



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Public Audit Committee

**Thursday 7 September 2023**

**Session 6**



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**PUBLIC AUDIT COMMITTEE**

**21<sup>st</sup> Meeting 2023, Session 6**

**CONVENER**

\*Richard Leonard (Central Scotland) (Lab)

**DEPUTY CONVENER**

\*Sharon Dowey (South Scotland) (Con)

**COMMITTEE MEMBERS**

\*Colin Beattie (Midlothian North and Musselburgh) (SNP)

\*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

Graham Simpson (Central Scotland) (Con)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Kersti Berge (Scottish Government)

Roy Brannen (Scottish Government)

Craig Hoy (South Scotland) (Con) (Committee Substitute)

Phil Raines (Scottish Government)

**CLERK TO THE COMMITTEE**

Lynn Russell

**LOCATION**

The James Clerk Maxwell Room (CR4)



## Scottish Parliament Public Audit Committee

*Thursday 7 September 2023*

*[The Convener opened the meeting at 09:00]*

### Interests

**The Convener (Richard Leonard):** Good morning. I welcome everyone to the 21st meeting in 2023 of the Public Audit Committee.

The first item on our agenda is a declaration of interests. I invite Graham Simpson, who joins the committee in place of Craig Hoy, to declare any relevant interests.

**Graham Simpson (Central Scotland) (Con):** I have no relevant interest to declare.

**The Convener:** Thank you very much indeed. I take the opportunity to place on record my thanks to Craig Hoy for the contribution that he made to the work of the committee over the past two years.

## Decision on Taking Business in Private

09:00

**The Convener:** Under item 2, members of the committee are invited to agree whether or not to take business in private. Do members agree to take items 4, 5 and 6 in private?

**Members** *indicated agreement.*

## Section 23 Report: “How the Scottish Government is set up to deliver climate change goals”

09:01

**The Convener:** The principal item on our agenda is consideration of the Audit Scotland report “How the Scottish Government is set up to deliver climate change goals: Governance and risk management arrangements for net zero targets and adaptation outcomes”—I might just use the shorter title for the remainder of the meeting.

We are pleased to welcome three witnesses from the Scottish Government to give us evidence on the report. Alongside Roy Brannen, who is the director general net zero, is Kersti Berge, who is the director of energy and climate change. They are joined by Phil Raines, who is the deputy director for domestic climate change.

We have a number of questions to ask but, before we get to them, I ask you to make a short opening statement, Mr Brannen.

**Roy Brannen (Scottish Government):** Good morning. Thanks for the opportunity to speak with the committee on the report prepared by Audit Scotland. As you said, I am joined by my colleagues Kersti Berge, director of energy and climate change, and Phil Raines, deputy director for domestic climate change, who have the day-to-day responsibility for climate change oversight activity.

The twin challenges of climate change and biodiversity loss require not only active and determined leadership but all the experience and focus that the public sector can bring to governance, planning and delivery. That challenge has a threefold element in Scotland. It covers mitigation, which involves reducing carbon emissions in line with the targets; the just transition, which is about ensuring that we pursue climate change policies that minimise impacts on the most vulnerable but maximises the benefits of the transition; and adaptation, which is about helping Scotland to adapt to the locked-in impacts of climate change.

The report by Audit Scotland clearly sets out the journey that we have been taking to develop governance and risk management that are right for a programme of work that continues to evolve. The report noted how we have made significant improvements in our programme approach over the years and rightly noted the ways in which we can further improve.

We welcome those recommendations and have committed to implementing them as soon as possible. Indeed, as I hope that our discussion will

demonstrate, we have taken important strides already. We have built on the existing governance of the climate change programme and are developing streamlined, more clearly presented sets of roles, responsibilities and relationships at all levels throughout it. We have matured the approach to risk with clear processes on risk identification, escalation, action and monitoring. We have also put in place a new programming secretariat to drive forward those improvements.

As always, we are happy to attempt to answer any questions that you have on aspects of the governance and risk activity from the Audit Scotland report. If we cannot, we are happy to follow up in writing.

**The Convener:** Thank you very much indeed, Mr Brannen. That sets out some helpful parameters that will guide us in asking our questions.

I ask the deputy convener, Sharon Dowey, to get us under way with some opening questions.

**Sharon Dowey (South Scotland) (Con):** What impact, if any, has the joint budget review on matters related to climate change had on the Scottish Government’s governance and risk management arrangements for meeting its net zero targets and adaptation outcomes?

**Roy Brannen:** I will start, and then I will bring in Kersti Berge.

The joint budget review settled on three things that we would do differently at the end of the process. The first was that we would strengthen how climate change is recognised in the budget. That was evident from the text that was included in the budget for 2023-24.

The second thing that we would do was look at an improved taxonomy for future budgets. That involves working across the piece to identify what every budget line will contribute to emissions reductions.

The third area—this is still in development but we will undertake a pilot at the tail end of this year—was to develop a policy assessment process. The committee might have heard from Alison Irvine, the interim chief executive of Transport Scotland, in its session on major infrastructure projects that Transport Scotland has already introduced a policy check on climate change impact as part of its process. We will seek to develop that further so that, in future years, every policy will go through a similar framework.

**Kersti Berge (Scottish Government):** I have one point to add, and then I will bring in Phil Raines.

You will be aware that, so far, our carbon assessment of the budget has focused on the

capital budget. We are looking to introduce a carbon assessment of the revenue budget as well, so that the carbon assessment process covers all of the budget.

Roy Brannen referred to the pilot. As we mentioned in the committee's session on infrastructure, working out how to do a carbon assessment of policies is an issue that Governments across the world are looking at. We are seeking to improve how we do that on an on-going basis, and how we provide assurance in that regard throughout the different levels of the Scottish Government.

**Phil Raines (Scottish Government):** This is about embedding the priority that is placed on climate change that is apparent in the policy prospectus and this week's programme for government in the way that decisions about budgets get made through the governance chain, so that the information is there, is apparent and is available for Parliament to consider as part of the decisions that it makes. The purpose is to ensure that when decisions about budgets are taken—the internal decisions that ministers take about what they might wish to propose to Parliament, as well as the decisions that are taken when Parliament undertakes its own consideration of such matters—that information is available in a format that makes sense.

