in 2016.
- We work with stakeholders to gather the necessary information to monitor MPAs, as well as receiving assistance from citizen science projects.
- Scottish Government will next be reporting to Parliament on the status of MPA network in 2024.

The Scottish Government takes the enforcement of sustainable fisheries management and protection of the marine environment extremely seriously

- We recognise the enforcement challenges that exist in covering a significant area of sea and a large number of fishing vessels.
- We will ensure more effective compliance by extending the requirement for Vessel Tracking and Monitoring Systems across the whole commercial fishing fleet by the end of the current parliamentary session.

- We recognise that alleged illegal fishing activity in MPAs by a small number of operators casts a shadow over the law-abiding majority in the industry.

BLUE CARBON

TOP LINES

Scotland's blue carbon habitats offer a marine nature-based solution to the climate crisis with co-benefits for climate change adaptation, resilience and biodiversity.

- The mitigation potential is small - blue carbon habitats may yield an additional greenhouse gas abatement of below 1 MtCO₂e/yr - therefore our actions to pursue this abatement should be proportionate.
- We need to explore every opportunity to reduce our emissions and tackle the climate crisis.

There are significant gaps in our understanding of blue carbon habitats and their vulnerability to climate and human impacts, including fishing.

- We must address these evidence needs, urgently, to help accelerate action to manage, protect, enhance and restore blue carbon habitats.
- Scotland is leading the UK on blue carbon research and our research and expertise is internationally recognised.
- The Scottish Government established the Scottish Blue Carbon Forum in 2018 to progress blue carbon research. To date, we have committed over £700,000 to the Forum's research and knowledge exchange programme.
- The Forum has supported fundamental research to map and account for our blue carbon habitats, including work on saltmarsh, seagrass and seafloor sediments.
- We have conducted the only detailed assessment of saltmarsh surface soil carbon stock in the UK, an important step towards their inclusion in the UK Greenhouse Gas inventory and developed methodologies that are being used across the UK.
- Marine and coastal ecosystems represent very large natural carbon stores. Their protection and restoration are important to reduce their physical loss from habitat degradation, damaging activities and avoid potential associated GHG emissions.
- There is clearly an important interaction between fisheries and blue carbon. We agree with the UK CCC that fundamental scientific uncertainties currently prevent accurate quantification of this effect.

Collaboration and partnership working is key to developing the evidence base and protecting these important habitats.

- We're working across the UK and internationally through the Four Nations UK Blue Carbon Evidence Partnership and International Partnership for Blue Carbon.
- We published the UK Blue Carbon Evidence Partnership 'Evidence Needs Statement' on World Ocean Day 2023, signaling key UK-wide research and evidence needs and our shared commitment to protect, manage and restore these habitats.
- We recognise the potential of blue carbon and need to urgently do more, with the UKBCEP we will develop a roadmap towards inclusion of saltmarsh in the UK Greenhouse Gas inventory.
- The £40,000 Blue Carbon International Policy Challenge grant is supporting Scottish-led international collaboration and knowledge exchange.
- BCIPC project 'HOLDFAST' led by Edinburgh Napier University was published on 13 June 2023 and has developed new innovative resources to help coastal communities make the most of their local environment in the fight against climate change.

FISHERIES AND CLIMATE CHANGE

- Scotland's Fisheries Management Strategy sets out our commitment to address and mitigate the impacts of climate change on our seas and our intention to develop concrete actions in partnership with our stakeholders to support the drive to net zero.
- We have been identifying and filling key evidence gaps through a range of research projects, we had focused conversations with our stakeholders and a wide-ranging survey to help us understand the industry's attitudes and needs. But a lot of gaps remain and some big questions for fisheries.
- We have recently set up the Fisheries Management and Conservation (FMAC) Climate Change Subgroup which includes representatives from the fishing industry, academia, eNGOs and others.
- We want to use their expertise and knowledge to address the gaps in our knowledge and to commence the development of a programme of work to focus the activity and identify key actions for progression.
- The climate change action plan for sea fisheries and this will consider both mitigation actions and adaptation requirements.
- This will include direct actions the Scottish Government can take, actions we want to encourage others (e.g. the fishing industry) to take and also identify which are short, medium and long-term

REGIONAL MARINE PLANNING

TOP LINES

The Environment, Climate Change and Land Reform Committee's (ECCLR) December 2020 report on regional marine planning

- We welcomed the ECCLR inquiry into regional marine planning and the recommendations made in the final report published in December 2020.
- There are a number of challenges and the inquiry's outputs will help inform our future approach. In comparison to the terrestrial system marine planning is still brand new, lessons will be learnt as we go and we are supporting the regional marine plans as they progress.
- We are considering the final report from the Committee and will set out a formal response, planned for summer 2023.
- The forthcoming committee response will set out our approach on Regional Marine Planning in the short-term and how this work will interact with the development of NMP2.
- Officials are considering the draft regional marine plans for the Orkney, Shetland and Clyde marine regions and will advise on the outcomes of the review of each of these.
- This review process is important given the plans need to be adopted by Scottish Ministers and although the legislation has been long-standing this is the first time going through this process and these will be the first regional marine plans in Scotland.

Progress of regional marine planning with Marine Planning Partnerships

- Regional Marine Plans are developed by Marine Planning Partnerships (MPPs). Currently three (out of eleven marine regions) have MPPs established, these are in Shetland (March 2016), Clyde (March 2017) and Orkney (November 2020).
- Shetland, Clyde and Orkney have submitted draft plans for Scottish Government review. Officials are currently in the process of reviewing these drafts.

Relationship between Regional Marine Plans and the National Marine Plan

- The National Marine Plan provides sections and policies for guidance and consideration in developing regional plans. The precise approach and coverage of the regional plan will be for these partnerships to determine based on local priorities and taking account of existing partnerships, methodologies and alignment with other local plans.
- Currently no Regional Marine Plan (RMP) has been adopted but when in place, RMPs will allow for national planning policy to be adapted to reflect local circumstances and issues.
- All existing Regional Marine Plans and our forthcoming response to the ECCLR committee will be considered in the development of NMP2. We are working with local partnerships to understand how best to engage them in the NMP2 process.

NATIONAL MARINE PLANNING

TOP LINES

Our marine space is becoming increasingly congested. To reduce conflict and support to our Blue Economy Vision, commitments to net zero and nature protection our National Marine Plan requires updating.

- Through marine planning we will work with all sectors to manage the increased competition for our shared marine space, supporting our commitments to net zero, protection of the marine environment, energy security, food security, and thriving communities.
- We are committed to the sustainable management of our seas and are working with stakeholders on the development of our updated National Marine Plan (NMP2), a key delivery mechanism for Scotland's Blue Economy Vision.
- The Plan will adopt a blue economy approach and will continue to provide the guiding framework for sustainable management of marine activities and resources to support our future licencing and consenting decisions.
- We are exploring opportunities for a decision-making framework to guide priority interests and support coexistence to address the increasing competition for marine space and resources.
- The development of National Marine Plan 2 is anticipated to take approximately 3 years, with completion by late 2025. As part of the development, we will consider the potential impacts on marine sectors and the marine environment from the policies included in the plan.
- We have begun the statutory assessments for the Plan, which are being supported by a Steering Group with representatives from across the marine industries. Public consultation on the screening and scoping report, the first phase of the Strategic Environmental Assessment will open in the Summer 2023.

Widespread stakeholder participation is essential if we are to successfully deliver a new National Marine Plan for Scotland that helps deliver our statutory targets, supports sustainable economic growth and protects our marine environment.

- We will work closely with stakeholders on the development of the NMP2 and are keen to hear your views on proposals for the plan.
- I was pleased to launch the first national marine planning forum on 15 June with over 60 in-person attendees and 189 registered to take part online. The forum was an exciting opportunity for stakeholders from across marine sectors, academia, charities and government to hear more about the NMP2 development process, ask questions and feed into the early development of the plan's objectives.
- We are working to deliver a variety of further events to engage in the development of the plan and with teams across Scottish Government to look for opportunities to streamline requests on stakeholders and gather input into NMP2.
- Our Statement of Public Participation and Stakeholder Engagement Strategy, published in October 2022, sets out how we will engage with stakeholders on the plan.

Our marine environment is experiencing unprecedented change from the impacts of climate change and biodiversity loss. Marine planning offers the opportunity to balance the need for enhanced marine protection with sustainable development of our seas.

- National Marine Plan 2 is in the early stages of development, and we are considering options to undertake further spatially-explicit planning, whilst safeguarding existing industry and balancing the need for protection and enhancement of the marine environment.

