



OFFICIAL REPORT
AITHISG OIFIGEIL

Net Zero, Energy and Transport Committee

Tuesday 1 February 2022

Session 6



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NET ZERO, ENERGY AND TRANSPORT COMMITTEE
4th Meeting 2022, Session 6

CONVENER

*Dean Lockhart (Mid Scotland and Fife) (Con)

DEPUTY CONVENER

*Fiona Hyslop (Linlithgow) (SNP)

COMMITTEE MEMBERS

*Natalie Don (Renfrewshire North and West) (SNP)

*Jackie Dunbar (Aberdeen Donside) (SNP)

*Liam Kerr (North East Scotland) (Con)

*Monica Lennon (Central Scotland) (Lab)

*Mark Ruskell (Mid Scotland and Fife) (Green)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Dr Niall Kerr (University of Edinburgh)

Kirstanne Land (SSEN Transmission)

Elizabeth Leighton (Climate Emergency Response Group)

Michael Matheson (Cabinet Secretary for Net Zero, Energy and Transport)

Kerry Twyman (Transport Scotland)

Morag Watson (Scottish Renewables)

CLERK TO THE COMMITTEE

Peter McGrath

LOCATION

Committee Room 2

Scottish Parliament

Net Zero, Energy and Transport Committee

Tuesday 1 February 2022

[The Convener opened the meeting at 09:30]

Decision on Taking Business in Private

The Convener (Dean Lockhart): Good morning, everyone, and welcome to the fourth meeting in 2022 of the Net Zero, Energy and Transport Committee. We are conducting this meeting in hybrid format, with some members attending in person and others attending remotely.

Agenda item 1 is consideration of whether to take items 7 and 8 in private. Item 7 is consideration of the evidence that we will hear under items 4 and 5, and item 8 is a review of draft correspondence on carbon capture, utilisation and storage, on which the committee took evidence in December. Do members agree to take those items in private?

Members *indicated agreement.*

Subordinate Legislation

Greenhouse Gas Emissions Trading Scheme (Amendment) Order 2022 [Draft]

09:31

The Convener: Item 2 is consideration of the draft Greenhouse Gas Emissions Trading Scheme (Amendment) Order 2022. I welcome the Cabinet Secretary for Net Zero, Energy and Transport, Michael Matheson MSP. He is joined by Matthew Costello, head of carbon markets and emissions trading scheme, Scottish Government; and Mariana Cover, policy officer, domestic climate change division, energy and climate change directorate, Scottish Government, who is online. Good morning to all of you, and thank you for joining the meeting.

The draft order is a joint instrument between the four United Kingdom Administrations. It has been laid under the affirmative procedure, which means that the Parliament must approve it before it comes into force. Later in the meeting, we will consider a negative instrument that is linked to the affirmative instrument in policy terms. Following the evidence session, the committee will be invited to consider a motion to approve the instrument under the next item.

I invite the cabinet secretary to make a brief opening statement.

The Cabinet Secretary for Net Zero, Energy and Transport (Michael Matheson): Good morning. I am pleased to give evidence to support the draft affirmative instrument to amend the Greenhouse Gas Emissions Trading Scheme Order 2020.

The UK emissions trading scheme is a key policy for meeting Scotland's ambitious emissions targets. The scheme is a cap and trade system that is designed to limit overall emissions in the covered sectors and incentivise cost-effective decarbonisation.

When the scheme was established in January 2021, the legislation dealt exclusively with issues essential to its initiation and continued operation. At the time, ministers from the four Governments agreed to defer implementing some technical and operational aspects that were not immediately essential, with the intention of adding further provisions during the first year of operation. That is the purpose of the affirmative instrument and the negative instrument, which were laid simultaneously in Parliament.

To be clear, the provisions in the affirmative instrument are designed to support the continued smooth operation of the UK ETS and to deliver the

existing policy intentions rather than to fundamentally change the way in which it functions or applies in Scotland. In broad terms, the instrument aims to clarify the powers of enforcement that are granted to the regulators—the Scottish Environment Protection Agency, in Scotland’s case—and some of the enforcement actions that are available to them. It also extends enforcement powers to the registry administrator—that is, the Environment Agency.

The instrument makes it an offence to intentionally obstruct a regulator in exercising powers of entry; prevents double counting of excess emissions penalties that apply for some operators; and gives the regulator powers to impose civil penalties on operators that fail to return allowances to which they are not entitled.

Finally, although I am unable to go into specifics today, given the on-going discussions with the other Administrations, I am confident that, in the coming months, we will be in a position to publish a joint consultation to explore further policy reforms to the UK ETS as well as the common framework agreement. At that point, I would be more than happy to return to the committee, should it wish me to, in order to discuss the matter in greater detail.

The Convener: Thank you very much for that statement, cabinet secretary. We will move on to questions from members.

Mark Ruskell (Mid Scotland and Fife) (Green): I have a couple of questions. First, is the UK ETS performing as we had hoped that it would? Secondly, there was some discussion a year or two ago about the UK Government introducing a carbon tax. I am not sure whether that idea was ever put to bed, whether it is still under development or whether the UK ETS effectively removes that option from the table.

Michael Matheson: The UK ETS is performing as it was intended to. There have been discussions between the four nations in recent months to consider whether there ought to be some adjustments to the ETS. The four nations decided not to make any adjustments to the capping levels, given some of the energy price pressures that sectors are experiencing. By and large, the ETS is operating as was intended. Clearly, it will have to change and adapt for the future, and that is the work that the four nations are taking forward. I hope that we will be in a position to consult on that in the months to come.

I am not aware of how far the UK Government has got on the implementation of a carbon tax, which would have implications for the ETS. In the discussions that we have had with the Department for Business, Energy and Industrial Strategy about the future of the ETS, there has been no

suggestion at any point that a carbon tax might be brought in that would render the ETS no longer viable. Our discussions with the UK Government have given no indication of the implementation of a tax regime that would replace the existing ETS. The order that we are discussing will align us more closely with the European Union emissions trading scheme.

The Convener: There are no further questions from members. We move to item 3, which is formal consideration of motion S6M-02605, calling for the Net Zero, Energy and Transport Committee to recommend approval of the Greenhouse Gas Emissions Trading Scheme (Amendment) Order 2022. I invite the cabinet secretary to speak to and move the motion.

Motion moved,

That the Net Zero, Energy and Transport Committee recommends that the Greenhouse Gas Emissions Trading Scheme (Amendment) Order 2022 be approved.—[*Michael Matheson*]

Motion agreed to.

The Convener: The committee will report on the outcome of the instrument in due course. I invite the committee to delegate authority to me, as convener, to approve a draft report for publication.

Cabinet secretary, thank you for bringing the motion to the committee.

We will suspend briefly to allow the officials supporting the cabinet secretary for the next item to join us.

09:37

Meeting suspended.

09:39

On resuming—

Scottish Budget 2022-23

The Convener: Welcome back. For our next item, we will take evidence from the cabinet secretary in relation to the draft budget, which will be finalised in the days and week ahead. The cabinet secretary is joined by Scottish Government officials Kerry Twyman, Ian Freeman, Simon Fuller and Ross Miller. Thank you for joining us this morning.

Cabinet secretary, I believe that you would like to make a short opening statement.

Michael Matheson: Thank you for inviting me to give evidence on the net zero, energy and transport portfolio budget for 2022-23.

The portfolio draws together many of the key strands that are required to deliver on the Government's ambitious and world-leading plans around climate change. The portfolio budget and policy areas will ensure that significant progress is made in delivering the commitments that are embedded in the programme for government and the Bute house agreement, thereby enabling the Scottish Government to successfully meet its statutory climate targets and protect the natural environment, while continuing to support the most vulnerable in society and deliver a safe, accessible and affordable public transport system.

Our ambitious 2022-23 budget requires a sea change in the direction of Government expenditure, with reprioritisation towards programmes that underpin our move to a green agenda and cover all aspects of the portfolio: the natural environment, public transport, active travel, energy and climate change.

In the budget, we are spending more than £3.4 billion on transport, including investment of almost £1.4 billion to maintain, improve and decarbonise Scotland's rail network, and £414 million to support bus services and their use through concessionary travel schemes, including the extension of free bus travel for young persons aged under 22. We will provide a record level of investment in walking, wheeling and cycling, which is increasing to £150 million—an increase of 30 per cent from the 2021-22 figure.

We are also providing record investment to protect and restore nature, including our peatlands, and to tackle the causes of biodiversity loss. We will continue to support our forestry bodies to deliver on the woodlands creation target, which will see 15,000 hectares of new planting in 2022-23.

We recognise that substantial investment is needed to deliver on our waste and recycling targets, and in this year's budget we are investing more than £43 million to drive Scotland's circular economy, which will reduce reliance on scarce resources and reduce waste.

We are committed to taking strong action to meet the climate challenge and are investing almost £50 million in climate action, including £20 million for the just transition fund to accelerate the development of a transformed and decarbonised economy in the north-east and Moray.

Finally, we will continue to provide significant budget for energy to support heat decarbonisation in order to make our homes and buildings warmer, greener and more energy efficient. That will include increasing funding to help to support the fuel poor through heat transition.

The portfolio's budget delivers on an ambitious agenda, but it is not without risks, such as the on-going impact of Covid on the public transport system and the uncertainty around demand-led schemes such as the under-22 concessionary travel scheme. However, I reassure the committee that I will continue to reprioritise within my budget not only to meet our legal, statutory and contractual commitments but to achieve value for money against a backdrop of a challenging fiscal position.

I am more than happy to respond to any questions that committee members might have.

The Convener: Thank you. I will ask the first question. As you will know, the committee is undertaking a major inquiry into the role of local authorities and cross-sector partners in delivering net zero. Last week, the president of the Convention of Scottish Local Authorities warned that the Scottish Government budget settlement for local authorities will lead to a reduction in core funding of £0.25 billion. COSLA expressed concerns that that will affect its ability to deliver its responsibilities.

A few weeks ago, we heard from the leaders of five councils from across Scotland about the challenges that they face in delivering on net zero targets. I will highlight brief extracts of the evidence that they provided. They agreed that councils

"should drive delivery of net zero"

but said that they

"need finance with which to do that."

One said:

"We do not have enough funding in place to move forward at the pace that is required."

The leader of Highland Council said:

“We have had 10 years or more of cuts to local government budgets”,

and that

“What is missing ... is the resource within local government to respond”—[*Official Report, Net Zero, Energy and Transport Committee*, 11 January 2022; c 7, 43, 54 and 42.]

to net zero targets. Do you recognise those significant capacity, resource and financial constraints at local government level, and do you share the concerns of various council leaders that budget cuts will significantly impact on their ability to deliver national net zero targets?

09:45

Michael Matheson: On your last question, the answer is no, not necessarily. However, I recognise the pressures that the public sector is facing, not just at central Government level but at local government level, and the particular challenges that that creates for our colleagues in local government.

As the Cabinet Secretary for Finance and the Economy set out last week, we have delivered as fair a funding package for local government as we are able to do in the challenging financial environment in which we are operating. However, it is also worth keeping in mind that local authorities have faced financial challenges for a number of years and have been making good progress in tackling climate change by committing to significant reductions in emissions over recent years. I recognise and understand that there will be challenges for them, but that does not necessarily mean that they will not be able to make progress in tackling climate change.

I will pick up on a couple of examples of how local authorities will benefit from investment. Active travel will have a significant benefit in local communities. It will help to tackle congestion in towns and cities across the country. The budget line in that area is increasing substantially to support the roll-out of active travel.

Alongside that, the investment that we are putting into the decarbonisation of heating systems and improving energy efficiency will have a marked improvement on social housing stock, some of which local authorities are responsible for managing. Again, that is an area in which budgets are increasing.

I understand and recognise the challenges that local authorities face, but I do not accept that that means that they will be not able to make progress in tackling some of the climate change challenges that we face. Some of the investments that we are making at a national level will have benefits at a local level as well.

The Convener: Thank you for that, cabinet secretary. You mentioned the decarbonisation of heating. That is another area that local authorities gave evidence on. Let me provide you with some of their feedback. The local authorities told us that there has been a lack of strategic consultation and dialogue with the Scottish Government in that area, and a lack of detailed guidance on what is required of them. We heard concerns over the scale of investment projects that are available within local authority areas, the expertise that is available in order to meet the 2030 target, and the ability to attract the private sector investment that will be required in that area.

Again, do you recognise those concerns, and what urgent steps are being taken to address those issues? Some of the local authorities expressed serious doubts as to whether they could meet the 2030 targets that have been set by the Scottish Government in that area. Briefly, what role will the public energy agency and the green energy task force play in assisting local authorities to meet those targets?

Michael Matheson: I will just unpack some of those issues. It is not long since we published our heat decarbonisation strategy, which was formed following a public consultation that included our colleagues in local government. They had an opportunity to feed into that process and they are able to continue to feed into our policy development in that area. I therefore do not accept the idea that local authorities have not had the opportunity to feed into national policy direction and our national strategy on that. It was an open consultation for them to participate in and to feed into, which they have been able to do.

Secondly, we commissioned work, which was carried out and which involved housing associations and, if I recall correctly, the chief executive of Inverclyde Council, to look at some of the specific challenges that local authorities faced around the heat decarbonisation agenda. The report from that was submitted to the Scottish Government last year, and it fed into the development of our strategy. Again, therefore, local authorities have been involved in helping to formulate that policy and our thinking around it and some of the challenges that we face.