Those three things are there in the report and in the Fraser of Allander Institute's report that underpins it. It is a case of embedding that within the governance structure that exists in the budget process right the way through to Parliament.

**Sharon Dowey:** The report talks about the director generals embedding

"climate change considerations into their financial and policy decision-making processes."

Obviously, the DG for net zero has to work with all the other DGs to ensure that climate change is considered in the activities that they lead on. Mr Brannen, can you tell us about the work that you are undertaking, as the portfolio accountable officer, to ensure that climate change is considered in each of the Government directorates by the other portfolio accountable officers?

**Roy Brannen:** Yes. There is quite a bit of overlap here. As one of eight DGs, I sit on the executive team. That means that there is that kind of scrutiny and cross-collaboration on, for example, the DG economy work on the national strategy for economic transformation. There is quite a bit of connection and overlap when it comes to identifying how different policies are taken forward in relation to climate change. For example, the director of spending from the exchequer sits on the global climate emergency board. We also have all the directors of all the

sectors on that board, as well as directors from DG economy. Therefore, there is quite a bit of insight on and scrutiny of the activity that is being undertaken on climate change work.

When it comes to the budget, the budget is, by necessity, developed by us, as a group of directorates, with ministers, collectively with the executive team and then with the Cabinet. Climate change will feature as part of that process.

**Sharon Dowey:** At what point do the DGs have involvement in announcements? The First Minister's programme for government was announced on Tuesday. What involvement do you have in such announcements? I was looking at what the programme for government says about housing, which has a huge carbon footprint. Therefore, there is an announcement for an investment of £750 million to support the delivery of affordable homes. There is also £25 million to provide homes for key workers, and we are investing £60 million to acquire empty properties for use as affordable homes.

I do not know whether the £25 million and the £60 million are included in the figure of £750 million, but, before those announcements are made, do you have involvement in what the carbon footprint would be? Do all the directors general get together to discuss that and are there minutes of all the meetings?

**Roy Brannen:** We are venturing outwith the matter of the governance and risks of climate change to a more general question of how Government operates, but I am happy to try to answer that. DGs and their directorates provide policy advice to ministers in developing those elements of policy that ministers want to take forward, and the PFG is the culmination of that.

**Sharon Dowey:** I have more governance questions, but I will come back in with those later.

**The Convener:** Mr Brannen, you mentioned taxonomy, which is the classification of spending into categories of high, medium and low carbon impact and so on, is it not? Mr Raines, you mentioned the Fraser of Allander Institute. In some of its commentary, the Fraser of Allander Institute is quite critical of your taxonomy. It says:

"These classifications are very broad. For example, all health spending is classified as neutral spending, regardless of the underlying activity. This risks misclassifying high-emission activities as beneficial, or carbon-reduction activities as harmful. It is not known what emissions impact a spend classified as 'high', 'low', or 'neutral' emissions actually has."

That is a fairly fundamental criticism of the model that you are using. It says:

"Both the high-level carbon assessment and taxonomy carbon assessment of the capital budget methodologies

are, in our view, unable to provide an adequate level of scrutiny and transparency.”

How do you respond to that?

**Roy Brannen:** That is why we undertook the joint budget review, and in collaboration with climate change colleagues, Scottish exchequer colleagues are taking forward the work to develop that methodology and to mature it so that it covers both resource and capital.

**The Convener:** When can we expect to see that methodology?

**Roy Brannen:** We will see it for the upcoming budget.

**The Convener:** I have more questions on areas that relate to that, but I will turn first to Colin Beattie, who has some questions to put to you.

**Colin Beattie (Midlothian North and Musselburgh) (SNP):** I have some specific questions, but I would like to ask a more general question to begin. A lot of the work that the Scottish Government has done with regard to climate change is fairly well developed. A huge amount is being done on that side of the balance sheet. The other side is how you are going to afford this. Where is the money coming from? In another committee meeting, one of the witnesses referred to a wall of private finance, because clearly the Government does not have all the money that is needed to effect that. That wall of private finance must be tapped into. It must be shown that there are viable projects that will give a good return on investment. How are we tapping into that and communicating with that wall? Are we doing it through the United Kingdom Government or directly? How are we going to be competitive, particularly against the rest of the developed world, which will be looking for that same money?

**Roy Brannen:** Those are the strands of activity that DG net zero and DG economy are working on—in effect, investable propositions. I will use some of the examples in transport, because they are more recent. We managed to secure a good level of private investment in the transformation of the bus fleet to a low-carbon fleet through pump priming with Scottish Government money. A similar piece of work is now under way on electric vehicle charging points. Going forward, we need to see public money being used much more in that frame. Gregor Irwin, the director general of economy, has clear bits of work under way to identify the markets that are available and looking for a home to invest in. The challenge that we face—hydrogen is a good example—where we think that we have a good marketable proposition is to present those two things together.

I will go back to the budget: the budget for 2023-24 is the largest on record for spending on climate

change—£2.2 billion—but that is still short of what will be required to transform a country of Scotland’s size at society level. That is well recognised.

Mr Beattie is right that the key thing is to make marketable propositions and have the right engagement with investors and to match those two up so that—I hope—we can start to produce a clear pathway for some of the interventions that will require much more than public funding.

Kersti Berge might want to say more on investment.

09:15

**Kersti Berge:** It is critical that we lever in private finance, which we do in a range of ways. For example, the Scottish National Investment Bank has an important role to play. In practice, there is a role for public sector money in relation to projects and investments that are not commercially viable on their own, as Roy Brannen said. The role that it plays is to send a signal that the Government is serious about the sector and that it will do what it can with its levers to ensure that it develops—for example, in relation to hydrogen. That can help to leverage in private sector money.

The Scottish National Investment Bank is one example of that; the work that Scottish Enterprise and the other enterprise agencies do to support investments is another. Those investments will almost always, unless they are in the very early stages of technological development, require co-investment by the private sector. There is a range of levers in areas where we see significant new market opportunities. Roy Brannen mentioned hydrogen; there are also transport, carbon capture and storage, industrial transformation and decarbonisation of our buildings stock.

As well as the Scottish National Investment Bank and the enterprise agencies, there are—as we talked about—a number of funds in the infrastructure investment committee that we run ourselves, such as the industrial transformation fund. There is core funding from the Scottish Government, and we work with that, together with private sector investment.