- The Plan will provide a coordinated policy framework for sustainable marine use and development, and we are working across the Marine Directorate to reflect the latest policy thinking, including that on nature protection, recovery and enhancement within the Plan.
- The National Marine Plan 2 assessment processes must consider the objectives of other relevant plans, policies and strategies, including Scotland's Climate Change Plan, Climate Change Adaptation Plan, Scotland's Biodiversity Strategy and other forthcoming policies such as management measures for our marine protected areas. Highly Protected Marine Areas are in the early stages of development and are yet to consider where they might be located as part of a separate process and timetable.
- The forthcoming assessments of the Sectoral Marine Plan for Offshore Wind Energy (SMP-OWE) and Innovation and Targeted Oil and Gas (INTOG), which provide the spatial framework for offshore wind development, will also be considered during development and assessment of National Marine Plan 2.

TOP LINES

We have been left with no other option than to reset the timescale of DRS and delay the launch until October 2025 at the earliest, when the UK Government says it will aim to launch its own scheme. DRS will happen but we are frustrated and disappointed that it will now take longer than needed and more limited than it should be. This is a result of the UK Government's actions and intervention at the 11th hour.

EFFECT OF UK GOVERNMENT DECISION

The removal of glass has significant implications on the scheme's operation – businesses have planned and invested millions on the basis of its inclusion.

- The UK Government also imposed a number of conditions on Scotland's DRS that are vague and unworkable. This includes a requirement to align the value of the deposit with the rest of the UK, even though they are unable to say what that will be.
- The conditions imposed are arbitrary, were not discussed with us, and no evidence to substantiate them has been produced. It seems clear that they acted in bad faith, with a view to undermining Scotland's scheme and the decisions made by this Parliament.

INVESTMENT BY BUSINESSES

Hundreds of millions of pounds has been invested by businesses to prepare for the launch of DRS.

- The exact figures on investment are held by industry themselves but various published estimates suggest that retailers will invest up to £200m, and producers have invested around £100m for the scheme.
- Alongside this contractors to Circularity Scotland, such as Biffa, will have invested significant funds with some estimating this at around £80m.
- The 11th hour decision by the UK Government has risked hundreds of millions of investment – both investment already made and investment that would have happened had DRS launched in March 2024
- We are committed to a DRS in October 2025 and we are pushing the UK Government to show their working that this is possible across the UK
- Investment such as RVM's in shops and collection centres for sorting materials will likely still provide useful when DRS finally is launched – but the delay to the utility of that investment lies squarely at the door of the UK Government.

FINANCIAL VIABILITY OF CIRCULARITY SCOTLAND (CSL)

A process is underway to appoint administrators to CSL, leaving their staff in an extremely difficult position.

- This is an unforgiveable consequence of the UK Government's 11th hour intervention which undermined our deposit return scheme, made progress impossible, and is now resulting in these jobs being lost.
- We warned the UK Government repeatedly that a failure to agree an exclusion to the UK Internal Market Act would jeopardise the scheme.
- At 9.45pm on Friday 26 May, having first spent the day briefing the media, the UK Government informed us that it would only grant a partial, temporary, highly conditional exclusion.
- Since then, CSL has been working tirelessly to identify a viable business model and they have kept us informed throughout.
- However, as the Circular Economy Minister stated at Committee last week, Circularity Scotland is a private not-for-profit company that is funded by industry. It would have been prejudicial for Scottish Ministers to divulge these details while CSL were actively engaged in commercial negotiations.

SNIB INVESTMENT IN CIRCULARITY SCOTLAND

The Bank's investment decisions are made independent of government and Ministers are not involved.

- This is a commercial and in confidence matter between the Bank and CSL.
- CSL is a private not-for-profit company which is industry led and was designed to be funded by industry.

CSL STATING DRS COULD PROCEED WITHOUT GLASS

We worked closely with Circularity Scotland and industry to establish the viability of the scheme following the UK Government's last minute intervention.

- While removing glass has significant implications for our scheme, Westminster also imposed vague and unworkable conditions on our scheme, including the setting of deposit level and requiring the same labelling and barcodes across the UK.
- These conditions ask us to align with a scheme that doesn't yet exist. They would mean, for example, proceeding with a deposit return scheme without being certain what the value of the deposit would be. This is clearly unworkable.
- We need our scheme administrator to have the confidence of business, which is why the Circular Economy Minister and I met with businesses earlier this month.
- We do not underestimate the progress that our delivery partners have made in recent years preparing for this scheme. This has been delivered by committed and professional individuals. While a DRS is possible without glass you cannot remove glass at this late a stage and expect it to go ahead in March 2024 – never mind adding unclear requirements to align with the rest of the UK
- While CSL said the scheme could be delivered we were also told by the vast majority of businesses we met with that delivery in March 2024 was not possible with such late changes and uncertainty.

- Even the big producers who were pushing for an August launch 2023 date were clear that they did not believe a March 2024 launch date was feasible following the IMA decision.

SG SUPPORT FOR CSL

This is clearly a concerning time for staff at Circularity Scotland and we have been in regular contact with Circularity Scotland and will continue to do so through this challenging period for them and their staff.

- We are providing PACE support for CSL staff which is the Scottish Government's initiative for providing advice and guidance to people at risk of redundancy.
- The Circular Economy Minister wrote to Circularity Scotland to thank their staff for their hard work to get to a position where the DRS was ready to launch in Scotland and to express our deep regret that we are now in this position.
- CSL is a private not-for-profit company which is industry led and was designed to be funded by industry.
- It would not be appropriate for the Scottish Government to fund the company.

COMPENSATION CLAIMS

Westminster's 11th hour decision to undermine our scheme was their decision, and they alone are responsible for it and the impact it has had.

- At the eleventh hour the UKG changed the scope of Scotland's DRS by excluding glass and creating new vague and unworkable conditions for interoperability with schemes in the rest of the UK which do not yet exist.
- The imposition of unworkable conditions and the removal of glass at this stage meant that we had no choice but to delay the scheme.
- In setting out how we respond to the UKG's failure to issue a full exclusion it will of course be for Parliament to approve this course of action.
- We are grateful to all businesses for the investment they have made in preparing for DRS.
- The Scottish Government remains committed to the delivery of a successful Deposit Return Scheme and the investment in preparing now can be utilised in the future.
- The overwhelming feedback from businesses at our meeting earlier this month was that they cannot prepare for a March launch given what has happened. A considerable majority of businesses therefore supported the only remaining option given Westminster's intervention, which was to re-set the date to match that of the UK's stated target of October 2025 at the earliest.
- We do not consider that the action we have been required to take gives rise to any obligation to pay compensation.

LEGAL ADVICE

- The Scottish Government has received legal advice on matters relating to DRS on an ongoing basis as appropriate, including prior to any changes to the scheme being announced.
- The content of any legal advice is confidential. By long-standing convention, successive Scottish and Westminster Governments have not disclosed the source or content of legal advice other than in the most exceptional circumstances

FUTURE OF SCOTLAND'S DRS

We remain committed to interoperable DRS schemes across the UK provided that we can work in a spirit of collaboration not imposition.

- Due to the eleventh hour intervention by the UK government undermine Scotland's deposit return scheme – by removing glass from the scheme and imposing vague and unworkable conditions, Scotland's deposit return scheme as passed by this Parliament cannot go ahead.
- The Circular Economy Minister has informed the NZET Committee that we will be seeking to revisit the regulations that we laid in Parliament in mid-May which set our go-live date of 1 March and made other changes to the scheme.
- The immediate priority is to bring forward regulations to amend the go-live date to October 2025. Further changes will be required down the line as a result of the conditions being imposed on the scheme by Westminster.

GATEWAY REVIEWS

The latest review took place in March 2023 and found that the two main blockers to progress were the continued delay on decisions by the UK Government on an internal market exclusion for Scotland's scheme and on labelling requirements.

- The absence of these decisions created a chilling effect on scheme readiness and investments, leading to an Amber/Red overall rating.
- Shortly after the review, the incoming First Minister announced a delay to the scheme and the Circular Economy Minister announced a package of measures to support small businesses and the hospitality sector.
- We continued to work closely with industry to ensure a successful launch in March 2024.
- However, since then, the UK Government made an 11th hour intervention, imposing vague and unworkable conditions on Scotland's Deposit Return Scheme and leaving the Scottish Government with no other option than to reset the timescale of the scheme.

UNDERMINING DEVOLUTION

The UK government's decision undermines the right of this parliament to pass and deliver regulations in clearly devolved areas.

- The Scottish Parliament approved the Deposit and Return Scheme for Scotland Regulations in 2020 – before the introduction of the Internal Market Act. The Regulations are wholly within devolved competence.
- The problem at the heart of this issue is the UK Government's hugely damaging Internal Market Act.
- The Internal Market Act radically undermines the powers of the Scottish Parliament, which is why this Parliament voted to withhold consent to it in 2020.
- It is now clear that the UK Government won't hesitate to use the Act to undermine, override and re-write devolved legislation, disregarding four-nation agreements and good-faith engagement in Common Frameworks to so do.

**Cabinet Secretary for Net Zero and Just
Transition**

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XX June 2023

Dear Convenor,

Update on the Scottish Budget 2023-24

Thank you for your letter dated 19 May 2023, seeking an update in relation to the Scottish Budget 2023-24.

Please find within the Annex to this letter responses to the questions and requests for information raised within your letter. I trust you will find this information useful.