I realise that the scale and nature of the challenge are extremely significant not only for local authorities but for our social housing providers. There are hundreds of social housing providers throughout the country that all face similar challenges. That is exactly why we committed to setting up the public energy agency to support local authorities and social housing providers.

One of the purposes behind the public energy agency is to bring together the skills and expertise

and develop the advice and information that local authorities and social housing providers require to assist them in moving forward with the agenda, so that we do not have 32 local authorities all trying to do it differently and reinventing the wheel over and over. It will co-ordinate that work, provide expertise and provide the necessary guidance and support.

Your final point concerned the green heat finance task force that we are setting up. I hope that, in the next couple of weeks, we will be able to set out the details of its remit and membership. It has been specifically designed to consider how we can lever in external financial support alongside public sector investment in decarbonisation to support colleagues in the public and private housing sectors. They will have an opportunity to feed into that and I expect local authorities to have a role in the task force to ensure that their voices are heard at the heart of developing any recommendations that the Government might implement.

The Convener: Has additional funding been provided for the public energy agency in the Scottish Government budget?

Michael Matheson: It is being managed internally within existing budgets. There is no specific ring-fenced budget for it, but it is being managed within my portfolio budget and is taken into account in our budget lines for this financial year.

The Convener: Right. Is it still at the moment and for the time being a virtual agency? Does it have dedicated staffing and resource?

Michael Matheson: There will be a dedicated team in the Scottish Government that helps to draw the agency together initially with a view to ramping it up and developing it to be much more stand-alone—not entirely separate from Government but stand-alone—so that it can carry out its work. However, that is a couple of years away from the work that is necessary to get it up and running.

Fiona Hyslop (Linlithgow) (SNP): Good morning. We face a twin crisis of climate change and biodiversity loss, so I will focus on the natural resources budget. The allocation is £29.8 million, but that must fund local nature networks, the restoration of Scotland's rainforests, the commitment to protect 30 per cent of land for nature by 2030—that is a high target—and a nature restoration fund of £13.5 million, which is almost half of that budget. That is in addition to the reform of wildlife management and the development of a new biodiversity strategy.

Those are wide-ranging, multiyear commitments. It would be helpful to the committee if you could provide a breakdown of spend in the

natural resources budget in 2022-23. With the importance of the biodiversity crisis, what do you envisage the profile of spend being in that policy area over the next few years?

Michael Matheson: I agree about the importance of the twin crises that we face—nature loss alongside climate change. Of course, climate change drives a significant part of nature loss.

Our budget line for biodiversity and natural infrastructure has increased significantly over recent years—there has been a 55 per cent increase overall. It includes £55 million of new funding to extend the nature restoration fund to £65 million.

As you rightly said, that is a multiyear fund. It will work across Scotland, and its objective is to help to create green jobs, to reinvigorate local communities, to reinforce Scotland's green recovery, and to support large-scale multiyear, multipartner projects that can deliver transformative change. Part of the reason for its being a multiyear funding package is to give the sector reassurance of the level of funding that will be available in future years, to allow some of the long-term projects to be taken forward. Many nature-based projects are long-term ones, so we have sought to provide a funding profile that gives assurance about that.

I do not have to hand further breakdowns of how the nature restoration fund will be utilised at a lower level. However, I would be more than happy to take that away, and I will try to provide more detail, if that would be helpful.

Fiona Hyslop: If I have picked up the information correctly, the £13.5 million is for the coming year, but there is the commitment of the larger £55 million to give certainty.

Michael Matheson: There is.

Fiona Hyslop: That is helpful.

The second area that I want to look at is peatland restoration. The UK Climate Change Committee stated in its 2021 annual progress report that the pathway requires 50,000 hectares of peatland to be restored per year from 2022. Currently, the commitment is 20,000 hectares per year. How has that advice from the UK Climate Change Committee been factored into this year's funding allocation for peatland restoration? Can you give some indication of what that might mean in future years?

Michael Matheson: Our commitment is to deliver 250,000 hectares of peatland restoration between now and 2030. We are committed to taking forward around 20,000 hectares of peatland restoration a year on average. In 2020, we announced a 10-year funding package of £250 million to help to support that and deliver that

target. This year, the budget provides £23.7 million for peatland restoration, which is an increase of 8 per cent on last year's budget. Since 2012, we have invested around £30 million.

The 50,000 hectares figure was not taken into account in this year's budget, because our target is 250,000 hectares between now and 2030. We have asked NatureScot to carry out some analysis of the Climate Change Committee's proposed figure and to consider other innovative ways in which we could help to expand our existing target in order to address that committee's suggested target. That work has just been completed and submitted to the Government. We are considering the recommendations, and we will then consider whether we have to make further investment and whether we have to change our approach to peatland restoration.

This year's budget is based on our target of 250,000 hectares. Pending NatureScot's recommendations, we will look at whether we need to take further measures to help to extend our target and how we could go about doing that.

Fiona Hyslop: I am sure that the committee would like to hear about that report when it is available and how you intend to fund that. It is clear that your budget meets the targets that you have; the issue is whether those targets are sufficient for what is required. It is about the climate change target as opposed to the budget.

The Convener: Mark Ruskell has a supplementary question.

Mark Ruskell: It would certainly be good to take some more evidence on the NatureScot report.

I understand that the peatland restoration budget was underspent this year. Is there an issue there? We can keep putting in more money but, if there are reasons why landowners are not signing up to spend it or there is a lack of skilled workforce or equipment or whatever, we will continue to not meet the target for other reasons beyond the budget.

Michael Matheson: You raise an important point. There is a capacity issue in the peatland restoration sector. It is a fairly new sector, and a limited number of companies or businesses operate in it. There is also a very small window in which peatland restoration can take place each year, which means that businesses that are involved in peatland restoration often do that work as an add-on to other things that they are involved in, because it is not sustainable in its own right. I think that the work has to be carried out in the September to October period. The sector is growing, and there are limitations in the skills that are available in it. Peatland restoration work is not viable on its own, given the very short timeframe in which it can be carried out.

10:00

There are capacity issues in the industry. I am not sure whether that is to do with people not being willing to take up the opportunity to restore peatland. I am not saying that that is not an issue, but I am not sure that it is one of the main issues. I suspect that a big part of that is access to skills and businesses being able to flex to doing peatland restoration work for a short period of time each year. That means taking their equipment away from the other things that they would normally do for the short window of time in which the work can be carried out.

Liam Kerr (North East Scotland) (Con): Good morning, cabinet secretary. I have several quick questions about data and measurement. How do you measure how far towards the 2030 climate goals the spending decisions in the 2022-23 budget will take Scotland?

Michael Matheson: A carbon assessment is carried out for the budget and published. That is a statutory requirement for each budget. We also measure our progress against our climate change targets through our climate change update plan and the various portfolio envelopes that need to be progressed to make sure that we are on track for 2030 and 2045. We measure using a combination of the carbon assessment that is carried out for the budget and our monitoring and evaluation process for the climate change update plan.

You will be aware of the work that the Fraser of Allander Institute is carrying out to look at how we can get greater transparency on the contribution that budgets make to meeting our climate change targets. It would be extremely helpful if we had a more robust and effective system to be able to monitor the impact of the budget on our climate change targets. I hope that the work that the Fraser of Allander Institute produces will help us to develop a framework that will give more transparency for the committee and accountability to the Parliament, and give us greater insight into the direct impact of the budget.

Broadly, the update plan and the carbon assessment that is carried out for the budget are the two things that we currently rely on.

Liam Kerr: To go back a stage, you talked about moving funds to support the green agenda. My question is related to the question that my friend Mark Ruskell asked earlier. More generally, how do you measure or project what the prospects of achievement for each project will be and whether the funding will be sufficient to deliver that? Similarly, how do you measure or project the opportunity cost of the reduction in investment elsewhere?

Michael Matheson: Let us consider the budget assessment of capital spend, for example. I think

that around 92 per cent of the capital spend in the budget is viewed as being low impact or neutral in respect of carbon. That is an overall, positive reduction in carbon impact. That comes through in the carbon assessment process for the budget.

For individual projects, let us take peatland restoration as an example. Our commitment to delivering on the 250,000 hectares is part of our sectoral envelope for meeting our 2030 target, and it is part of our climate change plan. In developing the climate change plan, various envelopes went through an assessment, and part of that involved assessing the impact that individual policies would have in order to see whether they would align with getting to our target of 75 per cent by 2030. The 250,000 hectares figure was viewed as being one of the contributors to meeting that particular target.

There is a link between the budget and the policy. The policy is set within the climate change plan, and the budget helps to finance that. The carbon assessment that is carried out for the budget allows us some insight into that.

If we remove funding from policy areas that we know contribute adversely to climate change, for example, and use that for measures that will help to tackle climate change and achieve our targets, it is self-evident that there will be a positive outcome. However, it is always difficult to pin down exactly the net benefit that will come from an individual project. One example is peatland restoration. We know that peatland restoration will have a positive impact and that there has been a level of assessment, but it can be difficult over time to pin down how we should shift money around in a budget and why that money has made a bigger contribution than the money that we have taken away from another area.

Liam Kerr: In your opening remarks, you mentioned the allocation of £20 million to the just transition fund. What or who precisely is that paying for or going to? What are the measurable year 1 outcomes of that £20 million?

Michael Matheson: That fund does not sit directly in my portfolio; it sits in the finance portfolio. The £20 million is some of the initial allocation to take forward work on developing the action plan that will deliver the transition plan for the north-east and Moray. We have given a commitment to take that forward on a co-production basis, so local stakeholders will be able to shape how the funding is used. Some of the money will initially help to carry out that work. How the money will then be allocated and utilised will be informed by the co-production work and the input from local stakeholders on how that will be shaped. I expect the details of that to be set out in the next financial year.

Natalie Don (Renfrewshire North and West) (SNP): I note that £43 million is going into Scotland's circular economy in this year's budget, but I have some concerns about funding that is outwith the Scottish Government's control. The circular economy investment fund and the resource efficiency programmes are set to finish this budget year, and as far as I am aware there is no plan for how that funding will continue post-EU exit. What impact would a drop-off in funding have on the circular economy and what is the Scottish Government doing to avoid it stalling? What asks of the UK Government have been made in relation to the shared prosperity fund?

Michael Matheson: In the last EU multiyear financial framework, Zero Waste Scotland received £34 million of European regional development funding. Zero Waste Scotland is taking forward work to identify how it could bridge that potential loss of funding in the future and whether there are ways in which it could lever in private sector funding to help to close that gap.

As it stands, there is a lack of clarity around how the shared prosperity fund will operate in Scotland, what its priorities will be and how they will be informed. Will Scottish ministers have a role in setting those priorities? Will it be a lower level of funding than was previously available under EU regional development funding? There is a lot of uncertainty around the issue.

We need to see more progress in the area. We are not in line with the targets that we set, which is why we committed an extra £70 million to invest in our circular economy and recycling in particular, and there needs to be further investment in the public and private sectors.

Until we have clarity around how the shared prosperity fund will operate, there could be a significant loss to the sector if funding is not made available to replace the £34 million that was previously provided under the European Union funding scheme. We still do not know how the UK Government intends to operate the shared prosperity fund and what role Scottish ministers will have in setting its direction in Scotland. A drop-off in funding could have a negative impact on the sector.

Natalie Don: That is extremely concerning. You mentioned Zero Waste Scotland. Funding for it has been relatively stable and there is a slight increase on last year. However, we are rapidly approaching the 2025 waste targets across landfill, recycling and food waste. Progress has been slow in some areas—for example, in relation to the 70 per cent recycling target. During the committee's inquiry, we have heard from local authorities that there are difficulties in relation to recycling and the circular economy. Last week, we discussed the difficulties that there are even in the

private and financial sectors, and the need for more central support and a more cohesive approach. What are the top priorities for public and private investment in the coming year to ensure that we have a chance of meeting the 2025 targets?

Michael Matheson: I recognise that we need to do a significant amount of work to get back on track to meet those targets. They are tough targets—rightly so—and we need to do better to make sure that we achieve them. My colleague Lorna Slater is working hard to ensure that we take forward the right measures to do that. That is why we have made a commitment to develop the waste route map—to ensure that we are clear on the tangible progress that we must make over the next couple of years to get us on track.

You said that the budget for Zero Waste Scotland has been relatively stable. It is 8 per cent higher in this financial year than it was in 2020-21. We have increased our level of expenditure on that area over recent years. Alongside that, we committed £70 million for the recycling improvement fund, of which some £20 million was allocated last year to a number of local authority partners to take forward strategic investments in recycling infrastructure.

It is not just about finance. We also need to see the circular economy as an economic opportunity. We get clear environmental benefits from recycling, but we also need to look at the economic opportunities associated with it. We will do that through the route map that we are looking to develop and our portfolio work on the circular economy. The intended circular economy bill is all about making sure that we seize not just the environmental but the economic benefits that can come from developing and expanding our circular economy overall.

Monica Lennon (Central Scotland) (Lab): The 2022-23 budget document sets out a commitment to allocate £23.5 million for the green jobs fund. How are green jobs defined for the purpose of the fund and how will the funding be allocated? Last year, the committee had a session with Scottish Enterprise. Further to that session, will the cabinet secretary update the committee on how many applications to the green jobs fund have been received and how many have been successful?