**Colin Beattie:** I have seen various figures for the money that will be needed to fund the transition, and all of them are eye watering. What seems to have been done so far is relatively small, compared to those figures. We will have to tap into huge sums of money—billions and billions—over a period. There will be competition for that money from everywhere.

How well developed are our links to private finance so that we ensure that Scotland receives



its fair share of funding and can produce enough viable projects? Some projects are not necessarily profitable but nevertheless need to be done, which would imply public funding as opposed to private funding. How is that all being brought together? Is a group working on that by maintaining and developing relationships and contacts, and ensuring that there is a pipeline?

**Roy Brannen:** Yes. If I had known that we were going to cover the topic, I would have invited DG economy Gregor Irwin along, because that is exactly his remit: it is to take the challenges that I have in getting us to net zero in relation to marketable propositions, and to engage with the investment community to ask what it can do and how we can work together to make a proposition that will allow us to deliver on the journey to net zero and provide the investment that we need. That is his principal focus. His team are focused on identifying marketable and investable propositions, whether in Scotland or other areas.

One area where we know we will have to work hard is heat in buildings transformation. We have work on that under way, which falls under Kersti Berge's remit. That is a significant area. We need to transform a large number of properties over the piece in order for heat in buildings to contribute its portion on the journey towards net zero. We have to find propositions that will be acceptable to home owners and others, and which are marketable, as we start the transition in relation to energy efficiency and low-emission heating systems.

We are probably venturing quite far away from the governance and risk in the Audit Scotland report again, but I hope that that gives the committee some confidence about the work in the link-up and cross-collaboration between two DGs as part of the executive team.

**Colin Beattie:** I am sure that some of my colleagues will also have questions on that.

Let me move on to a more specific question. The Auditor General's report describes the deputy director network as

"a key climate change governance body"

and states that it has responsibilities for delivering on the policies within the climate change plan update. However, it operates informally; there are no minutes of meetings. Is there a reason why there are no minutes of meetings? How are decisions taken, recorded and communicated?

**Roy Brannen:** That is the journey that we have been on since I came into the post. The global climate emergency programme board, which was set up in 2019, was very strategic in nature. As you know, my background is in delivery, so my focus when I came in was on trying to reorientate the GCE board and the structures that support it to

focus much more on the programme—the building blocks, what we need to do, what we need to measure, and how we assure ourselves that all that is in place. The Audit Scotland report was a timely insight into how mature we had become, up to that point.

Since then, we have revised the terms of reference for the GCE board and established a new governance framework that more clearly sets out the roles of all the individuals involved in climate change delivery, including the role of the DD group, which we no longer see as being a pivotal part of the governance structure, but as support to the GCE board. I will say a bit more about why we have done that.

We have also developed the risk framework for the climate change programme to be held by the GCE board, setting aside that we had a very well-developed risk process at the DG family level, and recognising that the GCE board needs to have oversight of the climate change risks that flow through the programme.

The governance framework now includes all the different boards that flow directly up to the GCE board. We are effectively streamlining it by taking out the DD network and using it as a support mechanism only to the GCE board. The reporting mechanisms of the transport and climate change transformation board, for instance, will flow to the GCE board, and it will be for the GCE board to assure on a regular basis the activity of each of those sectors.

That is what we have done in the interim period between the report and now. I spoke to the Auditor General earlier, and I have agreed that the team will engage on those artefacts on an on-going basis as they are developed, so that Audit Scotland can continue the process of assuring that we are working through the recommendations in a timely fashion.

**Colin Beattie:** What is in people's heads in deciding to produce no minutes? There are no minutes for a key board.

**Phil Raines:** We do now produce minutes, which are provided to the programme board.

**Colin Beattie:** Was there any logic behind not producing minutes and meeting informally?

**Phil Raines:** Support was provided for the GCE programme board. However, as Roy Brannen has said, we recognised, and this has been very much strengthened by Audit Scotland's recommendations, that we needed to revisit the formality of the procedures, so we have revisited them.

Looking at governance and programme management is sometimes an exercise in what we might think of as gardening. We have been trying

to find ways to rationalise and make more sense of the governance structures, to avoid unnecessary duplication, and to formalise the processes for the bits that are still there.

**Roy Brannen:** That goes back to the journey that we have been on in establishment of the structures. When the GCE board was set up, that was a direct response to the former First Minister's climate change emergency in a very strategic space. What needs to happen? We are now past that point. With the climate change plan update, we know what needs to be delivered. The process now is to move that much more into the delivery space. That has flowed through to artefacts. For instance, very early on in my tenure, in 2020, a dashboard was being established that we could take to the executive team, in delivery mode, so that it would have sight of the building blocks across the seven sectors, and of progress on the outcomes and indicators.

We have been on a journey. The DD support network was, in effect, a mechanism to support the GCE board at that point; it did not have a formal role. With the new governance framework, I have formalised that so that we now have the boards for each sector reporting directly into the GCE board.

**Colin Beattie:** Is the Auditor General incorrect that the deputy director network is responsible for delivering on policies within the climate change plan update? Did it never have that responsibility?

**Roy Brannen:** No, that is not incorrect.

**Colin Beattie:** So it is correct.

**Roy Brannen:** It is correct.

**Colin Beattie:** So, the network has performed a key role informally.

**Roy Brannen:** The DD network would have had oversight of and strategic intervention in development of the climate change plan and the development of the sectoral changes as they were considered by the GCE board.

**Colin Beattie:** Informally.

**Roy Brannen:** Formally.

**Kersti Berge:** I happy to come in on this. Policy is delivered at all levels in the Government. We discuss it at team level, at divisional level with deputy directors and at director level. The policy gets scrutinised as you go up the chain. For example, the development of the climate change plan starts in teams, goes through units, through the deputy director network and then to the GCE board. At all levels, that policy is scrutinised. I will discuss with my deputy directors what we are doing in the sectors for which I am responsible and then the papers, which have a lot of detail, go to the GCE board, so the GCE board provides

substantive scrutiny of what comes up through the deputy director network.

That said, we agree that we should probably have been taking minutes for the network because that would increase transparency. It is another layer, on top of the papers that go up. We accept that, but as Roy Brannen says, the situation to which we are now moving is one in which the network is formally acknowledged as the working group that helps to support the analysis and papers that go to the GCE board.