I would also like to take this opportunity to thank the Committee for the recommendations issued as part of the pre-budget scrutiny and look forward to engaging with you on the 2024-25 Scottish Budget cycle.

Yours sincerely,

«Signature»

ANNEX

The Fair Fares Review and Bus Travel

1. We seek an update on how much funding has been made available to bus operators during 2023-24, and how much of this funding has been allocated at this stage in the financial year.

A total of £62.508 million was included within the 2023-24 budget for Support for Bus Operators. Of this, almost £45 million RDEL (Resource Departmental Expenditure Limit) has been allocated at this stage of the financial year through the Accountable Officer governance process, which will be required to support the Network Support Grant. A further £5 million CDEL (Capital Departmental Expenditure Limit) has been allocated to support the Community Bus Fund.

2. We seek an update on how much of this £359 million [to support concessionary travel across Scotland] has been drawn down, and whether the Cabinet Secretary expects that the full amount will be drawn down over the course of this financial year.

The £359 million set aside for concessionary fares is drawn down on a period-by-period basis across the 13 reporting periods during the financial year. At this point in the financial year, £49 million has been drawn down but it is anticipated that the full £359 million will be drawn down over the course of the financial year.

3. We request information on the total amount of funding awarded by the Scottish Government through its Bus Partnership Fund since the Cabinet Secretary's response.

As you have noted, the former Cabinet Secretary NZET stated that £25.8 million of the £500 million long-term commitment to bus priority measures had been awarded. Since this response, a further £200,000 has been awarded. Further details on this allocation are included below. This brings the total amount allocated to £26 million.

At the end of March 2023, we awarded £200,000 to Aberdeen City Council, on behalf of the North East Bus Alliance, to implement bus priority on key City Centre routes in Aberdeen.

Since the last update was provided, we have also received a number of studies from various Partnerships that have identified further bus priority measures. Where these align with the Bus Partnership Fund grant criteria, and subject to relevant governance processes, we will be looking to award further funding to Partnerships in the coming months for the development and delivery of these.

Electric Vehicle Charging Point Infrastructure

4. We seek further details on how much of the £60 million [for the EV Infrastructure Fund (EVIF)] has been allocated by the Scottish Government to date, and how many charging points have been installed as a result of the funding.

The Electric Vehicle Infrastructure Fund is intended to support strategic investment in electric vehicle charging networks across Scotland. The fund will make £30 million of public funding available, targeting areas where commercial investment alone is not currently viable, and aims to lever a further £30 million of private sector investment.

To date, a total of £7.25 million of this funding has been allocated across all of Scotland's local authorities to support development of Electric Vehicle Public Charging Strategy and Expansion Plans, market engagement, procurement strategies, associated procurement documentation, contract management and enabling works. An initial planning phase that will establish public electric vehicle charging strategies covering all of Scotland is now nearing conclusion and further funding allocations are anticipated from the summer of 2023. There has been a significant amount of work undertaken by local authorities to develop local and regional electric vehicle charging strategy and expansion plans, with related market engagement also underway. Current forecasts suggest that the Fund will meet or exceed the target of doubling the public charging network to 6,000 charge points. No new charge point installations have been directly supported by the fund to date; installations are expected to begin early 2024.

Scottish Government's Response to our Report on Our Energy Price Rises Inquiry

5. We request further details in relation to the current values allocated for the Fuel Insecurity Fund and Winter Heating Payment and how much of this funding has been administered so far in the budget cycle.

The first act of the new First Minister was to build on the doubling of the Fuel Insecurity Fund last year to tripling it to £30 million for 2023-24. The Fund is a critical element of our support to people who are struggling with their energy costs. It continues to provide a lifeline to households who are at risk of self-rationing or self-disconnecting their energy use. Fund allocations were announced in a press release at the beginning of May, our delivery partners have flexibility to drawdown their grant as required across the year. To date, £2 million has been paid out.

Winter Heating Payment (WHP) is a new benefit that was launched in February 2023 and is paid by Social Security Scotland on an annual basis. The budget for 2022-23 was set at £21.4 million and the official statistics, which will include detail on annual expenditure, will be published on 6 June. The benefit was uprated in April 2023 from £50 to £55.05 and the budget for 2023-24 was set in line with the Scottish Fiscal Commission's December 2022 forecast at £23.6 million.

6. We request an update on how much has been spent so far on Heat in Buildings/Fuel Poverty, including in relation to national schemes such as Warmer Homes Scotland and other individual insulation programmes.

The £366 million allocated in the 2023-24 budget includes a range of funding for capital schemes (including those covered in question 7 below). We only have data for the first month of the financial year (P1) which provides limited information given that many schemes provide data quarterly or have staged windows for applications. We have therefore summarised the position for individual capital schemes below and in Question 7.

A summary of the position for national, domestic schemes:

- **Area Based Schemes (ABS):**

- Total funding of £64 million has been allocated to Councils for the scheme. Councils have been informed to enable them to start planning works and grant letters are in the process of being issued. We are also working with Councils to develop an approach which will provide certainty of funding (within the constraints of the annual budget process) over a 3-year time horizon – this should support Councils' ability to deliver as many schemes will cut across multiple years. We do not have P1 data for the scheme, as ABS reports come from Local Authorities on a quarterly basis.

- **Warmer Homes Scotland:**

- The current Warmer Homes Scotland contract finishes at the end of September. New applications for the scheme have now ended to allow for the current customer journeys to be completed before the end of the contract. All applications received from 1 April 2023 will be assessed by Home Energy Scotland under the eligibility criteria for the successor scheme and will be passed to the managing agent for delivery when the new contract goes live on 2 October 2023. The successor scheme will run for a minimum of 5 years and the contract includes the option to extend a further 2 years which would see the programme run until October 2030.
- Warmer Homes Scotland is continuing to provide energy efficiency measures to fuel poor households. Improvements will continue to be installed up until the end of the current Warmer Homes Scotland contract on 29 September 2023.
- The successor scheme expands significantly on the offer of the previous scheme with a greater focus on deep, whole-house retrofit and zero emissions heating where this is not detrimental to the fuel poverty objectives. This new approach requires significant preparation from the managing agent and sub-contractors which will take place between now and October.
- The scheme has seen highest ever installation in recent months and we expect this to continue as current applications are progressed. The allocated budget for the scheme is £55 million for 2023-24. Warmer Homes Scotland invoice for April was around £5.5 million.

- **Home Energy Scotland and Business Energy Scotland loans and grants:**
 - £50.5 million has been allocated to providing funding to individuals and SMEs for energy efficiency works and installation of renewable energy and heating technologies. Take-up of this scheme is currently high, and we expect that demand may exceed allocation. We will manage this through adjusting the scheme to manage demand and using the flexibility within the overall budget envelope from the Heat in Buildings Strategy. Circa £7 million of funding has been paid out in grants and loans in P1.

7. We request an update on the funding being provided through the Scotland's Heat Network Fund, Social Housing Net Zero Heat Fund and the Green Public Sector Estate Decarbonisation Scheme, including how much of the budgeted amounts have been allocated so far during 2023-24.

These schemes are included in the £366 million budget for 2023-24 referred to in question 6. The budgets allocated to these schemes are as follows:

- Green Public Sector Estate Decarbonisation Scheme - £50 million
- Social Housing Net Zero Fund - £40 million
- Scotland's Heat Network Fund - £27.4 million

Of this, the following is already allocated to projects via issued grant letters with a number of further grant offers due to be made in May/June:

- Green Public Sector Estate Decarbonisation Scheme - £15 million
- Social Housing Net Zero Fund - £22 million
- Scotland's Heat Network Fund - £20.2 million

A number of changes have been made, or are anticipated to be made, to the schemes to support increased take up of the schemes. These include:

- Move from loan to grant funding for part of the Green Public Sector Estate Decarbonisation Scheme
- Increasing the maximum grant funding to 60% for the Social Housing Net Zero Fund
- Introducing the Heat Network Support Unit to support pre feasibility work to enable projects to progress to capital readiness and be in a position to access grant under the Heat Network Fund.

The Publication of the Final Hydrogen Action Plan and Associated Capital Investment, as well as the Anticipated Energy and Just Transition Strategy

8. We ask the Scottish Government to set out its plans for the remaining £3 million from the Hydrogen Innovation Scheme. We also request an update on whether a call for projects has now been opened by the Scottish Government for the Green Hydrogen Fund and, if so, how much of the £90 million fund has been allocated for developments so far.

The Hydrogen Action Plan, published on 14 December 2022, confirmed that £100 million from the Scottish Government's Emerging Energy Technologies Fund (EETF) would be made available to support renewable hydrogen production and our hydrogen production ambition of 5GW by 2030.

The first tranche of our hydrogen investment programme, the Hydrogen Innovation Scheme (HIS), opened in June 2022 and is targeting support for innovation in the production, storage, and integration of renewable hydrogen in our energy system. On 10 May, at the All-Energy conference, the First Minister announced that grants worth a total of £7 million would be allocated to 32 diverse projects. Further steps to support innovation in hydrogen technology in Scotland will be considered following an assessment of the outcomes of the successful HIS projects.