Michael Matheson: There are two parts to the green jobs fund. Some £50 million has been baselined for our enterprise agencies and some £50 million is held at Government level. We are undertaking work with businesses to set the criteria to ensure that the fund is aligned with needs in the sector. That will allow businesses to start applying for funding in the new financial year.

For the record, convener, that area of policy does not sit in my portfolio; it sits with the Cabinet Secretary for Finance and the Economy. However, the approach that has been taken is to have two tranches of funding—one run by the enterprise agencies and the other at national Government level.

The work to set the application process criteria is being done through engagement with the business sector, to make sure that the fund aligns with the skills that the sector requires, to help us to deliver more green jobs.

I cannot give you the figures for the enterprise agencies but I would be more than happy to take that question away and to respond in writing to Ms Lennon's point, if the committee would be content with that.

10:15

There is no clear definition of what a green job is. There are competing views on what should be defined as a green job. The Scottish Government is undertaking some work, through engagement with a variety of stakeholders, to try to arrive at a shared, agreed position on what could be classified as a green job. What we classify as a green job might not necessarily reflect what other countries would consider to be a green job, so we need to make sure that we have an inclusive definition. That piece of work is being done just now so that we have that shared and agreed understanding, which will then allow us to understand the progress that we are making in delivering greater numbers of green jobs.

Monica Lennon: Thank you, cabinet secretary. I appreciate that it is not all within your portfolio, but it is helpful to know that there is a consistency in approach and to get some clarity on that.

Just last night, the BBC Disclosure documentary "Dirty Business" exposed the harmful impact of waste crime in Scotland on people and the environment. We know that it is costing the public purse more than £50 million a year. SEPA has had a difficult time and the full financial impact of the cyberattack on the environment regulator is still not clear. However, we know that it has experienced serious operational disruption and the loss of internal systems and data.

In that context, and in the context of the climate and nature emergency, is it appropriate for the draft budget to dish out a real-terms cut to SEPA of more than 7 per cent?

Michael Matheson: I did not see the programme myself; I intend to watch it. I know that SEPA is promoting it to highlight the complexities and the challenges within the sector.

It would be fair to say that the movement in SEPA's budget is a reflection of the one-off capital uplift that it received last year. That is why there is a realignment within its budget. If you take out that specific capital uplift that it received last year and look at the budget this year, the budget continues to rise. It is also worth keeping in mind that about 50 per cent of SEPA's income comes from its regulatory function and the charges that it applies for that function. It would be wrong to characterise this as a cut to its budget; it is a movement in the budget, because last year SEPA received a capital uplift specifically for a couple of projects, which sits only within that single financial year.

SEPA continues to make good progress in recovering from the cyberattack. A range of assessments have been carried out on its impact on SEPA's operations and recovery. We are ensuring that we learn from SEPA's experience so that other public and private sector organisations can learn the lessons from what was a serious and sustained cyberattack targeted on the organisation. That is being done through our cyber network; the Deputy First Minister is leading on that piece of work to ensure cyberresilience across the public sector in general, as well as working with the private sector. It is a strong partnership and part of that work is about making sure that lessons are learned and that we help to support other public sector agencies and private sector companies to learn the lessons and to put in place measures that can help to minimise the risk of them being exposed to a similar attack.

I reassure you that we are working to try to make sure that we learn the lessons from the SEPA attack across the public estate and the private sector.

Monica Lennon: That is very important, cabinet secretary. Thank you.

If I may, convener, I will bring the questioning briefly back to the budget. Is there any provision in the budget for assuring the cybersecurity of public bodies?

Michael Matheson: A lot of the work that is done on cybersecurity is business as usual for public agencies. It is part of their information technology infrastructure funding. However, the Government does not specifically ring fence budget for a public agency to use for cybersecurity. It is for that public agency to determine what it needs to use from its budget for cybersecurity purposes.

Some work is being done on cybersecurity within, I think, the justice portfolio, through the work that it does with the National Cyber Security Centre. We also do some work through the Scottish Business Resilience Centre, which is based at the University of Stirling, to support

businesses in cybersecurity in Scotland. I do not know whether the SBRC gets funding from the Government, but we are certainly a partner.

There is no specific budget line for cybersecurity. It would be part of the wider IT budget lines within any public agency.

Jackie Dunbar (Aberdeen Donside) (SNP): Before I ask my questions, I have a supplementary question on cybersecurity, cabinet secretary—I apologise if this is not within your remit. You were talking about what public agencies and local authorities need to do with regard to cybersecurity. Does the Scottish Government ask them to report back so that it has assurances that public agencies and local authorities have business continuity and disaster recovery plans in place? I am aware that that is not always the case.

Michael Matheson: Convener, we are stretching the definition of my portfolio responsibilities here, but I am more than happy to take that question away.

There is a system for agencies to have business continuity and recovery plans in place. I am more than happy to take that question away and come back to the committee with some more detailed written information on that. When I was justice secretary, I was involved in working on the cyberattack on the national health service here in Scotland and across the UK. A number of hospitals and other NHS facilities were targeted, and I remember dealing with the Home Secretary of the time on some of our approaches to tackling those attacks. The role of the NCSC is to identify risks and provide advice and information, and a range of work was carried out off the back of those attacks.

I would be more than happy to come to the committee with more specific details about the internal processes for managing cybersecurity in public agencies.

Jackie Dunbar: My questions are about the transport part of your remit. The strategic transport projects review has 45 recommendations, one of which is to achieve a 20 per cent reduction in car kilometres by 2030—I am used to miles, not kilometres. We all recognise that reducing the amount of car travel will require a step change in how we use public transport, and that we will need to increase significantly the number of trips that we take using our bicycles, if we have them, or on foot.

How does this year's budget compare to previous budgets on that? I am aware that, in the 20 years between 1999 and 2019, the average distance travelled by car increased, so I am interested to hear what the difference is in this year's budget.

Michael Matheson: You will be aware that, on 13 January or thereabouts, we set out our plan for reducing car kilometres by 20 per cent. That plan included a range of actions that we will take to achieve that aim. One of the most significant areas of investment that will help us to tackle the issue is the provision of active travel infrastructure. I am a big believer in the view that, if you put in the right active travel infrastructure in the right place, people will use it. Experience in other parts of the world bears that out. That is why there has been a significant increase in our investment in active travel. We have committed to deploying 10 per cent of our transport budget on active travel by the end of the current parliamentary session. That will result in more than £300 million a year being invested in active travel infrastructure and programmes, which represents a massive increase over a relatively short period of time.

Active travel infrastructure will make a significant impact in helping to reduce car miles and, in particular, the use of cars for short journeys. I say that not because I think that everyone will just jump on their bikes but because I think that, if we design and develop active travel infrastructure in the right way, it can deliver better communities and better areas for people to live in.

Some of the big active travel infrastructure that has been built in recent years has had a transformational effect on neighbourhoods. A very good example of that, which I often refer to, is the south city way in Glasgow, which I have used regularly. It has brought about a positive transformation in that area. Similarly, Sauchiehall Street in Glasgow has been transformed into a much better, more pleasant place. As well as tackling car use, the development of active travel infrastructure can create better environments and better communities.

There also needs to be better provision of bus services. About 80 per cent of all public transport journeys are by bus. Bus travel is the most flexible and adaptable form of mass transit there is. That is why we committed to the bus priority partnership programme. We want transport by bus to be seen as much more of a priority by creating rapid corridors for buses to use, in order to improve reliability and shorten journey times.

We need to make bus travel more attractive to people. The average speed of a bus on Hope Street in Glasgow is about 4mph, which is ridiculous. Why is that? It is because of congestion and other problems on the road. That leads to buses being seen as unreliable and slow. I think that bus prioritisation, which has already been taken forward in some local authority areas, can make a big difference in making bus travel a much more attractive option.

You mentioned STPR2, in which we have set out some bold ideas and visions. Projects such as the Clyde metro, the development of rapid bus transport up in the north-east and the Edinburgh mass transit programme could all play a big part in supporting people to make the transition from using their car—for short journeys, in particular—to using active travel or public transport.

In addition, as of yesterday, our under-22s are able to travel free on buses. That will help to embed greater use of public transport in the behaviour of our future generation, thereby supporting us to help people to make better use of public transport instead of travelling by car.

Jackie Dunbar: You have already touched on this next issue. We are, we hope, emerging from the coronavirus pandemic. How does the Scottish Government intend to support the rail and bus companies to recover over the next year or so and to increase the number of users?

Michael Matheson: I hope that we are in the recovery phase, even though we are still in the pandemic. We want our public transport system to recover. The reduction in passenger numbers over the course of the pandemic has had a significant financial impact on the sector, which has resulted in the need for a significant level of financial investment from the Scottish Government to support the sector. Railways are very resource intensive. They are expensive to run. They are fixed assets, and a lot of money had to be provided to sustain and support services even at a reduced level.

10:30

In the draft budget, therefore, we have continued to take account of some of the potential impacts of Covid on farebox revenue for both bus and rail. There are risks. We are in the realms of the unknown. Although rail leisure journeys are returning pretty much to pre-pandemic levels—they are probably not quite there, but they are similar—commuter journeys are nowhere near that. In bus travel, there is some level of recovery. It is probably recovering more quickly than rail but, again, it is not back up to pre-pandemic levels.

There are still financial pressures on the public transport network as a result of the loss of farebox revenue. During the course of the financial year, therefore, depending on what recovery in the public transport system and farebox revenue looks like, we may have to flex some of our budget to take account of that.

We are literally in the realms of the unknown, because we do not know how quick and to what extent the recovery will be over the course of the next financial year.

Mark Ruskell: I will pick up on those transport themes. You mentioned the roll-out of concessionary travel for under-22s. That is a huge investment; £130 million is allocated for it in the budget. In addition, direct support to the bus companies is up from £54 million to £99 million. A lot of people write to me about the quality of bus services or about services that are going to be closed. I always point out to them the fact that the Government is investing a lot in concessionary travel and in keeping services running during the pandemic. However, a lot of people then get back to me and say, “All the money that is being invested is great, but why don’t you just nationalise it?” What is your response to that view?

Michael Matheson: The response is that there is no easy answer to what is a complex issue. More than 250 public bus providers in Scotland provide access to public bus services. Nationalising those services would mean nationalising more than 250 businesses and it would come at a significant cost to the taxpayer. People think that taking things into public ownership is the answer to it all, but to make that possible, we would need capital and revenue that we do not have.

That is why, in order to address some of those issues, we made provision through the Transport (Scotland) Act 2019 for a range of measures, such as bus service improvement partnerships. The range of options that are available to local authorities includes local authority-run bus services. However, again, a local authority would have to capitalise a company for the purposes of achieving that, and that comes at a cost to the taxpayer—it is not cost neutral. The money would have to come from somewhere else to buy over the bus company or to buy buses and then run them.

A franchising mechanism is also available, as is a mechanism for joint partnerships between the public and private sectors. A variety of models is available that, deployed in the right way, could address some of the issues that your constituents have raised with you and improve services. At the same time, we must recognise that the idea of nationalising more than 250 companies overnight and then running them as a national bus service comes at a significant cost to the taxpayer, and the finances are not available for that.

We need to see more progress on the powers that are available under the Transport (Scotland) Act 2019 with regard to supporting local authorities to improve bus services. That has already happened in some cities outwith Scotland—Leeds, for example—where they have been able to transform the quality of their bus services by giving the issue greater priority and by having a much

closer local bus partnership to ensure that services reflect local need much more.

Mark Ruskell: One of the tools in the budget is the community bus fund, which will start to move services more towards serving and being controlled by the public interest. Will the fund be available in the next year for councils to bid into in order to do that work?

Michael Matheson: I do not know off the top of my head exactly where we are with local authorities bidding into the fund, but I am more than happy to take the issue away and come back to the committee with more details in writing. It is the sort of thing that local authorities will be able to tap into for local bus service provision but, of course, if one big local authority were to decide to do something significant, it could try to call on all of the fund. We therefore have to ensure that it is accessible to all local authorities and that it is not eaten up by one or two local authorities looking to take big projects and proposals forward.

Mark Ruskell: I have a couple of other questions that are directly related to the budget. There has been some criticism from the rail unions about a decline in capital spend on rail this year. Is the situation similar to that with SEPA, with a one-off spend at a certain point and budgets increasing thereafter, or does it indeed represent a decline?

Michael Matheson: It reflects where Network Rail sees itself in control period 6 and the projects that it can take forward. As you will be aware, a significant number of capital projects were stalled or had to be stopped during the pandemic. The rail system operates on a system of control periods, and the spend reflects where Network Rail thinks it is with regard to the projects that it had intended to deliver in the current control period. It also reflects the efficiencies that it thinks it can achieve in some of the projects that it will take forward in control period 6.

Overall, though, the budget is very clearly about continuing to invest in our railways to improve them, to decarbonise them and to speed up the network, particularly to our seven cities.

Mark Ruskell: Another issue that colleagues have highlighted is heat in buildings. The domestic renewable heat incentive ends, I think, at the end of March, and I understand from installers that there has been a bit of rush to apply for the RHI and to get installations under way. What will happen after that? Will there be a huge demand for grants or loans through the Energy Saving Trust after March, when there will suddenly be nothing in place?