**Colin Beattie:** Is it fair to say that the unsatisfactory governance that the Auditor General has highlighted no longer exists?

**Roy Brannen:** That is correct. The network will be a supporting group to the GCE board. If the GCE board wants something strategic to be developed, we will get the DD network to discuss and evolve it first. However, on the reporting on activities across the seven sectors towards net zero, you will see a streamlined approach from the sectors to the GCE board through a monitoring framework and then, in turn, from the GCE board to the Cabinet sub-committee on climate change.

**Colin Beattie:** Let us move on to another governance issue. The Auditor General made multiple references to gaps in climate governance linked to adaptation in his report and in his evidence to the committee on 18 May. What progress is the Scottish Government making on addressing gaps in governance and capacity linked to climate adaptation, ahead of producing the next climate adaptation programme?

**Roy Brannen:** Climate change adaptation is now one of the three key pillars of the climate change programme that the GCE board will oversee. They are climate change mitigation, adaptation and the just transition, as I said in my opening statement.

The Auditor General is right. It is fair to say that adaptation always lags behind the focus on mitigation, not just in Scotland but across the world.

When I came into post, I stuck adaptation on our DG risk register early on in 2022 and escalated it through the internal governance processes to the corporate risk register in order to give it more focus. We have had deep dives on adaptation at executive team level and at the Cabinet sub-committee, if I remember rightly, but we need to formalise responsibility for delivery of the changes that will be required on adaptation across all sectors. For instance, Transport Scotland recently published its approach to adaptation over the next climate change adaptation plan period.

The development of the next climate change adaptation plan—which we will start at the end of

this year for the start of 2024, as we have to do statutorily—will include working on a monitoring and evaluation framework, which is the hard bit. Nobody anywhere else has produced a robust monitoring and evaluation framework. We need to be able to identify what we will do on flooding, for instance. We could have a general statement that says that we will do everything that we possibly can to transform the country in order to safeguard ourselves with regard to flooding, but trying to get more specificity into the process—what we will do and by when—is the work of the next climate change adaptation plan.

**Colin Beattie:** I just want to put something in here. The Auditor General's report also identified key challenges in workforce capacity and capability, and said that climate change is competing with other areas for funding and staff. How are you addressing that?

09:30

**Roy Brannen:** Last year, as an executive team, with the new permanent secretary, we went through a process of looking again at our resourcing needs as a Government, linked to the priorities of Government with the budget that is available. That resulted in a brake, if you like, on workforce recruitment until we had all gone through a process of workforce planning.

Recognising that we were established as a completely new DG family in 2021, bringing different directorates together and expanding, we then, at the tail end of last year and the start of this year, undertook workforce planning as directorates. For the directorate of energy and climate change, Kersti Berge identified the staff who she would require to deliver the Government's programme with the available budget. The workforce plan was presented to the ET and ratified, and those are the numbers that we are now working to, with the period from now to 2024 as the first data point and then to the end of the parliamentary session.

As a DG family, we are due to increase slightly in size in a couple of key directorates. In DECC, we will have increased by about 100 staff since 2022-24, which recognises the programmes that we have under the heat in buildings strategy and for other activities that are key to the delivery of our climate change work. For ScotWind, we have established a whole new directorate, because that is a key tenet of our transition to energy transformation. We are one of the DG families that will grow, recognising the challenge of climate change and the need to deliver. However, over the longer term, the trend is to become more efficient and reduce our head count so that it is fit and right for the size of the organisation, the budget, the pipeline of activity and the resources that we have.

**Colin Beattie:** On that, it appears that you still have a bit of a challenge ahead of you, but let me move on, as I am conscious of time.

The Verity house agreement, which was signed recently by the Scottish Government and local government, sets out how both parties will work together to deliver shared priorities, including on climate change. What impact, if any, will the new agreement have on the Scottish Government's existing governance and risk management arrangements?

**Roy Brannen:** It is a good area to pick up on. For some time, we have been doing quite a bit of work with the seven cities alliance—now the eight cities alliance—on the transition to net zero, establishing a pathway to work together on key things such as electric vehicle infrastructure and fleet procurement. The chief executive of Aberdeen City Council helped to develop that further, beyond the cities, to the proposal that we bring in the Convention of Scottish Local Authorities, the Society of Local Authority Chief Executives and Senior Managers and local authorities more generally. We see the development of co-working on climate change delivery as being a front tenet of the new Verity house agreement. There have been early discussions with our colleagues on what a framework would look like in that space.

One of the early wins that we will take forward, which was planned to go ahead prior to Verity house, is an intelligent climate system that will gather data on a regimented basis across all 32 local authorities, so there will be consistency of approach in data source. We agreed to take that forward together. I see the Verity house agreement as a helpful way to formalise some of the activity that we had already established. We knew that we could not do this work as a national Government alone; it needs other public bodies—not just the ones that I look after but local authorities. The Verity house agreement gives us a stronger foundation on which to drive that forward at a political level. I do not know whether Kersti Berge wants to say any more on that.

**Kersti Berge:** The only thing that I would say is that we are in a fairly good place in our experience of working with local government. We have recognised for a long time that local government has a huge role to play in climate change. It is also a newish role, because it is a slightly different function. For example, we have worked really closely with local government to develop local heat and energy efficiency strategies, in which local government will set out which areas are most appropriate for the development of heat networks. We have also been working with them on transport in regard to charging infrastructure. It is an area in which we are building on strengths.

**Colin Beattie:** Again, I am conscious of the time, but let me briefly ask you about the Auditor General's report. The report talks about the Cabinet sub-committee on the climate emergency and states that the role of the Cabinet sub-committee is "unclear". What role does the Cabinet sub-committee play in the Scottish Government's governance and risk arrangements for net zero targets and adaptation outcomes?

**Roy Brannen:** The Cabinet sub-committee was set up to look at and take decisions on the aspects that come forward from the global climate emergency board on our journey to net zero. For instance, over the past year, we have taken the agricultural reform programme to the Cabinet sub-committee and have taken a steer from the sub-committee on how that will develop into the legislation going forward. We have taken forward transport and adaptation, and we are in the process of taking forward the work of the new plan. The new plan and the work that the policy teams develop goes before the Cabinet sub-committee.