The EETF Green Hydrogen Fund will make available capital funding to support the emerging hydrogen sector and is scheduled to launch later this year.

9. We seek information on how much of the Emerging Energy Technologies Fund has been spent and if this £80 million remains earmarked for the development of CCUS.

While the legislative and regulatory levers required to deliver the CCUS Cluster Sequencing process are reserved to the UK Government, we remain wholly committed to supporting the development and deployment of CCUS and stand firmly behind our commitment to make available £80 million of financial support.

Due to the unfortunate delays from the UK Government in awarding the Scottish Cluster, it has not yet been possible to deploy this support and we continue to urge the UK Government to provide a timetabled solution for when the Scottish Cluster will be awarded.

By continuing to delay on the Scottish Cluster, the UK Government is putting our Net Zero objective, and that of the rest of the UK, at risk.

1. TOP LINES

Evidence shows independent countries comparable to Scotland are both wealthier and fairer than the UK. With all our resources and talent, why not Scotland?

It is the Scottish Government's view that people who live in Scotland have the right to choose how they should be governed and to decide if Scotland should become an independent country.

It is this Government's view that independence would offer more opportunity to put the health and happiness of citizens equal to the importance of economic growth.

The UK Parliament has passed laws that undermine devolution and threaten vital regulations in the environment, food standards and employment sectors.

Brexit has contributed to price rises, less money for public services, fewer people to work in Scotland's economy and fewer opportunities for Scotland's businesses and people.

In an independent Scotland, people would have the opportunity to re-join the EU – a market that is seven times the size of the UK.

Key points

- **Comparable countries:** The evidence shows comparable independent European countries are achieving better outcomes than the UK, with higher productivity and lower poverty rates.
- **Income:** Comparator countries have higher GDP per head: in 2020 Switzerland's GDP per head was 64% higher than the UK's, Norway's 50% higher, Denmark and the Netherlands 27% and Sweden's 21% higher. There is no reason an independent Scotland, with its wealth of assets and resources, could not emulate the success of comparable independent European countries.
- **Population/Workforce:** Brexit has made it harder for people in Scotland to work in Europe and for people in Europe to work here. Labour shortages are being felt in the accommodation and food sector, social care, construction and food manufacturing. Having powers over migration and re-joining the EU would give businesses access to skilled workers and help tackle a declining population.
- **Unfair labour laws:** In an independent Scotland, this government would reverse unfair labour laws, including the UK Trade Union Act 2016, as a first step in developing an approach to industrial relations that works in the interests of all.
- **Workers' rights:** With independence, this government would improve access to flexible working and strengthen workplace rights, including for agency and zero-hours contract workers, introducing a single rate of national minimum wage that better reflects the cost of living - with no lower rates for younger workers.
- **Investment:** In an independent Scotland, this Scottish Government proposes establishing a Building a New Scotland Fund of up to £20billion over 10 years, which would help to accelerate the transition to net zero and deliver long-term benefits to Scotland's economy.

- **Economy:** The Office for Budget Responsibility says that in the long-run national income and productivity will be four per cent lower because of Brexit. Scotland's share, calculated by head of population, would be around £3.2 billion less each year.
- **Devolution:** The success of devolution is indisputable. Since Brexit devolution has been weakened by the actions and decisions of the UK Government: reducing the effective powers of the Scottish Parliament (without its agreement) and giving UK Ministers powers to intervene directly in devolved matters against the wishes of the Parliament.
- **Scottish Government work on prospectus series:** The Scottish Government continues to prepare further material in the Building a New Scotland series, covering matters including pensions and social security, EU membership, energy, defence and foreign affairs. Three papers have been published so far.

Net zero, just transition and transport

Key CFD officials: Stephen Boyd for wider economy and Mike McElhinney and Craig Egner on net zero

Key points from published papers: _

- **Currently the Scottish Government has no powers over electricity market design** and the UK government has failed to provide adequate support to develop Scotland's vast renewable energy potential.
- **Scotland is an energy-rich nation.** In 2021, Scotland generated enough renewable electricity to power every household in Scotland for three years as well as exporting electricity with an estimated wholesale market value of £2.4 billion.
- **The full powers of independence would give Scotland the opportunity to accelerate production of its enormous renewable energy resources** and redesign the energy market to provide secure and reliable low-cost energy, bringing benefits to households and businesses. Scotland's massive offshore wind potential, for example, could supply renewable electricity not only for Scotland, but also for export to the UK and Europe. The economic and employment opportunities presented by the shift to net zero are huge.
- Proposals like nurturing Scotland's advantages and incentivising investment in technologies like **hydrogen and carbon capture and storage could deliver significant economic benefit** and jobs and improve the country's self-reliance in energy and security of supply.
- **The Building a New Scotland Fund – a proposal of this government - would seek to boost growth, accelerate the transition away from fossil fuels and deliver long-term benefits to the Scottish economy.** It would use new powers and access to resources – including proceeds from oil prices, to spend up to £20 billion on infrastructure projects to, for example, build and renew homes to decarbonise Scotland's housing stock, and support energy efficiency measures.
- **Control over company law in an independent Scotland could support the evolution of a distinct Scottish system of company ownership** and corporate governance. For instance, companies could be required to state their purpose in their articles of association and operate in a manner that benefits their stakeholders including workers, customers, communities and the environment.

Without independence

- People, communities and businesses are being negatively impacted by the current uncertainty, high prices and global market volatility in our energy sector. With energy policy largely reserved, the Scottish Government has called on the UK Government to permanently break the link between the price of electricity and the cost of gas.

- With much of energy policy reserved, UK decisions have not acted in Scotland's interests and have had long-term effects. The UK's current market approaches incentivise nuclear power, instead of incentivising renewable technologies where Scotland has significant natural resources (such as pump storage hydro) or potential (such as Carbon Capture and Storage). Currently, generators in Scotland also pay the highest charges in the UK for access to and use of the GB grid system. The UK Government also failed to invest Scotland's North Sea oil revenues in a fund which, according to one estimate, could now be worth over £500 billion – around three times Scotland's annual national income.
- Scotland may have to accept different and potentially lower standards set elsewhere in the UK on devolved areas like environmental protection and animal welfare. The UK Internal Market Act 2020 is likely to have a significant adverse effect on devolution, by requiring Scotland to potentially accept standards for goods and services set elsewhere in the UK, and effectively limiting the Scottish Parliament to set standards in devolved policy areas.

LABOUR GB ENERGY ANNOUNCEMENT – Lines (19 June 23)

TOP LINES

Scotland has the skills, talent and natural resources with which to become a global renewables powerhouse.

- Our draft Energy Strategy and Just Transition Plan sets out our vision: an energy system that delivers affordable, resilient and clean energy supplies and ensures a just transition for our oil and gas workforce as North Sea resources decline.
- Realising our vision will benefit communities across Scotland, provide high quality jobs, capture economic opportunities, and deliver affordability.

Our policy prospectus “ Equality, Community, Opportunity” sets out the outcomes we as a Government will have achieved over this Parliamentary term. We will have:

- Seized the major opportunities to attract a pipeline of investment across sectors to secure the economic and community benefits from the just transition to net zero, and ensured we continue to tackle fuel poverty, working with our advisory panel, to progress towards our statutory fuel poverty targets.
- Maximised the economic, supply chain, and employment opportunities of renewable hydrogen projects, and onshore and offshore wind, with up to £1.4 billion of developer supply chain commitments on average across ScotWind.
- Laid the foundations for delivering 5 gigawatts of hydrogen production by 2030 and the development of a hydrogen supply chain in Scotland.
- Worked with industry to accelerate decarbonisation and create energy transition opportunities at major industrial sites such as Grangemouth.

The Scottish Government is investing almost £5 billion over this parliament in the sector’s net zero energy transformation.

Including:

- £1.8 billion to accelerate heat decarbonisation this parliament, including at least £465m to support those least able to pay for transition.
- £300 million to promote roll out of zero emissions heat networks through our Scotland’s Heat Network Fund – making capital grant funding available to private and public sector organisations.
- £100m capital funding to support the Hydrogen Action Plan.
- £75m Energy Transition Fund (ETF) will support our energy sector and the North East, , to make progress on energy transition as we move toward a net zero society by 2045.
- Multi year support is being provided to every local authority in Scotland to develop Local Heat and Energy Efficiency Strategies

PUBLIC INVESTMENT

“Setting up the public energy company that the SNP failed to deliver in 2017. GB Energy will be headquartered in Scotland, building on Scotland's proud energy and industrial history. It will serve all four nations of the United Kingdom.”

We are committed to maximising the public benefits of our renewables revolution and will explore all options open to us to do so.