Michael Matheson: This is partly tied up with the warm home discount scheme. For some time now—indeed, over the past year—we have been pursuing with the UK Government issues such as

the future of the scheme and how it should operate, and we have only started to get a response from it. I hope that in the next couple of weeks we will be able to give a clearer indication to the sector about what will happen post-April, but, as I have said, the issue is partly tied up with some of the work that we have been doing on the UK Government's warm home discount scheme and the reforms that it is planning to make in England and Wales. We want the system to be much more aligned with Scotland's needs, but it appears that the UK Government is not prepared to allow that to happen.

Mark Ruskell: That is a concern.

Finally, what we are seeing globally is a massive investment in the green recovery. The European Union has its green new deal package, and similar levels of capital investment are being made in the United States. In this budget, however, we are seeing a real-terms decline in capital investment over time. Does trying to get the most out of what is a declining capital budget simply tie one of our hands behind our back when it comes to meeting climate targets?

Michael Matheson: Our capital budget reflects the cut that we have experienced in our overall capital spend; it is a cut of more than 9 per cent in our capital expenditure from the UK Government, so there has to be give somewhere and we have to reprioritise. I hope that you can see that we are pivoting our capital investment into the areas that can support the green recovery in a much more significant way. We have sought to protect and invest in those areas; I go back to the capital investment that we are making in the circular economy and the investment of £1.8 billion that we are making in the decarbonisation of properties. We are also investing in active travel infrastructure and decarbonising our rail network.

As well as having to sustain a cut in our capital budget, we are pivoting our capital investment to the areas that will help us to deliver our climate change agenda. It has an impact when capital is restricted, but we are trying to balance it out in a way that helps us to deliver our climate change ambitions. I firmly believe that the priorities that we have set out in the budget demonstrate that very clearly and highlight the Government's intent to make sure that that is the direction of travel.

The Convener: Cabinet secretary, we have a bit of spare time because your answers have been so concise, which is always welcome. Members have a couple of follow-up questions and I will ask the first one. While we have you at committee, it would be good to get your response to the UK Climate Change Committee's updated report that was issued in December 2021. Some of the highlights were concern about lack of detailed policy guidance from the Scottish Government on

how zero targets will be implemented and delivered and concern about the credibility of the Scottish Government's climate change plans. How do you respond to those concerns?

Michael Matheson: We are carrying out a piece of work to consider how we will respond formally to the Climate Change Committee. I had a meeting with it to discuss the challenges that it has rightly put to us in relation to our targets and policy direction. I will give you an example of where we are setting out more detail: the CCC challenged us on the 20 per cent reduction in car kilometres and since then we have published details on how we want to progress that. We will provide a more detailed response to the points that have been raised by the CCC.

The CCC's updated assessment highlights that, in relation to climate change, we have gone through a process of deciding what the targets should be and setting targets and we are now much more into the delivery phase; this is when we need to take forward the measures that will deliver on the targets that we have set. That involves making difficult decisions and pivoting away from some of the traditional ways in which we have used capital and into areas that were previously not as high a priority. Ring fencing 10 per cent of the transport budget for active travel infrastructure is a good example of that. It is not long ago that investment in active travel infrastructure was in the tens of millions, not the hundreds of millions.

The challenge from the Committee on Climate Change is that it wants to see much more detail on delivery. We are considering that and are looking at how to respond to the points that it makes about providing more detail on how we will deliver those commitments.

The Convener: I have a follow-up question on the budget and wider investment in net zero targets. The budget allocated to the Scottish National Investment Bank was £241 million in 2020-21. Next year, that will decline to £215 million. I appreciate that the Scottish National Investment Bank is not entirely within your portfolio, but you have said in previous committee meetings that you have regular dialogue with the Cabinet Secretary for Finance and the Economy about its objectives. Why is there a decline in its budget?

Michael Matheson: The Scottish National Investment Bank does not sit in my portfolio, so I do not know the rationale behind that, what its investment profile is, and what it requires. However, I am more than happy to take that question away and get further details for you.

You may be aware that the Scottish National Investment Bank is going through quite a detailed

regulatory process of considering how it can raise private finance. I hope that, in the next couple of years, we will see more private finance being levered into it.

I am not sighted on the specific reasons for that decline, because the Scottish National Investment Bank does not sit directly in my portfolio, but I would be more than happy to write to the committee about that.

10:45

The Convener: That would be great. Thank you very much.

Fiona Hyslop: Cabinet secretary, you will be aware that we are conducting an inquiry into the scale, shape and importance of local government in delivering net zero. We have heard evidence from local government about how it is working with the private sector and about local authorities' concerns about their budgets.

Much of your portfolio budget will end up going to local government, and it will probably be used in three different ways. First, local authorities will distribute money on behalf of the Scottish Government. Secondly, they will bid for funds to carry out net zero projects that are directed by the Scottish Government. Thirdly—I am not sure whether this exists—discretionary funding for net zero projects might be given to local authorities to do what they think is best for their area.

I am not suggesting that you can answer this question off the top of your head—although I would welcome it if you can. Can you give us an indication of how much of your budget sits in those three areas? It would be helpful if your officials worked with the committee to get a sense of how much of the budget is going to local government in those ways. Ideally, we would like to know that for the coming year but, if you cannot say that, perhaps you could tell us about the current year. Is that possible? It would involve some work, but it would be helpful because of the importance of local government in meeting net zero targets.

Michael Matheson: You are right that I cannot give you that information off the top of my head. Part of the reason for that is that some of that spending will span other portfolios. There will be elements of Shona Robison's portfolio that will support our net zero objectives and bring investment into local authorities. I am more than happy to take away your points and see whether we can provide you with more detail, if that would assist the committee with its inquiry and would be useful.

Fiona Hyslop: Thank you very much. That is very much appreciated.

Community organisations and town centre development trusts have told us that they have had difficulties in accessing funding from local government for their projects, but they have been able to bid for funds from national Government. Can you point to anything that is in the budget for the forthcoming year that community organisations will be able to bid for? I am particularly interested in capacity building and revenue for staffing that would help communities with creative projects that can bring people along with them.

Michael Matheson: To be clear, are you asking about town centre businesses that are finding it difficult to secure funding to decarbonise their businesses? The heat decarbonisation fund is not only for housing; it is also for non-domestic premises. That might be a route for some businesses in towns and city centres.

Fiona Hyslop: No. I am asking about bodies such as community development trusts that are leading projects in their own communities. That might involve housing or working with businesses. Those very localised projects have told us that they struggle to get funding from local authorities, but they have been able to bid for national Government funds, which must be in your portfolio. We would like to know what funds will be available for those community development trusts and others to bid for in future.

That is not just about capital projects. Those people are volunteers, and resources and revenue for staffing can help to deliver projects on the ground. Any project that wants to install heat pumps across a whole town might need town leadership from the community development trust and others. Some projects might be very small, but I know from experience in my own constituency that some could develop into something quite significant.

Michael Matheson: Another example could relate to district heating systems. Trying to facilitate and bring together a scheme of that nature would require resource support to get all the interested parties together. I will take that away and come back to you with more details on specific funding pots that might be available at the national level which community-based organisations could apply to.

You will be aware of the climate hubs that we are creating to try to help to create a much more sustainable approach to changing local communities to tackle the climate emergency. The first two are already up and running. We also have plans to roll out further climate towns. That might be one route for some towns and communities, but it might not always be the case. I can get further details on that for you and on other funding pots that might be available.

It is also worth thinking about funding pots that might not sit in my portfolio and that can help to deliver programmes that assist us in meeting our net zero targets. The funding will not all come through my portfolio; some of it will sit in other portfolios. I can take that away and ask officials to pull together some of the details for you.

Fiona Hyslop: Blackburn, which is in my constituency, is one of the climate towns that you referred to. Thank you.

The Convener: Great stuff.

Liam Kerr: I want to pick up on something that the cabinet secretary said earlier when he was asked about the heat in buildings strategy and the figure of £1.8 billion by 2026. The capital spending review states that the Government will invest £1.6 billion to decarbonise heat in buildings. Why is there that difference? In any event, which portfolios will get the money? Can the committee have a detailed breakdown of the proposed spending profile to 2026?

Michael Matheson: Sure. The figure of £1.6 billion was based on the draft heat in buildings strategy at the time. Following the consultation and engagement on that, the revised figure is £1.8 billion. Some of that sits in my portfolio and some of it may sit in the housing portfolio. Again, I am more than happy to give you more detailed information on how that will be broken down between the portfolios, if that would be useful. I do not have that to hand, unless Kerry Twyman has it.

Kerry Twyman (Transport Scotland): I do not have the further detail, but we can come back to the committee on that.

Liam Kerr: The committee would be grateful for that information.

Natalie Don asked good questions about the lack of progress on a circular economy. In your answers, you mentioned an intended circular economy bill. I think that that was first proposed in 2019 and was restated in the 2021 programme for government. Will you give the committee an update on when we can expect to see the circular economy bill?

Michael Matheson: You will be aware that we withdrew the proposed bill because it was criticised on the basis that it was not ambitious enough and would not drive forward the circular economy sufficiently. We decided to withdraw it and reintroduce a different piece of legislation. That is part of the background to the bill.

I expect that bill to come in the early part of this parliamentary session. I cannot say much more than that, because we have to go through a process in Government of agreeing landing slots

for bills coming into Parliament and our future programme for government.

I assure you that the bill is viewed as one of the priority bills in this parliamentary session. Given the importance of making progress on the issue, I am of the view that it needs to be one of the earlier bills in the session. I will not go much further than that, but I hope that I can reassure you that it will be in, I would say, the first half of this parliamentary session.

Liam Kerr: Thank you.

The Convener: I have a supplementary question on heat in buildings. Last week, the committee heard from private capital providers. One concern that they expressed and that was also expressed by local authority leaders was about the potential lack of sufficient scale in some local authority areas to attract global private capital. There is also a potential lack of data on what assets exist and where they are. The starting point for local authorities is to identify the housing stock that needs to be retrofitted. There seems to be a lack of progress on both points.

What role can the Scottish Government play in helping local authorities to get that data and the inventory of assets that will need to be converted by 2030? Is there a mechanism or a plan in place that would allow the Scottish Government to look across local authority areas and suggest combinations of assets to attract private capital?

I appreciate that there is quite a bit in those questions but, given that the target is 2030, there is not a huge amount of time.

Michael Matheson: Was the lack of data an issue for the private sector companies—the potential investors?

The Convener: Yes, it was.

Michael Matheson: I would expect local authorities to have a good understanding of their housing stock, as should social housing providers in general. They will have knowledge of which housing has had retrofit energy improvements, whether through the area-based heating schemes or other schemes. Therefore, they should have a certain level of data. The issue might be that there is data that some of the private sector investors are unable to access or get an understanding of, rather than that there are no data there. I will take that point away to check for you, convener.

The second issue is about scale. I have discussed that issue with potential private investors, who have said that they need scale in order to make the capital investment that they believe is necessary to make delivering a programme financially viable.

Alongside the finance task force that I mentioned earlier, we are looking at what we need to put in place in order to lever in some of that private sector investment. That might involve bringing together some of our cities to form alliances or partnerships to put forward joint proposals that would give the sector the scale that it is looking for. In my previous portfolio, when I was the minister who was responsible for cities, we discussed that possibility. For example, we could have an Edinburgh and Dundee partnership or a Glasgow and Aberdeen partnership, which could take a shared prospectus to the private sector to see whether the proposal was of a scale that the sector could deliver on.

That is a reasonable challenge from the private sector. The issue has been raised with us, and the finance task force can consider it. We then need to think about how we can create the right partnerships to assist with that.

My final point is that some social housing providers might have only a couple of hundred houses, so they do not have the scale to get the level of private sector investment that they are looking for. They might get public sector investment, but not necessarily private sector investment. Therefore, we need to bring some of those providers together, so that we can offer proposals on a scale that will attract private sector investment. Given the scale of what we have to achieve, the public energy agency can support us in that role in the years ahead.

The Convener: I appreciate that response. To clarify, the concern over the data related partly to private sector capital but also to a recognition by local authorities that they still have a bit of work to do in that regard. That goes full circle back to our discussion about a lack of resource and expertise at the local authority level.

Do you see the Scottish Government or the public energy agency getting actively involved to assist local authorities? That goes back to the point about the scale of investment and the amount of resource in the public energy agency, and the fact that, as you have said, it will take a couple of years to get it up and running at full tilt. My concern is that that takes us to 2024 or 2025, and the clock is quickly ticking down to the 2030 target date. Are there any plans to accelerate the public energy agency and make it an urgent priority?

Michael Matheson: I do not think that we need the agency for the purpose of getting the data—local authorities should be able to draw that data together. However, if there is a lack of data, I will take that away and consider why that is the case, what needs to be put in place in order to improve the quality of that data, and whether resource

needs to be provided to allow local authorities and social housing providers to deliver that.

I might be wrong, but I would like to think that social housing providers, such as housing associations, will be in a different situation compared with local authorities, because their housing stock is often at a smaller level. Therefore, they will have a much more detailed understanding of the improvements that they have already carried out.

I will take those points away and try to find out why there is a lack of data and what can be done to improve the situation.

11:00

I agree with your point. The danger is that we wait for the public energy agency to get up to full tilt so that it can co-ordinate some of that work, and we lose time while investors are looking to make an investment just now, provided that they can get access to the right data. We need to take on that challenge. I am happy to take the point away to get more of a detailed understanding of the issue and consider what we can do to address it.