**Colin Beattie:** Can you summarise in a very brief sentence what its key function is?

**Roy Brannen:** It takes decisions on the journey to net zero, which are then ratified by the full Cabinet in due course.

**Colin Beattie:** Why is that not clearer? I refer to the Auditor General's report.

**Roy Brannen:** I am sorry—I am unclear about why that is unclear. That is its role as a sub-committee of the full Scottish Cabinet.

**Phil Raines:** A paper that went before the most recent programme board set out very clearly the roles and responsibilities for every part of the governance. Where there was any lack of clarity before, we now have clear terms of reference written down and there are clear roles and responsibilities for every chain. What Roy Brannen said with regard to the Cabinet sub-committee is presented there.

**Colin Beattie:** I will leave it at that.

**Graham Simpson:** I was looking to see if I could find any minutes for the Cabinet sub-committee, but I could not find any. Do you know whether they are published?

**Roy Brannen:** I do not think that they are published.

**Graham Simpson:** Is there a reason why they are not published?

**Roy Brannen:** I do not know.

**Kersti Berge:** We absolutely take minutes from the Cabinet sub-committee—as we should. The work that comes to a Cabinet sub-committee is

policy work in development, and—we might come on to this—we have a very extensive reporting framework on climate change mitigation and adaptation. As work goes through the various levels of Government, at official level and political level, we publish things to an extent. We do not publish Cabinet minutes immediately after Cabinet meetings, and that is similarly the case with sub-committee meetings.

Just to be absolutely clear: we take very clear minutes from meetings but they are not put in the public domain because they are considered to be policy in development.

**Graham Simpson:** According to you, it is an important committee, so we, as parliamentarians, need to be able to scrutinise its work, but we cannot do that if the minutes are not published. Will you go away and reconsider that?

**Roy Brannen:** It is not for me to reconsider. That is just the mechanism of how Government and Cabinet secretariat works.

**Graham Simpson:** Who is it for?

**Roy Brannen:** We will take that away. As Kersti Berge says, the sub-committee has always been in that space where, until a formal decision is taken by Cabinet, it is policy in development. In the case of activity that goes forward to the Cabinet sub-committee just now, there is a bit of iteration back and forward, because we are developing a policy that will finally go to Cabinet for decisions to be taken on.

**Graham Simpson:** Who chairs the committee?

**Roy Brannen:** It is Ms McAllan.

**Graham Simpson:** How many members are on it?

**Roy Brannen:** From memory, I think that we have eight cabinet secretaries. It is not all the cabinet secretaries; it is the cabinet secretaries with sector responsibility. We can send you the details of the establishment of the committee and who is on the committee.

**Phil Raines:** There are relevant ministers as well, which makes it slightly different from the Cabinet.

**Graham Simpson:** Okay. I will leave it there.

**Kersti Berge:** Obviously, the Scottish Government has Cabinet sub-committees in a number of different areas, and I understand that the procedures that we follow are the same as—or, at least, very similar to—the way in which other Cabinet sub-committees operate.

**The Convener:** Can I bring this back to something that you do have control of? You mentioned in response to Colin Beattie's questions

earlier that—partly, I presume, in the light of the Audit Scotland report—you had reviewed the governance arrangements and the balance of responsibility with regard to what was there formerly. That was described during the audit as the “engine room”—Mr Raines’s committee, the deputy director network—and you said that there has now been a shift very much towards what you keep referring to as the GCE board, which I presume is the global climate emergency board, if I understand it correctly.

Two things arise from that for the committee. First, can you send us a copy of the new governance structure as it is now constituted? Secondly—and it appears to me that you would have control over this—I understood from the answer to the direct question that the implication of that change in governance structure was that you will not be publishing the minutes of the deputy director network. Will you be publishing the minutes of the GCE board?

**Roy Brannen:** No, because it falls into the same category, so it is a board—

**The Convener:** Well, it is not in the same category. I understand why the Cabinet does not produce its minutes later the same day and that there are year-long rules about when and how Cabinet minutes might be produced—I get that—but this is an operational strategic body that might, in Mr Simpson’s words, be accountable to us as parliamentarians for the decisions that it is taking. I think that there is quite a distinction between a Cabinet—and a Cabinet sub-committee—and this GCE board.

**Roy Brannen:** We are probably not going to agree on this. The development of policy goes through the global climate emergency board and then heads up to the Cabinet sub-committee, with a decision taken on the policy and whether it should come back for further development. It is like any other mechanism of Government, with meetings of organisations and boards held in that development space.

What is a very transparent space is the monitoring of the impact of the outcomes of the organisation’s work. We publish annually—it was in May this year—a 310-page report on each sector and its progress towards delivering the outcomes and indicators in the climate change plan update. That is the public-facing element of how Government is undertaking its business and progressing on climate change. Moreover—and again annually—we are subject to the impacts of the review of the climate change targets and our climate change committee report on the progress made in that respect.

I suspect that, with the transformation of the board as we move towards more of a delivery

focus, we will produce artefacts through that process that will aid and enhance the level of external public scrutiny. However, in its actual day-to-day work and its development of policy, the board is like any other part of Government, with its minutes not formally published. It is not like a board that is delivering only on outcomes.

**The Convener:** I hear what you are saying, Mr Brannen, but I have to reflect on what the committee was told when we took evidence from the Auditor General. With regard to the deputy director network, which seems to me to be at a lower level than this GCE board, he said:

“there ought to be some formality”.—[*Official Report, Public Audit Committee*, 18 May 2023; c 6.]

He went on to say:

“All that requires an additional level of formality; minute-taking is one of those fundamentals.”

Question 1, therefore, is: is a minute taken of the GCE board? Question 2 is: why are you refusing to publish it?

**Roy Brannen:** I am not refusing to publish it; I am just citing how Government operates in that space where you develop policy. Minutes are produced at the end of every GCE board meeting, and they are a record of the development of policy, but policy development, including the production of the next climate change plan, has to go—quite rightly—through the governance structure to get clearance by ministers. That is just the normal course of business in developing policy.

**The Convener:** So, the outcome is that we then get to see none of that, is it not, Mr Brannen?

09:45

**Roy Brannen:** What will come out at the end of that is the production of the artefacts that will guide us towards net zero. In the case of the development of the policy on the climate change plan, what will come out is the consultation on the climate change plan, which everybody will have an opportunity to comment on as it makes its way through Parliament.