- The Scottish Government is committed to securing a just transition to a net zero economy for Scotland.
- We have established Heat and Energy Efficiency Scotland as a virtual agency, which will act as a stepping stone to a dedicated body, to be established by 2025. The virtual agency will accelerate the transformational change required in how we heat and use energy in our homes and buildings.
- A national public energy company that is involved in major energy generation would only be possible in an independent Scotland where we had full powers over the energy market and full access to borrowing.

Background

- There are significant risks associated with making specific commitments on public investment of energy assets before a final legal position is confirmed.
- Labour have previously proposed creating a new publicly owned Great British Energy company, funded through a new sovereign wealth fund and tasked with investing in renewable and alternative power projects.
- The Welsh Government announced in 2022 that they are launching a publicly owned energy generation company, which will initially develop onshore wind projects on the Welsh Government-owned woodland estate. This work is on a comparatively small scale, aiming to generate only 250 MW by 2030. For comparison, the Scottish Government has an ambition for a total of 20GW of onshore wind capacity by 2030.

GREEN JOBS AND SKILLS

“Doubling the number of jobs in low carbon sectors in Scotland, with 50,000 direct and indirect jobs in Scotland in the clean power sector alone.”

The Scottish Government is committed to ensuring a just transition, and skills are a critical component of that transition.

- Research from RGU (2021) highlights that a majority of offshore workers could be delivering low carbon energy by 2030 and that more than 90% of the UK's oil and gas workforce have medium to high skills transferability – they are well positioned to work in adjacent energy sectors.
- As oil and gas production naturally declines, jobs in low carbon energy production could increase to 77,000 by 2050, delivering a 7,000 net increase in jobs across the energy production sector compared with 2019.
- Our draft Energy Strategy and Just Transition Plan sets out our vision: an energy system that delivers affordable, resilient and clean energy supplies.

- Realising our vision will benefit communities across Scotland, provide high quality jobs, capture economic opportunities, and deliver affordability.
- The draft Energy Strategy and Just Transition Plan has been informed by a programme of independent work and analysis to better understand our energy requirements as we transition to net zero.

COMMUNITY ENERGY

News reports note that: *‘The Local Power Plan will...empower communities to come forward with their own bespoke projects for renewable energy projects directly owned by local people.*

Communities are at the heart of our renewable energy ambitions and community energy has the potential to play a pivotal role in achieving a just transition.

- That is why we continue to invest in CARES, our Community and Renewable Energy Scheme, which provides advice and support – including funding – to communities across Scotland, looking to develop their own renewable energy, heat decarbonisation and energy efficiency projects.
- To date, CARES has advised over 900 organisations and provided over £60 million in funding to communities, supporting over 680 projects. It has supported the installation of 57.9MW of renewable energy.

We also want communities to benefit from wider renewable energy developments and we have strong ambitions in relation to community benefits and shared ownership.

- Community benefits are a well-established, integral part of renewable energy developments in Scotland, enabling communities to benefit from our vast natural energy resources.
- Supported by our longstanding Good Practice Principles, our Community Benefits Register indicates that Scottish communities have received over £194 million from renewable energy projects to date – including a record £25 million last year (2022). This will continue to rise as we realise our ambitions for growth.
- In addition, community shared ownership projects support our ambition for increased levels of local ownership by giving community groups the chance to make an investment in a commercially owned renewable energy project.
- We encourage developers to offer community benefits and shared ownership opportunities to communities as standard on all new renewable energy projects, including repowering and extension to existing projects.

NUCLEAR

The Scottish Government does not support the building of new nuclear fission power stations in Scotland under current technologies.

- New nuclear power would take years, if not decades, to become operational and would also be expensive – pushing up household bills.
- As set out in our draft Energy Strategy and Just Transition Plan, significant growth in renewables, storage, hydrogen and carbon capture provide the best pathway to net zero by

2045 and will deliver a climate friendly energy system that delivers affordable, resilient and clean energy supplies for Scotland's households, businesses and communities.

- Whilst Small Modular Reactors (SMRs) are innovative in their size and construction technique, they use the same method of electricity generation as traditional nuclear fission.
- This means the same environmental concerns as traditional nuclear power plants and their economic competitiveness is still to be proven in practice, once deployed.
- Existing nuclear is expensive: under the current contract awarded by the UK Government to Hinkley Point C, the electricity that will be generated will be priced at £92.50 per megawatt hour [2012 prices].

Background

- It is unclear whether Labour are referring to nuclear power in relation to their ambitions for a clean power system.
- Ahead of a recent visit to under-construction nuclear plant Hinkley Point C in Somerset, the Labour leader said "nuclear is a critical part of the UK's energy mix"

ELECTRICITY MARKET REFORM

Harnessing our low carbon and low cost renewable resources is our most likely pathway to net zero.

- Already one of the cheapest forms of energy, renewables have a vital role to play in supporting long-term affordability of our energy and we want to see these benefits passed on to consumers.
- We welcome the intention set out by UK Government in its Energy Security Strategy to deliver wholesale electricity prices that rank among the cheapest in Europe by 2035, and to consult on how to rebalance the wholesale price of gas and electricity.
- We are concerned that the current approach being taken to reform our GB electricity market presents a disconnect between reform of wholesale and retail markets.

ASKS OF THE UK GOVERNMENT

Our draft Energy Strategy and Just Transition Plan sets out the actions the UK Government needs to take action and work with Scottish Government under the current constitutional settlement to deliver Scotland's full energy potential.

- The planning system has a crucial role to play and we have engaged extensively with the UK Government to seek devolution of the necessary powers to Scotland, to ensure a modernised grid consenting regime that is fit for purpose.
- The UK Government needs to provide urgent certainty on the timeline and funding for awarding Track 2 status to the Scottish Cluster. Their continued delays are entirely unacceptable and are impacting investor confidence and compromises our climate change commitments and just transition ambitions
- The First Minister recently wrote to the PM to call for pumped hydro to be afforded a market mechanism, similar to that already enjoyed by other renewables. Pumped hydro projects will

not move forward without mechanisms for revenue certainty or risk management, which need to be put in place by the UK Government and Ofgem.

ENERGY TOP LINES

HYDROGEN

Top Lines

- Establishing hydrogen production from onshore wind and the development of regional hydrogen production hubs linked to offshore wind are part of the critical path towards achieving our ambition of at least 5GW of renewable and low carbon hydrogen by 2030 and 25GW by 2045.
- The Hydrogen Action Plan is supported by a programme of capital funding, designed to accelerate and maximise the production of renewable hydrogen in Scotland.
- Funding to date includes: over £7m grants offered via the Hydrogen Innovation Scheme to 32 projects that will drive innovation in renewable hydrogen production, storage, and distribution.
- The next tranche of the hydrogen investment programme, the Green Hydrogen Fund, will launch in 2023. This flagship fund will focus on supporting renewable hydrogen production from Scotland's abundant renewable energy resources, seeking to give Scotland first-mover advantage.
- The development of a domestic hydrogen sector and hydrogen production for export, supported by a strong supply chain, will play an important role in supporting a just transition and presents significant long-term economic opportunities for Scotland and the UK.
- Scotland is strongly positioned to become a major exporter of hydrogen to Northern Europe and the UK. To realise this vision and as committed in our Hydrogen Action Plan, the Scottish Government is currently developing a Hydrogen Sector Export Plan (HSEP).

CARBON CAPTURE UTILISATION AND STORAGE (CCUS)

Top Lines

- CCUS is vital for a just transition to net zero. The Climate Change Committee describes CCUS as a “necessity, not an option” to achieve net-zero emissions.
- The development of strategically located CCUS infrastructure in Scotland's industrial clusters in Grangemouth and the North East could protect and ensure the just transition for important domestic industries into a low-carbon future, protecting jobs and utilising existing skills.
- Scotland remains among the best placed nations in Europe to deploy CCUS due to our unrivalled access to vast CO₂ storage potential in the North Sea and opportunities to repurpose existing oil and gas infrastructure for CO₂ transport and storage.
- The Scottish Cluster is absolutely vital for a just transition to net zero - not just in Scotland, but across the UK. We do not hold all the necessary legislative and regulatory levers needed to support the Cluster, as they are not devolved.
- We welcome the inclusion of Acorn as one of the two projects that are best able to meet Track 2 eligibility, which is confirmation of the strength of the original proposition. However, we are bitterly disappointed that there is still no timetabled solution for when UK Government will confirm Track-2, which adds further delay to an already delayed process.
- We remain wholly committed to supporting the development and deployment of CCUS and stand firmly behind our commitment to make available £80 million of financial support. Due to unfortunate delays from the UK Government in awarding the Scottish Cluster, it has not yet been possible to deploy this support.