The Convener: That would be appreciated, cabinet secretary. That goes back to your point that perhaps the first 50, 60 or 70 per cent has been done but, as you well know, 100 per cent of the assets need to be financed. Therefore, it is not the case that most of the assets require to have data—they all need to be covered.

Michael Matheson: I get the point that you are making, and it is a reasonable challenge. I will take that point away.

The Convener: Great. That brings us to the end of questions and our allocated time. We appreciate your time, cabinet secretary, and I thank your officials for attending the meeting. We have covered a lot of ground. I will suspend the meeting before the next agenda item.

11:01

Meeting suspended.

11:08

On resuming—

National Planning Framework (Energy)

The Convener: Agenda item 5 is our first evidence-taking session on the draft of the Government's fourth national planning framework, or NPF4 for short. A number of committees are scrutinising different elements of the framework, and our focus is on how effectively it addresses energy policy, particularly in the context of the national commitment to achieve net zero by 2045.

I am pleased to welcome to the meeting Dr Niall Kerr, interdisciplinary research fellow, energy and climate policy, University of Edinburgh; Morag Watson, director of policy, Scottish Renewables; Elizabeth Leighton, secretariat, Climate Emergency Response Group; and Kirstanne Land, senior external relations manager, Scottish and Southern Electricity Networks Transmission. Thank you for taking the time to join us this morning. I also thank those who have made submissions in response to the Parliament's call for views—they have all been noted.

I will start with a question for all the panel members. One of the main themes of NPF4 is the prioritisation of localisation across a number of policy areas. The committee is undertaking a major inquiry into the role of local government in meeting our net zero targets. How important will local authorities be in meeting those targets through, for example, transport, procurement, the circular economy and the decarbonisation of heat? What are the main challenges that they face in that respect?

I will bring in each panel member in the order in which I introduced them. Over to you, Niall Kerr.

Dr Niall Kerr (University of Edinburgh): Hello and thank you for the invitation to give evidence to the committee. With regard to the role of local government, the committee will be aware that local heat and energy efficiency strategies are being designed and piloted by local authorities, alongside the Scottish Government, and that local authorities have been given a key role in heat decarbonisation and energy efficiency planning in Scotland.

You will probably also be aware of the need for local government to have the necessary budget and expertise to achieve heat decarbonisation. It has a focus on and a key role in achieving heat decarbonisation in social housing, but there are other aspects that local authorities have little, if any, control over, not least the existing private housing stock, be it owner-occupied or rented. A significant contribution will have to be made at the

national level through regulations and associated funding and financial incentives to ensure that the necessary changes are implemented.

That formal approach to local strategies has been taken in other countries. I am looking at heat decarbonisation in the Netherlands, where a similar approach has been taken to local heat planning. The formal requirement for municipalities to prepare strategies, for example, closely mirrors the situation in Scotland.

To sum up, local government has a critical role to play in local heat and energy efficiency strategies, but there are pretty obvious limitations to what authorities can do to achieve the full extent of the target on their own. It is therefore really important that national and local government work together. Indeed, a key feature of heat decarbonisation is the need for co-ordination between various parts of government and various public agencies.

Morag Watson (Scottish Renewables): Good morning. It is nice to speak to you all. We share the concerns that have been voiced extensively this morning about the capacity of local authorities and the budgets that are available to them. They have a key role to play in helping us to reach net zero, particularly in the areas that you outlined in your opening remarks, convener. However, according to research that we at Scottish Renewables have carried out specifically on the planning aspects of what local authorities do, the number of planning staff in local authorities in Scotland has dropped by 20 per cent since 2011. Our main anxiety about where we go from here is to do with how local authorities will cope with the huge upswing in activity that will be needed if we are to achieve our net zero goals.

Given that I am speaking on behalf of Scottish Renewables, I will stick to illustrating the issue with reference to renewable energy. We currently have 8.5GW of onshore wind in Scotland, but to keep us on track to meet net zero, we will need an additional 12GW by 2030. At the moment, we have around half a gigawatt of solar energy, but we will need 4GW to 8GW by 2030. In the offshore space, we will have to move from 1GW to 11GW, and then all of that will have to come onshore. All those projects need to go through the planning system, of which local authorities are a key part. Given that they are already overstretched, we have deep concerns about such a big upswing in work.

11:15

We also have deep concerns for local authorities over the staff that they have, and the experience of those staff. Many experienced planning officers are retiring. The new people who

come into the system are so pressured that they do not get out to do the professional development that they might have done in the past. There are shortages of ecologists, landscape architects and all sorts of specialist skills, which leaves local authorities struggling. They have a key role to play and are very important stakeholders and partners in all the work but, given the situation that they are in, we have deep concerns about their capacity to take on what we are going to have to do.

Elizabeth Leighton (Climate Emergency Response Group): Hello. Thank you for inviting me along from the secretariat for the Climate Emergency Response Group, which is a leadership group of business and civic leaders, including my colleague Morag Watson, who have come together to urge the Scottish Government to have a more urgent and ambitious response to the climate emergency. We published a report in September that includes 12 proposals that could be taken forward immediately. One of those is on planning and one is on local government's role in delivery. Those proposals are pertinent to our discussion today.

Local government is absolutely critical to achieving our net zero ambitions. It is estimated to have powers over about a third of emissions in its areas—for example, from transport, housing and planning. The pivot to delivery that the cabinet secretary spoke about in previous sessions is absolutely reliant on local authorities being equipped and having the capacity and resources to do their job.

One of our main recommendations is about making planning fit for a net zero future through gearing it up in 2022 so that the whole planning system—planners, councillors and reporters—has capacity and expertise that are fit for purpose. It is not that we do not know, in a sense, the answer. A very good piece of research that was done for Skills Development Scotland identifies that

“The evidence and data suggests that the sector may struggle in the future to attract and retain a sustainable workforce”

for the planning service. That would put at risk the achievement of national objectives, including

“achieving net zero emissions by 2045”.

The report includes an action plan to address that, but it was published in February 2021. What has happened to that action plan? What has been done? As you said earlier, convener, the clock is ticking. The issue is urgent and it needs to be addressed now. We need emergency measures to address the gap in capacity, as well as longer-term skills development over a four or five-year horizon to fill the gaps.

Kirstanne Land (SSEN Transmission): Good morning. I am here on behalf of SSEN

Transmission, which is the company that owns, operates and develops the transmission network in the north of Scotland and the remote Scottish islands, with the aim of delivering a network for net zero. We are a regulated business. Our key role is to connect to the grid the renewable energy that is needed to support the emissions reductions targets of the UK and Scotland, and to take it to where it is needed across Great Britain.

Our network area in the north of Scotland, in particular, will play an outsized role in meeting the renewable energy targets of the UK and Scotland. According to our analysis, it will contribute up to 10 per cent of the UK's net zero target. Through the current price control, RII0-T2, we are planning to invest at least £2.8 billion between now and 2026, and potentially to increase that to more than £4 billion, in order to deliver our network for net zero in the north of Scotland. In doing so, we will look to double our workforce between now and 2026.

However, as other panel members have referenced, delivery timescales are incredibly challenging, and the levels of investment that are required to support net zero are going to be unprecedented. Our network has probably not seen such a level of investment since the 1950s. Significant investment will be needed in Scotland's grid infrastructure between now and 2030 to deliver on the net zero targets at scale and pace, and planning will play a pivotal role in that.

I echo the comments of the witnesses who spoke before me. Successful delivery of NPF4's net zero objectives will depend on a supportive planning process that is responsive to the levels of investment that will be required to achieve Scotland's climate goals. Having adequate levels of planning resource will be vital to unlocking that.

The NPF4 document recognises that increases in planning fees are planned to help to address that issue. However, they will not support better quality and more timely decision making unless we also have further investment, resources and skills planning. As Morag Watson said, the number of planners is actually decreasing at the moment, and we are already feeling the impact of that in the consenting timescale for our current projects. Along with the increases in planning fees, it would be helpful to have that money ring fenced so that it stays in local authority planning teams. That could improve planning determination outcomes.

The Convener: Thank you for those opening remarks. I want to pick up on two issues that were raised. The first is the concerns about planning capacity and expertise at the local authority level, which was mentioned by Morag Watson, Elizabeth Leighton and Kirstanne Land. How much of a bottleneck will that cause in approval of the various projects and the capacity that will be required to meet the targets? What needs to be

done to resource local authorities better in order to help them to reach their net zero targets?

I have a separate question for Dr Kerr. I know that you have looked at the decarbonising of heat in other countries. The evidence that we have heard from local authorities indicates that they have concerns about reaching the heat in buildings target for 2030. Some of them have said that it might not be achievable at all. Do you share those concerns? If so, what practical policy measures need to be put in place to help local authorities to meet that 2030 target?

Morag Watson: Our colleagues at the Royal Town Planning Institute are researching what the skills demand for the planning system will be in the future, and it is calling for a strategic skills and workforce development plan for Scotland. We fully support that call and are looking for that plan to come forward.

We heard from the cabinet secretary earlier this morning that we find ourselves in a constrained financial situation because of the pandemic and many other factors so, although it is desirable that local authorities find the funding for this, we understand that that is not as straightforward as we would want it to be.

There can be a lot of repetition in the planning system. In the area of renewables, timeframes and planning processes are so long that, by the time you have your onshore wind farm consented, the model of turbine that is in your consent is no longer on the market, because newer ones are available. You then have to go back through the planning system to get the proposal re-consented with the turbines that are now available. We see such churn going through the planning system. If we can streamline our processes more so that our planning system is predictable and can deliver consents rapidly, we will take a lot of strain off the planning system that is caused by people having to go back and revisit planning applications again and again.

We are working with colleagues in the Scottish Government on research into how we can reduce planning timescales. We need to start front loading what we are doing, with pre-application consultations. That will mean that everybody has a chance to comment on an application before it goes into the system, and any changes that are asked for can be made before the application stage. At the moment, people have to wait until the application is live before they comment. That means that the application has to go back to the drawing board to take in comments, which takes up a huge amount of capacity in the system. If we can unlock that and stop using capacity to go over the same ground again and again, that will make a sizeable difference to our planning system.

The Convener: Thank you very much, Morag. That was very helpful. Elizabeth—I put to you the same question on planning.

Elizabeth Leighton: I support what Morag said about the RTPI work that Scottish Renewables has been involved in with the Improvement Service and Skills Development Scotland. I mentioned the report on the planning workforce. That is more a medium-term to long-term answer, so we need to ask what we can do in the meantime.

We can learn from how resources were accessed during the Covid pandemic and how people were redeployed and brought in from other professions to support the Covid response. Such things have to be considered for the planning workforce, which is declining, as several people have mentioned.

There are other ways to do some of the work and preparation to make planning decisions easier. For example, the local heat and energy efficiency strategies will be critical to guiding planning decisions, but many of them are still not in place. Local authorities have probably given evidence to the committee about how difficult it will be to complete that task by the expected date. More up-front support needs to be given to local authorities now—without waiting for the public energy agency to be put in place—to make sure that the strategies are in place as soon as possible, because they will guide many decisions for local authorities that do not have a lot of expertise on energy master planning. The same would apply for heat networks; heat partnerships could assist in building expertise and sharing that resource across some local authorities.

There is also a need for guidance, including on how to do carbon assessments and how to assess whether a project will be resilient to the impacts of climate change. Such guidance could be brought into play relatively quickly by using guidance that is already being used by project managers in city region deals and growth deals. That, too, would be useful for planners. We should make use of what we have now rather than duplicate it or reinvent the wheel. This is about working regionally and working in partnerships to come up with immediate solutions, as well as being about resourcing longer-term workforce planning.

The Convener: Thank you very much, Elizabeth. I put the same question to Kirstanne.

Kirstanne Land: I do not have a huge amount to add to what has been said by fellow panel members.

On skills, a key bottleneck for us is caused by the differing levels of expertise in local authorities, which really hits home in respect of the biodiversity side of our developments. As a

business, SSEN is committed to delivering a greener grid. We tend to focus on habitat restoration and on creating biodiversity growth as we invest in our network. Through that, we have committed to delivering a biodiversity net gain on all our new sites by 2025; we are targeting no net loss at the moment.

When we engage with local authorities on biodiversity, we find that availability of skills is very varied. There is also no guidance to give local authorities direction on what standards of biodiversity should be achieved. We therefore experience real inconsistency in approaches in terms of the expectations of local authorities for what should or should not be delivered, which differs from project to project.

In the NPF4 no agreed set of standards is outlined in the draft of policy 3, on the nature crisis. We think that that should change. There should be more direction in NPF4 to guide local authorities. We are already experiencing the impact on our projects. Inconsistency creates delays, as different people have different expectations about what should be delivered. Greater clarity in NPF4 would definitely help to clear the bottleneck.

The Convener: Thank you. That was helpful. Dr Kerr, I asked you about heat in buildings, but feel free to respond to the question on planning as well, if that is also within your remit.

11:30

Dr Kerr: I will focus on targets for heat in buildings. It is fair to say that the targets, particularly for 2030, are hugely ambitious. I recently did a little bit of work looking at heat decarbonisation policy, including looking at incentives and regulations as well as targets in European countries. The work showed that compared with that selection of countries, Scotland has hugely ambitious heat decarbonisation targets for 2030. Scotland is also starting from quite a low base in terms of the number of properties that currently use low-carbon heat.

We have for years had in place incentives, such as the renewable heat incentive and various schemes for heat networks. That has resulted in some uptake, but nowhere near what will be needed to achieve the 2030 target. The point is that the target is, undoubtedly, hugely ambitious and will be difficult to achieve.