That will include the monitoring reports that I mentioned, which cover sectoral progress on the journey to addressing climate change. That report is public, but we are happy to share the detail of it with committee members. The report was published in May. Over 300 pages, it gives a very detailed articulation of how each sector has progressed during the previous year on its journey towards addressing climate change. We do a similar thing on climate change adaptation.

**The Convener:** Okay. We are a bit pressed for time, so I am going to invite Willie Coffey to put a question to you.

**Willie Coffey (Kilmarnock and Irvine Valley) (SNP):** Good morning. I want to shift the discussion to the public behaviour and participation element of the journey to net zero. Do the witnesses agree that one of the biggest nuts to crack is making the transition on heat in buildings—particularly residential homes—and can you give any indication of how we are doing with that? There must be 2.5 million residential homes in Scotland, but how many of them have net zero heating systems?

**Roy Brannen:** I will bring Kersti Berge in on that, because that is the biggest programme that Kersti is responsible for.

To come back to the point about behavioural change and societal transformation, that is probably the hardest thing to undertake as we head on our journey to net zero. How we move ourselves and heat ourselves, what we consume, what we make, what we make of our land and marine-based assets and how we protect them is all not only about interventions such as electric vehicle charging, but about behavioural change. That is quite a big step change. It is difficult to measure that element, and it is difficult to move the dial on it, but that is the journey that we are on and it is part of the work of the global climate emergency board and the work of all of the teams across each sector.

Heat in buildings is one of the key emissions sectors, but, as far as its contribution to net zero is concerned, the team is now wrestling with both the policy—how we do it—and the delivery—what we do now—to try to support those who are most in need to make their homes more energy efficient and move towards zero emissions heating systems. We are focused on how we establish a pattern to wrap that up and build a skills base behind it so that we can get to 1 million homes by 2030.

Sorry, Kersti—I probably said too much there.

**Kersti Berge:** I expect that we will probably be back at the committee talking about heat in buildings, because it is one of our biggest challenges. Buildings account for 20 per cent of Scotland's emissions. In Scotland, we have done a fantastic job of reducing emissions: they are almost 50 per cent lower than 1990 levels. However, the bit in front of us is the really hard bit, as it involves going into people's homes.

The Scottish Government has stepped up, quite significantly, in its building decarbonisation work. As Roy said, we have increased our resource for that, and we continue to do that. We are committed to publishing a consultation for

regulation in that area, shortly. That was in the programme for government.

Currently, we estimate that, in Scotland, about 4,000 buildings have zero direct emissions heating systems installed annually. About half of our non-domestic buildings have zero direct emissions heating systems. The numbers for homes are about right. There are not quite 2 million homes, and we estimate that around 1 million will have to be decarbonised during the decade, so it is an enormous issue.

That is also why we have a significant programme of support for houses and businesses. During this Parliament, £1.8 billion will be given to provide support that will, in the first instance, focus on those who can least afford it, through a couple of our schemes. That is a key area, and we will have to significantly pick up the pace on building decarbonisation.

**Willie Coffey:** The scale of the task is incredibly challenging. Decarbonising a million homes by 2030 means that we need to do roughly 150,000 a year.

**Roy Brannen:** It is a big scale.

**Kersti Berge:** Yes.

**Willie Coffey:** I am interested in the public perception and awareness of that work as well. Do you think that we are doing enough to reach out to the public to make them aware of it—particularly the grant assistance that is available at the ground level? Even with some money on the table to help people to make the transition, do you feel that they know enough about the choices that they can make about the technology—where to go for that advice and how to determine whether to make a transition to another heating system and so on? Could you talk a bit about that and about what the Government is doing to try to speed up that process?

**Kersti Berge:** You are absolutely right in identifying the point about people understanding what they need to do and knowing where to go for help and advice on that. We published our heat and energy efficiency strategy a couple of years ago, and, since then, particularly over the past year or so, we have stepped up our engagement, marketing and public information campaigns about heat decarbonisation. We work together with Home Energy Scotland, whose website is the go-to place for people to get information, and we run television adverts and campaigns on social media.

We will continue to step that work up to help people to understand where they can go to get help and support to do the two things that we need to do: first, to increase energy efficiency, which helps to keep people's bills down and protects people from variations in temperature; secondly, to

decarbonise the heating systems that are currently fossil fuel. We do not underestimate the task that is involved in helping people to understand that work and where they can get information from.

**Willie Coffey:** For the record and the public interest, grant assistance is available for both transition to a different heating system and home insulation. Do you know how much is available?

**Roy Brannen:** It is £7,500.

**Willie Coffey:** Those are interest-free loans, I think.

**Roy Brannen:** Yes. All the information is on the Heat and Energy Efficiency Scotland website. I will send you the details, but the website is really quite helpful in directing people to what category an individual might be in and what support would be available.

There will be a big marketing campaign, too, around the new contract for Warmer Homes Scotland. We are—rightly—ramping up the societal consciousness of what needs to happen. When the consultation that Kersti mentioned finally comes out, we will bring to the fore the question of how we will decarbonise the sector and what will be in place to support individuals to make the journey of change that is required.

**Willie Coffey:** Finally, on that point—I know that we are pressed for time—the yearly target is huge if you articulate it as I did. Are you confident that we can get there, year on year, and meet that target of a million homes decarbonised by 2030?

**Roy Brannen:** It is not all within our control; it is demand led. We require people to walk towards that change, and we also require the supply chain, the manufacturing chain and a workforce to be able to ramp up to those numbers. Those are the strands of work that we have in place for a programme on the scale of heat in buildings. I know that the Auditor General for Scotland has started to engage on that programme of work, and I am sure that we will be back to talk about it. It is trying to look at all the different elements of what it will take to change society in a singular way. Forget about how we move, what we consume and what we manufacture—the question is, just in how we live and heat our homes, how we set up a programme to deliver on the envelope that is required to meet the net zero target.