ONSHORE WIND

Top Lines

- Onshore wind is a cheap and reliable source of electricity generation; with Scotland's resource and commitment seeing us lead the way in onshore wind deployment and support across the UK.
- The Onshore Wind Policy Statement 2022 (OWPS) (Dec 2022) introduced a new ambition for a minimum installed capacity of 20GW of onshore wind in Scotland by 2030.
- Delivering this ambition will create demands on our electricity infrastructure. Networks must be able to invest quickly and ahead of need to ensure swift and efficient connections for onshore wind developments.
- The Scottish Government will continue to support and encourage shared ownership and community benefit from onshore wind, to ensure we maximise economic benefit for the people of Scotland.
- The spatial framework that the draft NPF4 sets out for renewable energy developments, will protect National Parks, National Scenic Areas, and the sensitivity of other nationally important designated sites. All renewable energy projects over 50MW will be designated as a national development in NPF4; alongside relevant supporting electricity grid transmission infrastructure.

SOLAR

Top Lines

- Our aim is to maximise the contribution solar can make to a just, inclusive, transition to net zero by 2045.
- Through the consultation of the draft ESJTP, we are currently considering the evidence for setting a solar deployment ambition. We will provide an updated position in our final Solar Vision in 2023.
- We continue to encourage the solar industry to offer community benefit, in line with our Good Practice Principles.
- We support solar projects through a range of Scottish Government funding programmes, including Home Energy Scotland, the SME loan fund and the Community and Renewable Energy Scheme.

BIOENERGY

Top Lines

- We have established an internal Bioenergy Policy Working Group which will develop a strategic framework for the most appropriate use of these finite resources. We intend to publish a Bioenergy Action Plan in 2023.
- Bioenergy is complex and varied with applications across electricity, heat and transport sectors. The nature of how bioenergy feedstock is produced, converted and disposed of, if not managed carefully, can present challenges for land use, forestry, agriculture, waste management, the environment and biodiversity.
- As set out in the Heat in Buildings Strategy, we see a limited role for bioenergy in heating, in line with advice from the UK's Climate Change Committee. We recognise there may be a small number of buildings for which bioenergy, in particular bio heating oil, bioLPG and biomass, may represent the only practicable option for heat decarbonisation.
- Our pathway to net zero is focused on reducing emissions from across Scotland's economy. However, we also need to bring forward key technologies which will compensate for residual emissions. The Climate Change Committee (CCC) has highlighted the importance of Negative Emissions Technologies (NETs) in meeting net zero across the UK.

ENERGY STRATEGY AND JUST TRANSITION PLAN (ESJTP)

Top Lines

- The consultation on the draft Strategy closed on 9th May and we have received a very high level of responses. We have commissioned independent analysis of the consultation responses and will fully consider stakeholders' views as we develop the final strategy.
- Our draft Energy Strategy and Just Transition Plan sets out the actions the UK Government needs to take action and work with Scottish Government under the current constitutional settlement to deliver Scotland's full energy potential.

SHARED OWNERSHIP

Top Lines

- Shared ownership projects give community groups the chance to make an investment in a commercially owned renewable energy project.
- Shared ownership is separate and additional to community benefits, and has an important role to play in helping meet our target to deliver 2GW of community and locally owned renewable energy by 2030.
- Developers can also benefit from shared ownership, through increased community engagement and accessing incentives such as rates relief.
- We encourage developers to offer shared ownership opportunities to communities as standard on all new renewable energy projects, including repowering and extension to existing projects.

GRID CONSENTING

Top Lines

- There is a clear need for significant new network investment to ensure that our infrastructure does not become a barrier to net zero.
- We welcome Ofgem's recent decision to accelerate some strategic transmission investments. These projects should be taken forward at the earliest opportunity to relieve constraints and maintain our system security.
- The planning system has a crucial role to play and we have engaged extensively with the UK Government to seek devolution of the necessary powers to Scotland, to ensure a modernised grid consenting regime that is fit for purpose.
- Our planning and consenting system ensures large scale grid infrastructure are subject to consultation with the public and statutory and local bodies, and invites local communities to have their say on future proposals. Potential impacts on communities, nature and other valued natural assets or cultural heritage are important considerations in the decision-making process

14 Jun: Keir Starmer says Scotland is at the heart of Lab's clean energy plans, and that they will not revoke oil and gas licences, claiming Cons and SNP are "stuck in the past". Reaffirms commitment to establishing GB Energy.

- Labour's Green Prosperity Plan was published in Sep 2022 and included a pledge to invest £28bn of capital into the 'green economy' each year. This was revised this week to a commitment to ramp up to investing £28bn by the second half of the next Parliament. No further detail has been provided and it remains unclear how this will be deployed, what technologies it will support and how Labour will use regulatory levers and levys on consumer bills to facilitate energy transition.

10 Jun: Multiple demonstrations took place on beaches across Scotland to stage a 'Wave of Resistance' to the approval of the Rosebank Field.

9 Jun: BRINDEX (representing independent oil and gas operators) called on UKG to remove the Energy Profits Levy (Windfall tax) before the March 2023 end date and for the price floor mechanism to take effect if either the oil or gas drops before the required level.

9 Jun: UKG announced a change to EPL through introduction of a new Energy Security Investment Mechanism. The introduction of separate oil and gas price floors means that the EPL would be removed if both oil and gas prices fall to "historically normal levels".

We are committed to a just transition for Scotland's energy sector.

- The Scottish Government is absolutely committed to a just transition, and ensuring we take workers with us on our journey to net zero. We will not do to the North East what Thatcher did to our mining and steel communities.
- Unlimited extraction of fossil fuels is not consistent with our climate obligations and is not the solution to the energy price crisis.
- Through our draft Energy Strategy and Just Transition Plan, we have set out a clear pathway to deliver on global commitments and capitalise on the enormous opportunities offered by becoming a net zero economy.
- Our focus must be meeting our energy security needs, reducing emissions and ensuring a just transition for our oil and gas workforce as North Sea resources decline. That means simply stopping all future activity overnight is wrong.

Decisions on oil and gas exploration and licensing remain reserved to the UK Government.

- We called on the UK Government to hold a four nations' discussion to agree the Climate Compatibility Checkpoint process – a call which was ignored.
- It is disappointing that the Climate Compatibility Checkpoint introduced by the UK Government is not transparent and lacks teeth, demonstrating that the UK Government is not serious about the climate crisis.
- Instead of licensing for more fossil fuel extraction, the UK Government should be encouraging investment in renewables and supporting a just transition for our energy sector and for Scottish households and businesses.

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As part of our draft Energy Strategy and Just Transition Plan published in January, we consulted on what factors should be considered in assessing the impact of new oil and gas production.

- We have also consulted on whether this test should be applied to fields that are already consented but not yet in production as well as new exploration (if exploration continues) in the context of the global goals of the Paris Agreement.
- The consultation on the draft Energy Strategy and Just Transition Plan has received more than 1,500 responses.
- We will now carefully consider the responses to ensure everyone has the opportunity to shape the energy transition.

ECONOMIC POTENTIAL OF SCOTLAND

Scotland has enormous energy potential - we have the natural resources and the skills required to lead the global energy transition but that potential is being held back by the Tories.

- Private businesses are ready to invest billions of pounds in Scotland's energy transition, from Carbon Capture in Peterhead to pumped hydro in the highlands, but time after time it is clear that the UK Government is an impediment to investment in Scotland rather than an enabler.
- And of course we should not ignore the fact that electricity producers in Scotland face the highest transmission charges of anywhere in Europe.
- The UK is falling behind in the global race to reap the economic benefits of the race to net zero and has failed to rise to the challenge set by the US Inflation Reduction Act, unlike the EU.
- At a time when governments across the world are investing in renewables, the UK Government continues with their nuclear obsession despite the fact that new nuclear power costs are more than double the price of offshore wind.
- Perhaps we shouldn't be surprised, because at heart the Tories really are a party of climate deniers.
- No government that exempts glass from their DRS despite its undoubted environmental benefits – and then mandates that approach on Scotland and Wales — at the same time as it allows the development of a new coal mine Cumbria can claim any credibility on the climate.
- It's ironic that the Tories are demanding we set out our position on a matter reserved to the UK government when at the same time we can no longer even set the policies in explicitly devolved matters.

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JUST TRANSITION & NORTH SEA JOBS

Analysis published by EY shows that GVA and employment in the sector is forecast to decline in line with the North Sea basin decline. However, it also shows the considerable economic opportunity from renewable energy to Scotland's economy.

- We need to harness the skills, talent, and experience located in the North East to support the buildout of low carbon technologies in Scotland. The Scottish Government is absolutely committed to a just transition, and ensuring we take workers with us on our journey to net zero.
- With the right support, the number of low carbon jobs is modelled to rise from 19,000 in 2019 to 77,000 by 2050 as the result of a just energy transition, delivering a net gain in jobs across the energy production sector overall.
- In addition to energy production jobs, we expect significant potential for employment and economic benefits from the wider economy as we move to net zero – throughout transport, heat, and manufacturing sectors.
- While we welcome the UK Government's confirmation that the Scottish Cluster is eligible for Track 2, they have failed to provide certainty around when funding will be awarded.

Our oil and gas workers, and their vital skills, will be essential to the transition.