I suppose that the more interesting question is whether a highly ambitious target for 2030 helps to promote effective implementation of the things that we ultimately need to do for 2045.

There is an undoubted moral imperative to implement heat decarbonisation and to decarbonise as quickly as we can in order to address climate change as expediently as we can. There is also a belief that there could be economic gains from moving quickly on heat decarbonisation: if Scotland moves particularly quickly, it can develop the industries and the companies of the future and achieve economic impacts and export potentials from the technologies.

The two key decarbonisation technologies that will play the biggest role in the 2020s are heat pumps, or some form of electrified heat, and heat networks. Low-carbon gas in the gas grid does not have much prospect of being introduced until possibly the 2030s, if it is to be introduced at all.

Heat pumps and heat networks are well-established technologies in other parts of the world. The economic impacts that could be secured in Scotland from their installation are not clear. Other countries are better versed in putting in heat networks, and companies in those countries are looking to install networks in Scotland.

As I have said, the targets are definitely hugely ambitious—some are the most ambitious in Europe, particularly for 2030—and there is a moral imperative to try to achieve them. However, the economic impacts that can be achieved from moving particularly quickly are up for debate. Technologies will be introduced in the 2020s, but they are perhaps not technologies that Scotland is leading in. However, there are supplementary technologies, including energy storage technologies and use of data to improve heating technologies and their performance, in which Scotland could possibly excel and produce valuable companies that would create an economic impact for the future.

The Convener: Thank you, Dr Kerr. That was very interesting and helpful.

Fiona Hyslop: Good morning. I would like to address policy 19 in national planning framework 4. I will come first to Morag Watson and then to Kirstanne Land.

In its written submission, Scottish Renewables is clear that it does not think

“that this policy will ensure our places support continued expansion of low carbon and net-zero energy technologies”.

It goes as far as to say that

“there is a fundamental mismatch between The Scottish Government’s energy policy, particularly the draft OWPS [Offshore Wind Policy Statement], and NPF4.”

Could you, please, expand on that?

Morag Watson: As we said in our submission, we have been absolutely clear and unequivocal that the draft text of national planning framework 4, as it stands, will not deliver the level of renewables deployment that we need to keep us on track to achieve net zero.

We also say about the NPF4 that the high-level principles are excellent. The key point is that addressing climate change and energy recovery should be the primary guiding principle in all decisions and plans. That is exactly what we need. Throughout, the NPF4 asserts the key role of more renewable energy in delivering net zero, which we absolutely agree with.

The problem comes when you start to look into the detailed text of the document. For example, climate change and nature recovery are primary guiding principles, but there is nothing in the document that provides guidance to a planning decision maker on how they should operationalise that and what it should mean in practice.

When you look at the text on renewable energy in particular, you find that it is often ambiguous and that a lot of it is contradictory and unclear. Policy 19 conflicts with what is in other policies—in particular, on scheduled ancient monuments, forestry and peatland—rather than trying to work with them. That is why we say that a fundamental rewrite of several sections of NPF4 is needed if we are to deliver on the ambitions. I reiterate that we are fully supportive of the ambitions of NPF4, but we are extremely doubtful that the text as written will deliver what ministers aspire to do.

Fiona Hyslop: I ask Kirstanne Land for her views on policy 19.

Kirstanne Land: I would totally echo what Morag Watson said. There are some positive things in the draft NPF4. Morag talked about the overarching objectives. We certainly welcome the recognition of planning's role in tackling the climate and environmental emergency, which is mentioned throughout the document. We are also supportive of the inclusion of renewable energy and transmission infrastructure as national developments, which will help to strengthen their role in tackling the climate emergency.

However, as Morag Watson has, we have concerns about the detail of specific policies in the document. Ultimately, that will be what determines how successful the NPF4 will be in delivering for our future low-carbon needs. Significant investment in renewable energy and grid infrastructure will be needed. The NPF4 needs to lay the groundwork for a clear, responsive, flexible and well-resourced consenting process, so that we get timely delivery of the infrastructure at the pace and scale that we need in order to meet net zero.

I echo Morag's point that the NPF4 as drafted does not quite deliver that. The policies on wild land and green energy are quite contradictory—that is the feedback that we have had from our generation customers. That situation is unhelpful to them from a decision-making perspective, and it will create huge blocks to increased renewable energy development. As a stakeholder-led business that is involved in connecting renewable energy in the north of Scotland, we recognise the industry concerns regarding the misalignment between what is proposed, particularly in the onshore wind policy statement, and the NPF4, and what we want to advocate on behalf of the industry. The approach sends conflicting messages to industry and planners. Any uncertainty will create risk for net zero delivery.

From a transmission perspective, we are particularly concerned about the forestry and woodland policy, the current wording of which gives absolutely no flexibility at all and will, because of the extent of woodland coverage in our operational area, make it extremely difficult for us to deliver our critical grid investments. We think that rewording and redrafting will be required in several policies in the document in order to give much clearer direction in support of net zero targets. We want the document to be a bit clearer in support of net zero goals.

Fiona Hyslop: I have a short follow-up question. Kirstanne Land referred to the national development sites. Are they too restrictive? For example, Nigg port in the Cromarty Firth is not even mentioned.

Kirstanne Land: We are supportive of the developments that are listed. Obviously, our key focus is on ensuring that the transmission network retains its status, because we think that it will be crucial in supporting the transition to net zero, as the backbone connecting to the renewables that will be needed. Other panel members might be better able to comment on other national developments. I do not have any more comments.

Fiona Hyslop: Thank you. I turn to other witnesses. I want to hear first from Dr Kerr, and then from Elizabeth Leighton, on policy 19. I am interested in the alignment between pursuing net zero and other requirements in relation to NatureScot and Historic Environment Scotland, for example. How can we ensure that NPF4 supports simultaneous assessment by—and, perhaps, early intervention by and work with—Historic Environment Scotland, as already happens in major transport schemes? Should that be applied to energy schemes?

Also on policy 19, how should small-scale renewables schemes be assessed and viewed in designated areas? Should support be given to community-owned projects? How does policy 19

help with that? What improvements are needed to help small-scale renewable projects?

Feel free to comment on anything that you have heard.

Dr Kerr: I have been focusing on policy 11 in relation to heating and cooling. I have prepared for that; I have not much to say on policy 19. I have various things to say on co-ordination in relation to heat decarbonisation, but I can save that for later.

Fiona Hyslop: Okay. I am happy to pass on my questions to others, but I am interested in the principle of co-ordination with other areas. Do you have any overarching views on that? Other witnesses can pick up the specifics.

Dr Kerr: I can mention a few things in relation to focusing on heat decarbonisation. Obviously, co-ordination is an extremely important part of that, but the draft NPF4 overlooks that at the moment. There is next to no reference to the role of electricity networks in heat decarbonisation, which Kirstanne Land might also want to speak about. The section on heating describes how heat networks will be implemented and how new developments need to consider their proximity to a heat network.

However, if the targets for 2030 are to be achieved, that will involve generating a huge amount of electrified heat—probably predominantly through heat pumps. If hundreds of thousands of heat pumps are to be installed, an electricity network that is able to accommodate that will be required. There is an expectation that there will probably have to be some degree of network reinforcement.

The draft NPF4 talks a lot about heat networks, but it does not make reference to the importance of electricity networks being able to provide electrified heat. As I said, if the targets are to be achieved, hundreds of thousands of properties will need to use electrified heat.

The other aspect of co-ordination that is possibly missing is the new build heat standard for new developments—domestic and non-domestic properties—to use low-carbon heat by 2024. As far as I can recall, that is not currently mentioned in the draft NPF4. However, that is the sort of underpinning policy that is needed if low-carbon heat networks are to be connected to new developments so that they use electrified heat. That relates to the point about co-ordination of electricity networks.

If new developments are to use low-carbon heat from 2024, an electricity network that can accommodate heat pumps—or, at least, the potential for their use—in individual buildings might be needed. There might need to be heat

pumps running on a heat network for new developments.

From my point of view, the planning framework is all about co-ordination and connecting different areas of Government, but that is not really addressed in the draft NPF4. The key co-ordinating points that are missing from the planning framework relate to the role of electrified heat and connecting electricity networks to new developments.

Fiona Hyslop: Perhaps Elizabeth Leighton could comment on the point about co-ordination, if she can. If we wait for everything to be aligned and co-ordinated, we might not get started on what we need to do. Your general view on that would be helpful, as well as your view on how we can support small-scale developments. Does NPF4 encourage that? If not, what needs to be done to help improve that?

11:45

Elizabeth Leighton: I agree completely that we cannot wait for everything to be perfect to get on with it.

Historic environment designated areas are a bit of an odd man out in the national planning framework, as the policy does not seem to give a nod to the change that has been made of giving significant weight to the climate emergency in planning decisions. The thresholds that are put in place for historic assets and places seem unnecessarily restrictive. The policy says that there should be no adverse effects rather than no unacceptable impacts. That is the language that is used in some other sections of the NPF, which set policies in the wider public interest of addressing the climate emergency. The policy on historic assets and places also does not seem to chime with the heat in buildings strategy, which says that a review of permitted development rights is under way and that work is being done on developing approaches for historic buildings and places to transition.

I would have liked the policy to have indicated much more of a shift in how we will respect the culture and integrity of our historic places but, at the same time, acknowledge that they need to, and can, adapt for climate impacts as well as reduce their emissions. I think that Historic Environment Scotland would support that. I would like that to change and clarity to be provided on it so that planning for zero-emissions systems, particularly microrenewables, in conservation areas becomes much easier. It should be more of a given and there should be more of a presumption in favour of it instead of all the hurdles that people have to face now, which seem rather out of date.

That answers your question on co-ordination. On community projects, I am not aware of much mention being made of community assets, but I imagine that it would be important to provide clarity on making it easier for community groups to apply for planning permission and for there to be more up-front support and assistance so that they can get through the planning process more quickly and easily.

Clarity is not just about the language in the NPF4—the actual words, such as “must” versus “should” and “will” versus “may”. We would like the language to be stronger, but clarity is also about being aware of co-ordinating with targets and other Government strategies, which can be enabling to planners and give them confidence in their decisions in favour of net zero. For example, on policy 19, if the Government had a policy for solar energy like the one on which it is consulting for onshore wind, that would strengthen the case for planners to make decisions in favour of it and acknowledge the significant weight of the climate emergency.

Fiona Hyslop: Historic Environment Scotland has founded a global heritage network on climate change, so perhaps it is more willing to address it than people might perceive.

Liam Kerr: I will direct two questions to Dr Kerr but, if anyone else wants to come in after he has answered, they should just indicate that.

Dr Kerr talked about heat networks and policy 11. That policy appears to prioritise heat networks—or what people might know as domestic heating—over other technologies. There is a presumption against domestic biomass where heat networks are available. Does that strike the right balance between heating technologies and site-specific solutions? Does it sufficiently recognise other solutions for heating that might be more financially viable or, indeed, practical?

Dr Kerr: The draft NPF refers to heat networks unduly. However, my understanding of heat policy is that other Scottish documents do not have such an emphasis on heat networks but refer to multiple different options. The problem with the draft NPF is that it mainly refers to heat networks.

However, as I have mentioned, there are policies such as the new build heat standard, which, from 2024, will require consented new buildings to have low-carbon heat. That could take a variety of forms; indeed, plans for heat network zones are referred to in the planning framework, with the presumption that, if you are in such a zone, you will use that network. However, the initial policy to think about is the new build heat standard and the fact that, from 2024, new buildings that have been given consent should use some form of low-carbon heat.

There might be a couple of things to say about competition between biomass systems and heat networks. The advice from the Climate Change Committee and, indeed, various organisations is that heat networks are more efficient and have better up-front and operational costs per household in heat-dense areas such as cities and large towns, so they are much more likely to be found there. Other countries have heat networks in all sorts of environments—for example, there are heat networks in many small towns in Denmark—but in this country they are being considered in relation to heat-dense areas such as cities.

The Climate Change Committee's advice is that biomass systems should not be implemented in urban environments, partly because of the local pollutants that are emitted from biomass boilers. According to the Climate Change Committee, such boilers should be reserved for rural areas where heat pumps are not considered appropriate. There is also the potential to use biomass systems to run heat networks, as is happening in Denmark and Sweden, but there are carbon and pollutant capture considerations in that respect.

The main point is that the draft document puts a seemingly undue emphasis on heat networks as a low-carbon heat option when there are different options that could be considered. For example, reference has been made to electrified heat and biomass heating systems. As I have said, the new build heat standard gives an opportunity for many different low-carbon heat options to be considered, but at the moment there seems to be an undue emphasis on heat networks.

I want to make a final point about the new build heat standard that might seem like a divergence from the discussion but which it is important to remember. As far as I understand it, new buildings that receive consent from 2024 will have to use low-carbon heat, but that potentially allows a building to receive consent prior to 2024 and then to be built after 2024. There are examples that have been highlighted to the UK Government of house builders in 2018 building about half of their developments to 2013 standards. If that happens with the new build heat standard in Scotland—that is, if new buildings are developed to old standards five years after the regulations come in—that will have pretty serious implications for achieving the 2030 zero-carbon homes standard. In short, we have to think about the implications of a policy that is introduced in 2024 but which only applies to buildings consented after that point. It might be that new developments will not be fully low-carbon for seven years after 2024, and the implications for the very ambitious 2030 target need to be considered.