**Willie Coffey:** In the interests of time, I will leave it at that, convener.

**The Convener:** Thank you. I will bring you back in, Willie.

One thing that witnesses did not mention, but which is also quite important, is the electric vehicle charging network. You talked about “ramping up” when it comes to housing and buildings and so on,

but you are selling off ChargePlace Scotland and withdrawing from that provision. I do not know whether it might be a question for the Cabinet sub-committee, Mr Brannen, because it might be a policy question, but why is it that the Government is pulling out of that £65 million-worth of investment in EV charge points and handing it over to the private sector?

**Roy Brannen:** I do not think that that is a fair reflection of the position. I think that Alison Irvine gave a position on that in committee when discussing major projects infrastructure. She cited the fact that £65 million has been invested so far to get us to 2,500 public charge points out of 4,000. That infrastructure is not lost; it is still functioning. The transformation is a new strategy on how EV infrastructure is rolled out and on the need to use our public finance money in a different way to lever in private investment.

Over the summer, I travelled across Europe. We cannot help but look at the investment that is occurring on the French road network. Large private investors are investing quite heavily in solar-based EV charging at most aires and service stations. That is the kind of model that we would like to move towards in Scotland—a model in which there is a combination of some support through public funding and, principally, private investment in the infrastructure that we need to get to, which is around 6,000 EV charging points. Alison Irvine mentioned the new strategy that has been published. That approach is a more accurate reflection of the change in policy. It is not about selling off the existing infrastructure.

**The Convener:** Okay. Some of the international comparisons might be interesting. As a committee, we might have a look at what other countries do to provide EV charge points.

Before I bring in Sharon Dowey, I have a question. You said at the outset, Mr Brannen, that you welcomed the Audit Scotland report. Do you accept all its findings and recommendations?

**Roy Brannen:** Yes. I have said that to the Auditor General separately from saying it here. There was a welcome level of engagement, and the Auditor General and Audit Scotland have indicated that they will continue with the focus on climate change, given that it is such an important topic for the country. That will help and support us as we develop our processes.

If a review had been three months later, there might have been a different report, because we were starting to put in place a lot of the things that were identified, as we had established the programme management office. Nevertheless, looking at the recommendations has been a really good, helpful and sharp focus for us.

As I have said, I am more than happy for the team to continue to engage with the Auditor General's team on the artefacts that we have developed so that they can, through a support mechanism, get back to us to say, "That looks fine. You've now got an established risk process in place." The Climate Change Committee is now managing risk more effectively, and identifying, assessing, actioning and reviewing are done on a more regular basis, and that flows through the governance structure that is set out in the new governance framework. That is helpful.

**The Convener:** Okay.

**Sharon Dowey:** I have some more specific questions on governance and capacity. You have touched on some of the areas in your previous answers, but I will go through them anyway.

I do not underestimate how complex the lines of accountability are, because they cut through different directorates. However, they mean that cross-Government collaboration is required in order to progress climate change policies and manage competing priorities. To what extent is effective cross-Government collaboration taking place to progress climate change actions and management of competing policy priorities?

**Roy Brannen:** I refer back to how I articulated the structure of the global climate emergency board. It now includes all the directors who have accountable responsibility in each of the seven sectors. It also includes the Scottish exchequer, health colleagues who are working in that space and international colleagues. As we formulate policy in the board and develop advice to ministers, cross-collaboration happens at the level of the board of the climate change programme.

As an executive team, we operate in four different modes: strategic, assurance, delivery and investment. Cross-collaboration opportunities occur in those various modes. On the strategic mode, next week, I think, I will be at the executive team to discuss the current state of play on climate change, in terms of both mitigation and adaptation. That is an opportunity for other directors general and their teams to feed in to the development of what we will take forward next in the journey towards net zero, in the same way that the ET in delivery mode scrutinises how we are getting on in delivering the things that we have in front of us just now, such as heat in buildings.

Two weeks ago, we did a deep dive with the permanent secretary on the metrics of the journey to that transformation. That provides an opportunity for cross-collaboration across Government.

10:00

The third area relates to the budget. We are progressing with development of the budget for 2024-25 and the capital review. This week, the executive team had a discussion about development of the capital programme. By necessity, that involves a number of different pressures and competing priorities. That gives us an opportunity to formulate advice for cabinet secretaries, the Deputy First Minister and the First Minister on the choices that, ultimately, they will have to make, as ministers.

**Sharon Dowey:** How often do you have meetings?

**Roy Brannen:** Are you asking about the executive team?

**Sharon Dowey:** Yes.

**Roy Brannen:** It is cyclic. There are ET delivery meetings every Thursday, and ET strategic meets on a Tuesday. We operate on a four-week cycle. We come together on Tuesday and Thursday every week.

**Sharon Dowey:** So there are enough meetings for people to put their points across.

**Roy Brannen:** Yes—100 per cent.

**Sharon Dowey:** When new developments come out, is that brought up at meetings? I am thinking about heat in buildings, for example. There were reports in the press recently about whether heat pumps are any good in the Scottish climate. Would such issues be brought up at your meetings? Would you discuss whether to progress with, or to do more on, a particular development?

**Roy Brannen:** Yes. With regard to the kind of observations that are made by people who are unfamiliar with the topic, my colleague in health, for example, might provide an external view on climate change activity. Heat in buildings is not directly relevant in that space, but it is helpful to get a different perspective. That allows the team to take an idea and ask whether there is more that we need to do on it or more that we can find out to evidence why it is the right thing for us to do in a particular area. Such cross-collaboration is really important.

With regard to frequency, the global climate emergency board meets monthly to develop policy and scrutinise activity on our journey towards net zero, and the climate sub-committee meets quarterly. There are strong linkages between that activity and the work of the ET when it comes to transparency and feeding in to the upper senior management of the Government and senior politicians in the Cabinet.

**Sharon Dowey:** I was going to ask whether minutes are taken, but you have answered that.



Minutes are now taken of all those meetings. It is important for our scrutiny to know which matters have been raised and to see what action has been taken.

**Roy Brannen:** Minutes are always taken for the Cabinet sub-committee and for the global climate emergency board, but the DD board operated more informally.

**Sharon Dowey:** What is the Scottish Government doing to better align climate change governance groups with one another and with wider corporate governance arrangements?

**Roy Brannen:** I think that I probably addressed that in my previous answer. The global climate emergency framework that we have now put in place, which we will share with Audit Scotland, sets out the roles of individuals on the board and how the board interacts with other parts of the corporate governance, including the executive team in the modes that I have just explained.