- Workers, and trade unions, will be at heart of everything we do.
- With research from RGU (2021) highlighting that a majority of offshore workers could be delivering low carbon energy by 2030 and that more than 90% of the UK's oil and gas workforce have medium to high skills transferability – they are well positioned to work in adjacent energy sectors.
- RGU's Making the Switch report (2022) highlights the potential for the North East region to become a net zero global energy hub that supports existing oil & gas roles into the renewables and low carbon roles of the future.

Our £500m Just Transition Fund is providing financial support to help energy workers reskill and to build confidence in the potential for a just transition.

- Indeed, the UK Government has refused to even match our £500m Just Transition Fund, despite the £300bn that has flown to the Treasury from North Sea oil since the 1970s.
- Our National Strategy for Economic Transformation sets out our ambition that, by 2032, Scotland will be an international benchmark for how an economy can transform itself, de-carbonise and rebuild natural capital.

We have directly engaged with the energy workforce - 1,500 people helped shape the draft Energy Strategy and Just Transition Plan through a variety of methods.

- We have also provided the STUC with £100k of funding specifically to ensure workforce voices are heard directly.

Funding from the Just Transition Fund has already been allocated to support development of a skills passport.

- Up to £4.9m was awarded to OPITO for a digital offshore energy skills passport which will support the transferability of offshore workers' skills.
- The Scottish Government supports delivery of a skills passport that will work for the different offshore energy industry sectors.
- The Passport involves collaboration between the energy industry and its workers, and unions participate in the project's steering group.
- The Passport reached a key milestone with the development of a prototype in 2022-23.
- The Scottish Government will be working with representatives from across the offshore energy sectors to find a solution which works for all.
- Just Transition funding is also going towards creating an advanced manufacturing skills hub in Aberdeen and a pilot scheme with the National Energy Skills Accelerator to determine the skills required for an energy transition.

'WINDFALL' AND INVESTMENT ALLOWANCE TAX ANNOUNCEMENT

The changes announced last week by the UK Government to the Energy Profits Levy have been brought in with no consultation or engagement with Scottish Ministers, with significant lack of detail in the announcement on how the Energy Security Investment Mechanism proposal will be implemented.

- This still only serves to encourage short-term investment in fossil fuels, rather than promoting long-term, sustainable solutions. That is clearly contrary to our climate objectives, and the commitments made at COP26.
- The previous levy's investment allowance doesn't do enough to future-proof energy supplies and promote green energy.
- This change was a missed opportunity to encourage investment that supports a sustainable future for energy security
- The Scottish Government has consistently called for targeted support for struggling households and it is only right that this support is funded through taxing windfall gains rather than passing on the cost through higher borrowing and spending cuts.
- The Scottish Government is considering the implications of this announcement and awaits further detail from the UK Government.

OFFSHORE WIND

08 June: Calls for communities and workers to benefit from Scotland's offshore wind bounty. [The Scotsman]

05 June: Offshore wind developer Red Rock Power linked to threat to Indonesian wildlife through parent company, Chinese-owned SDIC's, plans to build Batang Toru Dam [Herald]

04 June: Calls for the Scottish Government to take its own stake in our offshore wind industry following reports the Danish government would be insisting on owning a 20 per cent share in new renewable energy developments in its country. [Sunday Mail]

02 June: UK Government rejects proposal from Welsh Affairs Committee to increase floating offshore wind capacity target [Energy Live News]

25 May: Call for urgent inquiry into 'economically illiterate' offshore wind options sell-off [The Press & Journal]

19 May: INTOG: Exclusivity Agreements signed for five offshore wind projects to support innovation.

18 May: Sumitomo Electric Industries announced they were investing c.£200m and create 150 high quality jobs in their cable factory in the Scottish Highlands.

TOP LINES

Scotland's natural resources, skilled offshore workforce, excellent port structure and strong innovation hub, make Scotland one of the best places in the world to develop offshore wind and its supply chain.

- It is widely accepted that offshore wind also represents a significant opportunity to create thousands of good Scottish jobs.
- Scotland has 2.2GW of operational offshore wind. In the pipeline there is 2.8GW under construction, 1.1GW awaiting construction, and 4.2GW of projects in planning ahead of the ScotWind and INTOG projects.
- ScotWind reflects very significant market ambition for offshore wind in Scottish waters – almost 28GW across 20 projects.
- The INTOG leasing round could also potentially add around 5.5GW of capacity.
- This means that subject to planning and consenting decisions and finding a route to market, we have a current reported potential pipeline of over 38GW of offshore wind projects, on top of the 2.2GW which is currently operational.
- Therefore Scotland currently has total potential capacity for over 40GW – this is the equivalent of producing enough electricity annually to power every home in Scotland for 17 years, or every home in the UK for over a year and a half.
- We continue to engage with UK Government to ensure that improvements to grid infrastructure are planned and carried out to help maximise the opportunity Scotland offers through renewable energy.

SCOTWIND

ScotWind is the world's largest commercial round for floating offshore wind and puts Scotland at the forefront of offshore wind development globally.

- ScotWind is the first devolved leasing round for offshore wind development in Scottish waters, and the first leasing round in Scotland in a decade.
- The conclusion of the leasing auction and the clearing process is a huge vote of confidence in Scotland.
- ScotWind reflects very significant market ambition for offshore wind in Scottish waters and will deliver over £750m in revenues to the public purse in initial option fees.
- In addition, ScotWind could potentially raise several billion pounds more in rental revenues when projects become operational.

- The leasing fees reflect the challenging conditions for many projects in Scotland – in particular the depth of water that requires the deployment of more advanced, and more expensive, floating wind turbines.
- The process undertaken has produced a leasing round focused on quality and deliverability of bids, and the long term prize of supply chain investment which promises to transform the Scottish economy over decades and to provide the energy transition required to achieve Net Zero by 2045.

INNOVATION AND TARGETED OIL & GAS (INTOG) DECARBONISATION

The INTOG offshore wind leasing and planning exercise presents significant opportunities to decarbonise oil and gas production in Scotland while, crucially, enabling the offshore wind sector to expand, innovate and drive forward Scotland's ambition to be a renewables powerhouse.

- The INTOG leasing round is a 'first of its kind'.
- It is the next step in realising another world leading opportunity for Scotland's energy transition.
- We welcome the Crown Estate Scotland announcement made on the 24 March 2023 of the successful 13 INTOG applicants, which will be offered exclusivity to develop offshore wind in Scotland's seas.
- Should these developments all come forward, they will add 5.5GW of potential generation capacity to the pipeline of projects in Scotland - up to 449MW for innovation projects and 5GW for targeted oil and gas decarbonisation.
- The projects offer a significant potential revenue stream for the Scottish Government, amounting to up to £261m in option fees if these are converted to full option agreements, following adoption of the offshore wind Sectoral Marine Plan.
- Scottish Ministers will consider in due course how the INTOG revenues should be invested to maximise the benefits for the people of Scotland.
- Successful projects were selected by Crown Estate Scotland following careful evaluation using their published evaluation criteria in their Offer document of August 2022.
- Oil and gas continues to play an important role in our economy and it is therefore vital that the existing energy industry decarbonises as rapidly as possible. We must deliver a just transition in a way that takes our existing skilled workforce and supply chain with us.
- This is a huge opportunity for existing offshore oil and gas platforms to reduce their emissions by using electricity generated directly from local wind turbines and to meet the targets in the North Sea Transition Deal.

AMBITION

We recognise our offshore wind ambition now needs to be reviewed in light of the market ambition expressed in response to the ScotWind leasing round.

- Our Offshore Wind Policy Statement (2020) set out the Scottish Government's ambition for 8-11GW of offshore wind in Scotland by 2030.
- The ScotWind announcement set out a much larger offshore wind potential than expected.
- Our review of the Sectoral Marine Plan will now assess the potential impact of the increased capacity to help deliver sustainable offshore wind in Scotland.
- We consulted on increasing this ambition, and setting a further ambition for 2045 through the draft Energy Strategy and Just Transition Plan.
- We are committed to considering the responses to the consultation very carefully and have commissioned independent analysis of these.
- The final version of the Energy Strategy and Just Transition Plan will be published once we have conducted a thorough review of the consultation responses and engaged with the full range of stakeholders.

SUPPLY CHAIN

We are determined to maximise the economic opportunity for the Scottish supply chain from our offshore wind potential.

- We welcome the commitment of developers to invest an average projection of £1.4 bn in Scotland per project, which equates to more than £28bn across the 20 ScotWind offshore wind projects.
- We will drive forward offshore wind skills development – working with stakeholders to focus on the opportunities for diversification and skills transfer from our oil and gas sector, in line with our commitment to a Just Transition.
- We will also continue to make every effort to ensure that our indigenous skilled workforce and supply chain can maximise the benefit from developing Scotland's significant offshore wind potential and the opportunities for innovation that will unlock this.
- The Green Jobs Fund will make £100m of capital investment available to businesses and supply chains across Scotland to help create new green jobs.
- In May 2022 the Scottish Offshore Wind Energy Council (SOWEC) developed a Collaborative Framework Charter which has helped to forge effective partnerships to deliver our supply chain potential. This has now lead to the Strategic Investment Model (SIM), is aimed at enabling a move from project-led to sector level investment that better supports growth in port and supply chain capacity and capability.