Liam Kerr: I cannot see whether anyone else wants to respond, so I will pose another question.

Dr Kerr referred earlier to the expectation that industrial developments with waste or surplus heat will be co-located with areas of demand. As we know, a significant proportion of demand will be for domestic heat. How do we strike a balance between using sources of low-carbon heat and building houses where people actually want to live?

Thinking about your last answer, I wonder whether that issue has been addressed anywhere else. What I am hearing from you—and, indeed, what we have seen in the submission from Scottish Renewables—is a feeling that this framework has been drafted somewhat in isolation. Is there anything else that we need to be aware of in this particular space?

Dr Kerr: I will answer that question and anyone else can come in after. On the point about co-locating waste heat sources, waste heat is regularly identified as one of the lowest-cost options if not the lowest-cost option for supplying heat to heat networks here and in various parts of the world, but it is not properly taken advantage of in Scottish or UK heat networks.

One of the paragraphs in the planning framework refers to co-locating potential future waste heat sources near to heat demand to ensure that waste heat sources can be used to run heat networks and supply low-carbon heat to properties. There are a couple of things to consider there in relation to future developments. The largest waste heat source in Scotland is waste water treatment plants, but for various reasons you may not want to site new waste water treatment plants near to heat demand.

The other thing to think about is the production of hydrogen, which I have been reading about recently and may result in large amounts of waste heat. That could perhaps be sited near to sources of heat demand. The production of hydrogen, perhaps for use in industry, produces a lot of waste heat and could therefore help to feed a nearby heat network. That would provide a low-cost heat source for a heat network and possibly provide a source of revenue for the hydrogen production. There are various regional considerations in relation to where hydrogen production may take place, and there is the potential for waste heat that could help provide synergies for low-carbon heat networks.

Elizabeth Leighton: I will come in on the previous point about heating and cooling and the technologies that were addressed. I draw your attention to the fact that the Government plans to introduce regulations not only for new builds but for existing properties to transition to zero-emissions heat. That is yet another reason why it is important that individual technologies and the full range of technologies are not neglected in

policy 11 on heating and cooling, policy 19 on green energy, or policy 28 on historic assets and places. That is another example of the alignment that needs to be made with strategy.

Morag Watson: I will throw some light on how heat is being treated in planning and what we are looking for. We are looking to other Government documents—*[Inaudible.]*—to do that strategic thinking about what technologies should be used where for decarbonisation. We are looking for the NPF4 to provide an enabling policy framework for gaining consent for whichever projects are in the most appropriate spot.

The reason that we are seeing a lot on heat networks in the NPF4 is that they are a relatively new development in Scotland, and we are aware that many planning authorities have not dealt with applications around them. We want the NPF4 to create that guidance and framework for a planning decision maker when an application comes forward, but we are not looking for the NPF4 to attempt to provide any strategic guidance on what the most appropriate technology is. We are hearing those two things being conflated in policy discussions.

We expect building regulations to deal with what heating should be used in a new property and we expect permitted development rights to enable what needs to be retrofitted to an existing property, and, in relation to bringing forward a large new scheme that would need planning consent, we would expect the NPF4 to be a framework that would enable that to happen. We expect the Government's overall heat strategy to analyse what the most cost-effective net zero-responsive way is to decarbonise our heat demand. However, as I said, we are seeing those two elements that I mentioned beginning to be conflated, which is not helpful.

12:00

Natalie Don: My first question is quite general and is for Kirstanne Land and Dr Kerr. The national spatial strategy focuses on different areas in Scotland. What impact will the strategy have on energy production and consumption? Will it support a radical reduction in greenhouse gas emissions? What are the key barriers to delivering the six principles of the strategy? How can promoting and supporting active travel and decentralising energy networks be delivered justly?

Kirstanne Land: We support the spatial strategy, particularly the inclusion of the transmission network on the spatial strategy map. The map includes the progression of future remote island links, which we think will be important.

It is important to note that the projects that are shown on the map do not include all of the strategic transmission investments that will be necessary to support Scotland's net zero ambitions, such as reinforcements to the grid network in Argyll and Skye, the east coast high-voltage direct current link and many others. That will change as we make the journey to net zero and need other reinforcements in the network. It is important that there is flexibility.

The priorities that are listed in the spatial strategy are probably the right ones. We are fully supportive of the overarching objectives of NPF4. We think that those are the right things to focus on. We have concerns about the detail of some specific policies, because they do not align with the messaging that is found in the spatial strategy and in the action areas of the document.

Dr Kerr: I am not familiar with the principles of the spatial strategy, so I will focus on the idea of a just transition and on something that has been mentioned occasionally, but perhaps not properly, in the meeting so far, which is fuel poverty targets. Those targets have been recently revised, with a new definition and a new target date for achievement. Scotland and the rest of the UK have had fuel poverty targets for more than 20 years, but policies have not had much impact. The definition has been revised, which affects how fuel poverty is recorded and reported.

About a quarter of the Scottish population is considered to be in some form of fuel poverty. Addressing that while at the same time moving to low-carbon heating makes a significant challenge even more challenging. It is important to recognise the scale of the challenge, because that will help to focus minds on the most effective means of achieving affordable, low-carbon energy. The fuel poverty targets sit alongside the low-carbon targets and achieving both will be incredibly difficult. The scale of that challenge should focus minds to think in radical ways about how heat and energy are paid for and about how the system is run. It might require radical thinking to achieve both targets simultaneously.

Natalie Don: My next questions are for Elizabeth Leighton and Morag Watson. Please also pick up on any of my previous points if you would like to.

Do you feel that the priorities that are set out for each of the five areas in the spatial strategy are appropriate, given that all the spatial principles that we have touched on already also apply to those regions? Is there a lack of clarity for the public and private sectors and communities? If so, how should that be overcome?

Elizabeth Leighton: We have majored on the clarity issue quite strongly, because we think that,

in addition to the framework, there is a lot that the Government can do to show leadership and provide clarity and certainty, not just for the planning system but for investors, as you said.

There is a need to align the spatial strategy and the national developments that are in the framework with infrastructure investment plans and future Scottish budgets to show that there is a genuine plan and commitment to taking those forward and working with the private sector to do so. Some of the national developments that were in previous national planning frameworks did not happen; indeed, some have been carried forward to the NPF4. That alignment is important to provide clarity and to bring in private investment.

Morag Watson: I will pick up on Natalie Don's question about ambiguity. We have no concerns per se about what is in the spatial strategy but, when you look across the sections of the NPF4, you see that they are quite inconsistent. Some mention renewable energy and some do not. As Kirstanne Land said, some major infrastructure projects are not there. When you compare the sections in the NPF4, it is not clear how they relate to one another. It is not clear how someone who makes decisions in the planning system should take what is in those sections into their decision making.

That takes me on to another overarching concern that we have about the NPF4. There are many important priorities in there, as has been mentioned. There is the need to tackle poverty, the need for decent homes, the need for a just transition, the need to protect the environment and the need to address climate change, among many others. However, there is no hierarchy anywhere in the document to give guidance on how to balance those things.

We want all those priorities to be delivered, but we want them to be mutually reinforcing so that we have a joined-up and coherent approach. However, at the moment, there is nothing to join them up and create that coherence. Therefore, we are in danger of all our important priorities competing with and beginning to undermine one another rather than having a mutually reinforcing approach that delivers the Scotland that we all want.

We want a Scotland that is low carbon and has thriving nature, and one where our communities thrive, we have community wealth and a just transition and people no longer live in fuel poverty. However, we do not see how that all comes together in a coherent way from what is currently in the NPF4. We think that it can do that, but the potential has not been realised.

Natalie Don: Thanks, both—that is useful to know.

Monica Lennon: Good morning. Eighteen national developments are proposed, including key developments for the energy sector. The written submission from Scottish Renewables makes the point, which Elizabeth Leighton has just touched on, that several of the national developments from NPF3 have been carried forward to NPF4. Scottish Renewables told the committee:

“designation as a national development provides negligible benefits within the planning system.”

The submission cites the fact that projects from NPF3 were carried over as further evidence that national development designation

“does not work as a planning mechanism.”

I ask Morag Watson to elaborate on that. What are the key barriers to national developments being realised?

Morag Watson: There is a developing theme on that. National designation is very welcome and reinforces the importance of those developments, but that does not follow through into the planning system when it comes to how applications are treated in the planning balance. It is not clear how a decision maker should treat a designated national development that comes before them and whether they should treat it differently from any other consenting application. That is the underlying problem.

Things are put into a category, but what that category means is not clear. As you said, projects that were designated as national developments in national planning framework 3 still have not been given consent and developed. You would think that being a national development would confer some kind of advantage in the planning process, but case evidence shows that it does not do so.

We would like that to be addressed in NPF4. If such developments are of national importance to us, we should have a process by which they are treated as nationally important. That should weigh in the planning balance, somehow. How that should happen and how much weight should be afforded to such developments is open to debate, but some weight should certainly be attached to them, which does not currently appear to be the case.

Monica Lennon: Thank you. Elizabeth Leighton, I mentioned you, so let me turn to you next.

Elizabeth Leighton: The national developments are not in the programme for government or the infrastructure investment plan—with a few exceptions, such as digital fibre. That makes us wonder how they will happen and what confidence the planning system can have in

their significance, when it comes to addressing the concerns that Morag Watson raised.

It is important to see the national planning framework in the context of wider Government decisions in the budget or in the forthcoming national transformation strategy, which is particularly significant in this context. Does everything add up to promote the same picture in order to give confidence not just to planners but to investors?

Monica Lennon: I will stick with that theme and seek your view on it, Dr Kerr. Will you also say how important the national developments are to energy production and consumption when it comes to radically reducing greenhouse gas emissions, as we hope to do?

Dr Kerr: I am not aware of the weighting issue, but Morag Watson’s points seem very sensible. If projects that were designated as national developments in 2013 are not yet in development, that suggests that serious consideration needs to be given to the weight that designation carries, but I am not an expert on the matter.

Monica Lennon: Thank you. What are your thoughts on that, Kirstanne Land?

Kirstanne Land: I support the feedback that other witnesses have given so far. SSEN Transmission obviously very much welcomes the inclusion of transmission infrastructure as a national development in NPF4, because that gives added strength or weighting to a type of development that will be fundamental in supporting delivery of net zero.

That brings me back to the policies in NPF4, some of which are drafted in such a way as to create blockers to national developments going ahead. We can see potential for inconsistency between policies, and some policies do not set out in detail what they want to deliver, which makes it difficult to make consistent decisions.

I talked about the policy on trees, woodland and forestry, which, as currently drafted, could be a huge blocker for transmission infrastructure as a national development. If we have to remove trees, which we try not to do if we do not have to, we always look to replace them. We are supportive of the desire to limit any impact on forestry and woodland.

12:15

However, there is no flexibility in the wording of the policy at the moment. It is not always possible for us to develop in an area without woodland, because there tends to be woodland cover in our operational areas due to the nature of where we develop our projects in the north of Scotland.

The lack of flexibility in some of the policies is already creating a blocker to the development of national development projects. In the woodland policy in particular, an exception should be made for essential infrastructure when there is a locational need and no other options or sites are suitable. There is no recognition of that in NPF4, and it would be helpful to have that in the context of delivering net zero and national developments in future.

Monica Lennon: I will aim my final question at Morag Watson, who said that we need to start front loading when thinking about how planning decisions are made and how the public engage with that. Will you elaborate on what the missing link is with that? From my understanding, we have been talking about front loading in planning for a long time. Are resources missing, or is it something else?

Morag Watson: One of the key things that we are hearing, particularly from statutory stakeholders, is that there is a capacity issue and that they do not have enough time. It ends up being a catch-22 situation. In planning, there has always been a pre-consultation phase, in which it would be normal for our developer members to test and hear thoughts on ideas with their statutory consultees and their communities. Based on the feedback that developers get, they redesign their schemes so that they address people's concerns before even going into planning.

When we are constrained and there is a requirement for statutory consultees to respond to planning applications but not to pre-consultations, they will put an emphasis on responding to planning applications, because they have to meet their obligations. The catch-22 then comes in, as the planning applications are not quite what they would have wanted had they been able to engage in the pre-consultation stage. Had they been able to engage at that stage, the applications would probably have been a lot closer to what they wanted.

However, because that engagement does not happen, we have to go back through the process. The application has to be revised and resubmitted, and everyone has to look at it again. If there are more comments from other statutory consultees, another set of adjustments need to be made, and the process goes round again. We end up in a loop and go over the same ground again and again as we make adjustments to meet everybody's needs. That could be prevented, but capacity is strained, which creates a bottleneck later on. As I said, we find ourselves in a catch-22 situation.

Monica Lennon: That is helpful. The principles of national developments, given their status, do not need to be agreed in the later consenting

process, but they still have to have relevant statutory consent. On paper, it looks as though it should be a quicker process, but there might be other reasons why some projects are not getting off the ground.

I am conscious of time, so I will hand back to the convener.

The Convener: Thank you.

Jackie Dunbar: I will go back to an earlier question about the Scottish Government's offshore wind policy statement, so that I can get more clarity. Some witnesses agreed that changes need to be made to align NPF4 with the OWPS, but they did not say what those changes should be. I would like to dig down into that a little more. I cannot remember who said that changes need to be made, but I ask Morag Watson for her comments first.

Morag Watson: As we move towards net zero, our offshore wind industry will become the backbone of our energy generation infrastructure. That energy will all have to come onshore, and there will be operations and maintenance centres and so on. The strategies and the spatial area plans that are in NPF4 often do not include the huge amount of offshore development that will happen adjacent to those areas.

As Kirstanne Land said, grid infrastructure will be important as we bring all the electricity that is generated, particularly in the northern North Sea, into the east coast. We will need grid infrastructure that can transport that electricity to where it is needed. Again, we are not seeing joined-up thinking about what we will need to consider as we move towards 2045.

Jackie Dunbar: This might be an unfair question, but how do you see that developing? What is needed for that to happen?

Morag Watson: In terms of the practicalities, we need to get that written into NPF4 and simply included in the policy. That is the first step, so that everybody, including the planners, is aware that that is happening and that it will develop over time.

As we have said in many places, there needs to be guidance on how such matters should be treated in the planning balance. Offshore generation capacity will be key to Scotland's low-carbon energy generation in the future. It is also key to our just transition, as we transition from a fossil fuel-based energy system, on which much of our economy depends, into one that uses renewables.

That will be very new for our planning decision makers; they will often not have come across it before. They will be looking for NPF4 to provide them with guidance on how they should be thinking about such matters, what kind of

decisions they are expected to make, and how they should weigh those decisions against other considerations in the planning balance. That is what is missing.

Jackie Dunbar: Thank you. Does Kirstanne Land have anything to add?

Kirstanne Land: I agree with everything that Morag Watson has said. Our company is responsible for connecting the projects. ScotWind will be a huge focus for our business, and co-ordination is particularly important not only to connect the projects in the most efficient way but to reduce the impact on communities wherever possible. I think that what Morag Watson said is right.

Jackie Dunbar: Do we need some regional frameworks, or should it all be national? Some regions might have different needs from others.

Kirstanne Land: NPF4 touches on that point. The document seems to have split up different regions with different priorities. From looking at the detail in NPF4, we do not have any huge concerns about what is proposed. However, certain generic priorities are featured in some areas but not in others—for example, biodiversity is referenced only in a couple of the action areas; it is not in all of them.

Transmission infrastructure is also not referenced across all areas. I think that there is reference to it only in relation to the islands, which makes sense, as that is a key focus in improving resilience and supporting their journey to net zero. However, we think that the transmission network should be recognised across all the action areas in Scotland, because it will play such a key role in the transition to net zero, and I do not think that that is recognised at the moment.

Jackie Dunbar: Thank you.

Mark Ruskell: I will just follow on from that—I will turn to Kirstanne Land first. In previous iterations of the NPF, we have had specific transmission projects such as the Beaully to Denny project being cited as national developments. It seems that NPF4 is a bit light on detail regarding specific infrastructure projects that are needed and where they are going to be. I am thinking about 25GW from ScotWind, 10GW from onshore wind and maybe 6GW—I do not know—from solar. As a transmission business, is SSEN Transmission looking at the plan and thinking, “There are five bits of major chunky transmission infrastructure that need to be written into it,” or is the wording and detail currently enough?

Kirstanne Land: It is important that the wording remains quite flexible. As you said, a lot of investment in the transmission network is required, and we currently have priority projects that we, as

a business, are keen to take forward. For example, the east coast HVDC link will be crucial to deliver ScotWind projects; we are also looking to take forward investments in Argyll and Skye, as well as connection of the islands, which Western Isles and Orkney are keen for us to do.

As further investments and projects are needed in order to meet renewables targets, we might find that more projects come on board that we need to progress. NPF4 does not currently refer to named projects, but those projects—not just projects for transmission, which are key, but others—are drawn on the map. In addition, there are equally important projects that are not included in NPF4. It is right that we keep that flexibility because it gives us the ability to progress other investments that need to happen. If NPF4 simply listed key projects, that could be problematic for future investment.

Mark Ruskell: Is there potential for conflict, and a potential limit on capacity for transmission? We may have projects competing against each other, with onshore versus offshore versus solar. Is that a realistic prospect, or does NPF4 allow everything to be built out?

Kirstanne Land: It depends, project by project. We rely hugely on the planning process in order to take forward our projects and ensure that they are delivered in a timely way, and that is one of the factors that we look at in delivering them. As long as NPF4 supports the delivery of transmission infrastructure, making a couple of tweaks by rewording some of the specific policies in there, in particular on the biodiversity and woodland policy side, would make a huge difference in removing some of the blockers. That can be delivered if NPF4 is tweaked a little bit.

Morag Watson: Scottish Renewables has been calling for NPF4 to have a much stronger relationship with other Scottish Government policies, in particular around energy and net zero. We expect NPF4 to govern planning for 10 years, and we know that, during that time, there will be a lot of dynamic change. As new information comes from the United Kingdom Climate Change Committee and from advice and research, the way in which we move towards net zero will have to evolve and change. One of our key concerns is that, if we start, as Kirstanne Land said, to put specific things in NPF4, we might realise, as more data comes forward, that those things need to evolve and change. NPF4 needs to be flexible enough to accommodate such change as we move forward.

It is very helpful that the Scottish Government is starting to set targets. For example, it is consulting on a target for onshore wind, and it is starting to look at a strategy for solar energy in Scotland, which we hope will include a target. That gives our

planning decision makers an understanding of the scale of what it is that needs to happen. Likewise, it gives us an opportunity to monitor how we are progressing towards those targets and whether planning is an enabler or a blocker. If it proves to be a blocker, that gives us the opportunity to evolve our policies and advice and ensure that it no longer acts in that way.

As Kirstanne Land said, SSEN, as a business, has a clear plan for what infrastructure is needed. Through the ScotWind process, for example, we know what the future pipeline looks like, and we will know what the pipeline looks like for onshore wind. We need to be able to support and facilitate those things, rather than having planning become a blocker to them.

12:30

Mark Ruskell: In its submission, Scottish Renewables said that visual impact is the main reason why renewables applications are turned down. What changes to how projects are assessed is the industry looking for? Who is responsible for that—is it NatureScot? You briefly mentioned wild land. Are you looking for a change to how landscape is assessed? The major point of contention—if there is one, as the public strongly support onshore wind—seems to be visual impact; that is the main reason why projects are turned down or why it takes a long time for them to get through the planning process. What changes are you looking for?

Morag Watson: You ask a really interesting question. When we look at why planning applications—particularly for onshore wind—have been turned down, we see that visual impact is the reason in the vast majority of cases. As the industry body, Scottish Renewables has commissioned independent research, as has the UK Government. Such research has consistently found that public support for onshore renewables and particularly for onshore wind sits at about 70 to 80 per cent. When we survey people who live within 5 miles of a wind farm, we find very high levels of public support—people do not seem to be concerned about how wind farms look.

A recent report from Biggar Economics looked at whether the presence of wind farms impacts on tourism, because we know that that is a big concern in relation to how they look. The report found no relationship between wind farms and tourism, and it found that tourism levels had gone up in areas with more wind farms.

Visual impact has a disproportionate weight in the planning balance, which brings me back to the first point that I made. NPF4 contains no guidance on how we should consider climate change and the climate emergency in the planning balance.

We know that we need more onshore renewables to hit our targets and we know that we will need to consent projects, but if we keep refusing wind farms because a minority of people object to how they look, we will never reach our targets.

The Scottish Government says in NPF4 that we must radically change the planning balance, which we all agree needs to happen. The Government has set all the right priorities for rebalancing the system, but I return to the original point that there is no guidance on how that should happen and how a planning decision maker should do that. Such guidance is essential to stop the disproportionate skewing of the planning balance in decisions.

Mark Ruskell: Is addressing the materiality of climate change vis-à-vis landscape the primary way of rebalancing decision making? Do other aspects apply? Community economic benefit has been proposed in the past as a material consideration in planning.

Morag Watson: Material considerations in planning are interesting and come up a lot. To explain that for people who are less familiar with the legal aspects of decision making, material considerations are a group of things that are placed in the decision-making basket and are balanced against one another. That has been a prudent approach in our planning system to date but, as Elizabeth Leighton said, now that we are in the climate emergency, our thinking needs to move to an emergency stance.

Climate change is not equal with all other considerations; it is a serious threat to us as a nation and more widely. We were one of the first nations on earth to declare the climate emergency, which we are taking seriously. That needs to be reflected in our planning decisions; we cannot treat climate change as just the same as all other considerations, any more than we can do so with the biodiversity emergency.

As the Scottish Government has said, such matters need to be the prime considerations in decision making, but we need guidance on what that means. We need to start consenting things that will move us towards net zero. There is also a question mark over whether we should cease to consent things that would increase our emissions. Guidance on decision making and on the balance is needed for that.

Mark Ruskell: I have another couple of brief questions. One question is to wrap up this subject, so I will stay with Morag Watson and then invite others to speak if they want to add anything. Earlier, you mentioned some of the constraints in local planning in relation to capacity and resources. Is there also an issue in respect of the Government processes for section 36 and section

37 planning consents, or is it just a problem for local authorities and their role as the planning authority for smaller developments that do not meet the threshold?

Morag Watson: We have seen a big issue with timescales in the section 36 process. Although there is guidance on how long the public local inquiry should take, there is no guidance on how long the reporter should take to write up the report once the inquiry has taken place, and we have no timescales for how long the minister or cabinet secretary should take to make a decision on the basis of the report from the reporters. During the pandemic, we saw that decision-making process following a public local inquiry stretch from nine months to 27 months.

At the moment, the timeframe for making a decision around planning from the first conception of a project to consenting is seven years. We have eight years to hit our onshore wind targets. The two do not go together.

In England, there is a three-month timeframe for the reporter to write their report and then a three-month timeframe for the minister or cabinet secretary to make their decision. It would be exceptionally helpful if those kinds of timeframes were established in Scotland.

Mark Ruskell: I cannot see how any project is investable if it takes seven years to get a decision.

Does Niall Kerr or Elizabeth Leighton have anything to add to that? I know that it is not in your direct expertise.

Elizabeth Leighton: I have two points. The first is on the balancing language. I pulled out a couple of points from the text of NPF4, which talks about what should not be supported and about ensuring the

“level of emissions is the minimum that can be achieved for the development to be viable and it is also demonstrated that the proposed development is in the long-term public interest.”

One might question how something that will increase our emissions or not support our transition to net zero can be in the long-term public interest. That is an example of the type of language that is not as helpful as it should be in giving a strong push on the significant weight that should be given to the climate emergency. That is just one example.

I want to give another example, which is about the leadership issue and giving more confidence to the planning system. We have called for the Scottish Government to make a statement that it will call in major developments where it believes that the climate impacts have not been properly considered. That would relate to emissions reduction as well as adapting to climate impacts.

We think that that would send a strong message to planners that, if they are making decisions that they think are risky in the way we think of planning now, they will be backed up and that, if they do not make those decisions and it is business as usual, they will be called out. That is an important leadership role for the Government.

Mark Ruskell: Thank you. Niall, do you want to add to that?

Dr Kerr: I have no specific points to make on those issues.

The Convener: Dr Kerr, I have a final, brief question for you. The Scottish Government is creating the public energy agency to help to implement the heat in buildings strategy. However, it will be only a virtual agency, with no additional budget or resource, and it will not be up and running until 2024. Is that enough resource and support to meet the 2030 heat in buildings targets?

Dr Kerr: A point that was made about that earlier was that things are on-going that do not rely on the national public energy agency. There are Scottish incentive schemes and regulations coming in and they will not rely on that public energy agency.

However, bearing in mind what I was saying about the challenge of low-carbon and fuel poverty targets, I think that it is important for people to be aware of the scale of that challenge. Given that, it might be more critical for a co-ordinating body—whether that takes the form of the public energy agency or something else—to be prioritised and brought in quicker. It is important to think about the role that such a body might have—the Scottish Government is doing that at the moment. Considering the scale of the challenge, it is fair to say that, if the body is to play a critical role, it should be established as soon as possible.

The Convener: Thank you very much. That brings us to the end of our questions. I thank the witnesses for joining us this morning and giving us their time. Enjoy the rest of your day.

Next week, the committee will have one more evidence session on NPF4, looking at transport, the environment and the circular economy. We will share our findings with the lead committee towards the end of the month.

Subordinate Legislation

Greenhouse Gas Emissions Trading Scheme (Amendment) Order 2021

12:40

The Convener: Our final public agenda item today is consideration of one negative instrument: the Greenhouse Gas Emissions Trading Scheme (Amendment) Order 2021. Like the affirmative instrument that we considered earlier, this is a joint instrument between the four United Kingdom Administrations. It amends the UK-wide emissions trading scheme that was established by the Greenhouse Gas Emissions Trading Scheme Order 2020. The instrument was laid under the negative procedure, which means that its provisions will come into force unless the Parliament agrees to a motion to annul it. No such motion to annul has been laid.

I refer members to paper 6 from the clerk. I put on record that paragraph 10 requires a correction. The Delegated Powers and Law Reform Committee considered the instrument on 18 January and determined that it should formally draw the Parliament's attention to the order on the ground of a defect in the drafting. However, it welcomed an assurance that the Scottish Government was working with the other Administrations to correct that.

As members do not have any comments on the instrument, I invite the committee to agree that it does not wish to make any further recommendations. Are we agreed?

Members *indicated agreement.*

12:42

Meeting continued in private until 12:59.

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