JOBS

It is widely accepted that offshore wind represents a significant opportunity to create thousands of good Scottish jobs.

- According to the latest report from the Offshore Wind Industry Council (OWIC) [14 June 2022], jobs in this sector in the UK could grow to almost 100,000 by 2030.
- This recent OWIC report also shows a 16% increase in offshore wind jobs compared to last year, showing that the sector currently supports over 31,000 jobs, 30% of which are in Scotland.
- In fact, independent research carried out for the Scottish Trades Union Congress (STUC) in 2022 shows that Scotwind could add between 2,500-14,400 full time equivalent (FTE) employment. There are also significant opportunities for the Scottish supply chain from our offshore wind potential.

COMMUNITY BENEFITS

- The draft Energy Strategy and Just Transition Plan, published on 10 January 2023, makes clear that we encourage developers to offer community benefit and shared ownership opportunities as standard on all renewable energy projects – including repowering and extensions to existing projects.
- The Scottish Government is currently reviewing our Good Practice Principles for community benefit from, offshore renewable energy developments ahead of public consultation in due course.

PLANNING AND CONSENTING

Expansion of our offshore wind generation capabilities in the coming years provides a fantastic opportunity to support an energy transition which not only delivers on our climate obligations, but which ensures a fair and just transition for the energy sector and wider industry

- Scotland has the people, the skills and the ambition to become a renewables energy powerhouse.
- We have recently increased resources significantly within our marine consenting team to meet the demands of offshore wind expansion and established a specific streamlining team to identify and implement efficiencies in licensing and consenting processes.
- Through our sectoral marine planning process we are working with stakeholders to consider the potential impacts on the marine environment and other marine sectors from both the ScotWind

and INTOG leasing rounds, as well as the mitigation and management that will be required to support the ambitious scale of development.

- Our Sectoral Marine Plan, due to be delivered mid-2024, will set the course for the overall delivery of ScotWind and INTOG, maximising deployment in Scottish waters whilst protecting marine users and our environment
- Our Scottish Marine Energy Research programme (ScotMER) is also delivering £2.8m in new research projects this year that will address offshore wind evidence gaps and reduce uncertainty to help streamline consenting processes
- Our reformed planning system, including our National Planning Framework 4, will play a vital role in responding to climate change and in helping to deliver the infrastructure needed to achieve our net zero ambitions.

UK GOVERNMENT LEGISLATIVE REFORMS

The UK Government (UKG) is progressing several major reforms to existing habitats regulations assessment (HRA) and environmental impact assessment (EIA) processes for offshore wind projects. These reforms are contained in the UK Energy Bill and the Levelling-up and Regeneration Bill.

- Our existing planning, licensing and consenting processes have delivered for the scale of development to date, however, we believe that wider reform is required to environmental legislation and our consenting regime to support the major contribution our offshore wind programme (including ScotWind) will make to Scottish and UK net zero commitments, and our energy security and supply chain ambitions.
- We continue to call for the UK Government to find a legislative solution to reform the consenting regime in Scotland and enable decisions to be accelerated.
- We are concerned that the UKG's proposed reforms risk slowing planning and consenting in Scotland, adding complexity for industry and stakeholders, undermining investment decisions and the opportunity for economic growth.
- Furthermore, the reforms as currently drafted create a significant risk of UK Ministers encroaching on current devolved competencies and functions of Scottish Ministers.
- Our primary position remains that a fit for purpose licensing and consenting regime for offshore wind should be achieved through full legislative devolution.
- Scottish Ministers must, as a minimum, be able to maintain all existing devolved and executive devolved functions and responsibilities currently undertaken for offshore wind licensing and consenting in Scotland.
- In the meantime, we will continue to use all of the powers at our disposal to ensure that our consenting processes are as robust and as agile as possible.

FISHING

Fishers and their representative organisations are key stakeholders and have been engaged in the Sectoral Marine Planning process through representatives on our steering groups and through consultation.

- Our sectoral planning process seeks to avoid or minimise impact from offshore wind development to the environment and other marine sectors through evidence and extensive stakeholder engagement. Including extensive engagement with fishers up and down the coast and islands of Scotland
- Following the ScotWind lease awards, which have higher capacities than the assumptions used in the original spatial plan - we are considering all the projects as part of our iterative plan review (IPR) process. Fisheries representatives are a key stakeholder in the IPR steering group.
- Treating affected fishers fairly as we work through this process will be a key aspect of effecting a just transition for the fishing sector as we progress towards net zero.
- All ScotWind and INTOG projects will be subject to our rigorous planning and consenting process and we encourage the fishing sector to continue to actively engage with those processes to ensure all views are considered.

STAKEHOLDER ENGAGEMENT

We will continue to work with all stakeholders to ensure a collaborative approach in the development of all offshore wind projects.

- Potential applicants have a duty, through the licensing and consenting processes, to work with affected marine users, including fishing representatives, when taking forward project plans.

RED ROCK POWER/SDIC AND THREAT TO INDONESIAN WILDLIFE

The Scottish Government has not provided any funding support to Red Rock Power in relation to its offshore wind activities in Scotland.

- Officials last met with Red Rock Power in November 2022 to discuss progress on their development of the Inch Cape Offshore Wind farm off the coast of Angus.
- Scottish Ministers are committed to protecting the natural environment and those who call it their home. Endangered species especially need our help to survive, and where possible thrive. There is an urgent need for action at all levels to tackle the twin crises of biodiversity loss and climate change to ensure a nature-positive world. Scotland stands ready to play its part.

SCOTTISH GOVERNMENT STAKE IN OUR OFFSHORE WIND INDUSTRY

We are committed to maximising the public benefits of our renewables revolution and we will explore all options open to us to do so.

- In addition to raising £700 million for the public purse through the initial awards alone, ScotWind developers have committed to invest £28 billion across the Scottish Supply chain, helping create thousands of new jobs and benefit local and regional economies up and down the country.
- A national public energy company that is involved in major energy generation would only be possible in an independent Scotland where we had full powers over the energy market and full access to borrowing.

SUMITOMO CABLE FACTORY

The recent announcement by Sumitomo Electric demonstrates the strength of confidence investors have in our vision for a net zero economy.

- The company has a proven track record in renewables technology which will be invaluable to supporting Scotland's rapidly expanding offshore wind sector
- Together with Scottish Development International and Highlands and Islands Enterprise, we will continue to work closely with Sumitomo to foster this, and other important partnerships.
- The initial announcement was made during a visit to Japan by Energy Secretary Neil Gray to deepen ties with current and potential investors in Scotland's offshore wind, hydrogen and low carbon heat industries and encourage new business links.
- Sumitomo Electric is the first of many such opportunities we hope to realise, transforming and delivering wider economic supply chain benefits to help power Scotland's green recovery in communities across Scotland.

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SANDEELS

The Scottish Government has announced intention to consult on proposals to prohibit commercial fishing for sandeels in Scottish waters.

- There hasn't been any fishing quota allocated to UK vessels since 2021.
- Currently commercial fishing for sandeels takes place mainly by European vessels, where they are then sold for animal feed.
- Sandeels are an important food source for many species.
- The measure is intended to support the wider marine ecosystem and provide greater resilience to Scotland's iconic seabirds, some of which have faced declines in recent decades.
- We hope all those with an interest take the time to give us their opinion when the consultation launches in the summer.

Energy - Key Facts and Figures

- The equivalent of **26.7%** of total Scottish energy consumption came from renewable sources (final figures for 2020). This is the highest level to date, and an increase from 24.0% in 2019.
- In 2020, our renewable electricity generation was equivalent to **98.4% of Scotland's gross electricity consumption** (final figures for 2020) from renewable sources rising from 89.6% in 2019.
- Final figures for 2021 indicate that the equivalent of 85.2% of gross electricity consumption was from renewable sources. This is a 13.2 percentage point decrease compared to 2020, which is due to milder weather in 2021 negatively impacting renewable electricity generation.
- Of all the electricity generated in Scotland, **57.0%** is renewable (2021) with the remainder from nuclear, fossil fuels and other generation.
- There was around a **1,800 GWh** increase in renewable energy between 2019 and 2020. Renewable electricity contributes fourth-fifths of all Scotland's renewable energy, followed by renewable heat and biofuels transport.
- **20.3 TWh** of electricity was exported in 2022 and **1.5 TWh** imported.

Ambitions:

- Target of 6 TWh of thermal energy through **heat networks** by 2030 representing around **8%** of current heat demand.
- Ambition for a minimum installed capacity of 20GW of onshore wind in Scotland by 2030.
- Ambition of 8 – 11 GW of **offshore wind** by 2030, as set out in the Offshore Wind Policy Statement (2020).
- Ambition to produce **5 GW** of renewable and low-carbon hydrogen by 2030 and **25 GW** by 2045