**Sharon Dowey:** How is the Scottish Government improving performance monitoring and reporting in order to provide assurance on progress towards meeting the net zero goals and adapting to climate change?

**Roy Brannen:** There are three things to say about that. At the start of last year, we set out to transform our approach so that we could have a better handle on what everyone is doing. We developed the dashboard, which gave the executive team a snapshot of our progress towards our targets across the sectors and, more importantly, on the individual outcomes and inputs in areas such as transport and agriculture. An example is the development of the new agriculture bill.

The evolution of that has meant that we now have a performance dashboard that is pulled together corporately, which includes a comprehensive section on climate change. That is considered by the executive team on a regular basis in ET performance meetings. There is scrutiny of the metrics—the data points that we are able to measure in the different parts of the corporate governance structure.

The third bit, which is what is being developed on the back of the refreshed framework for governance of the global climate emergency board, is a more specific dashboard that will be fed by each of the boards from across the sectors. For instance, transport would feed in a range of metrics, including key performance indicators, measurable outcomes and other indicators, on a monthly basis. That would be reviewed quarterly by the global climate emergency board. I go back to the convener's point: that is the kind of artefact that could become public because it would be an

articulation of monitoring rather than of policy development.

**The Convener:** In answer to my last question, Mr Brannen, you said that you accepted in full the recommendations and findings of the Audit Scotland report. One of the starkest passages in the report is on page 16, is it not? I will quote what the Auditor General found. The report states that

“The Scottish Government does not routinely carry out carbon assessments or capture the impact of spending decisions on its carbon footprint in the long term.”

Secondly, it states that

“The Scottish Government does not assess how far the policies outlined in the Climate Change Plan Update will contribute to net zero”,

and, thirdly, it states that

“The Scottish Government does not know how much the policies proposed in the current Climate Change Plan Update will cost”.

What was your reaction to reading that in the report?

**Roy Brannen:** That is a fair reflection of where we are at the present time. As Kersti Berge stated at a committee meeting on major infrastructure projects, the journey of the climate change plan update, which came so quickly after the targets were set in 2019—which was before my time—did not allow for articulation of the linkage between the policies and plans in the update and what that would demonstrate per sector in terms of outcomes or climate change mitigation.

By law, the development of the new plan needs to be in a different space. In the new plan, we need to be able to articulate what each policy will deliver in terms of emissions reductions and the policy will need to be costed. The weakness that you have reflected on and which the Auditor General picked up was by dint of the timing of the development of that first climate change plan update. As we develop the next climate change plan, those two bits will be connected.

**Kersti Berge:** That is exactly why we commissioned the Fraser of Allander Institute's work. It was very clear that we have work to do, but it was also clear in its recommendations about what we need to do in relation to spend and in our policy assessments. There are three strands to that: how we assess the budget; how we evaluate policy—the carbon impact of policy on an on-going basis; and, as Roy Brannen said, cost information as part of our climate change plan.

**Roy Brannen:** To be fair, it is not new information. The Climate Change Committee has been saying that for the past two reports. In fact, I think that Chris Stark said in his December report that the Government needs to move towards a quantified climate change plan as it develops the

new plan. Therefore, it has been uppermost in our minds. It is not an easy thing to do as a Government or as a country, but that is the challenge ahead of us, because that is how we will get transparency on what the policies will deliver in emissions terms, and on the totality of the cost of delivering that society-wide change.

**The Convener:** In summary, you are saying that, by the time that we get the next climate change plan, all those criticisms will have been addressed.

**Roy Brannen:** That is correct, yes.

**Willie Coffey:** I will turn briefly to risk management and assessment. You will be aware of some of the comments in the Auditor General's report along the lines that details of many of the planned actions to address risks are vague and do not include intended completion dates or expected impact, and that there is not a systematic structured process in place for tracking actions. I will roll my three questions into one, if that is okay. How are you identifying, monitoring and reviewing risk so that we can get clear sight of the fact that it is being addressed carefully and properly, and how do you incorporate long-term impacts in the risk-management process?

**Roy Brannen:** There are two parts to my answer. The first is to talk more generally about how we have set ourselves up as a new DG family and about our risk maturity in that family. I think that the report refers to a maturity assessment back in May or June last year, which said that we were "novice/organised" on a seven-point scale. That was a fair reflection at the time, because we were setting up a new DG family with disparate directorates coming in, and it was not dissimilar to the assessment for the rest of Government. The maturity assessment was not done only on DG net zero; it was done on all the DG families, and most of them were in a similar position.

One strand of the maturity assessment was on training and capability, and at that time we had quite a low uptake of mandatory training on risk awareness across the 2,500 staff in the family. As we sit here today, the figure is above 90 per cent—I think it is 91 per cent—for staff in bands A to C, and our senior civil service staff have undertaken the mandatory risk training on identifying and assessing actionable responses and reviewing risk.

I am comfortable that we are, as a DG family, progressing and maturing our risk approach. We talk about risk on a monthly basis. In the DG assurance process, which is my accountable-officer process to support me in my duties, we talk about risk on a regular basis.

I suspect that the weakness that we had that was identified by the Auditor General was that

climate change specifically, and the very specific risks from each of the sectors, were not being considered by the global climate emergency board in totality, even though climate change featured in my risk register and the DG risk register, and was, appropriately, escalated to the corporate risk register through the corporate governance structures. Climate change is one of the highest risks for mitigation on the corporate risk register, and we review it regularly, as we do with adaptation.

I will just touch on the difference between adaptation and climate change. They are two different risk scores, but they are both in the red category at the top right-hand side of the matrix—they are both classed as high. I would not get hung up so much on the likelihood and the impact elements. The scores are both high, and the issues are treated very similarly in that consideration.

How have we addressed the weakness, how do we capture the risks specifically across the sectors, and how does the global climate emergency board have oversight of that? The programme management office, which I referred to, has now put in place a structured risk approach, which mirrors what we do in the DG economy family and at corporate level. That approach has now been cascaded through the sectors and their boards, and those risks are now flowing up to a climate-change-specific risk register, which I have in front of me. Again, we are happy to share that with Audit Scotland, so that it can have sight of how the risks are managed.

The risks will be reviewed monthly by the global climate emergency board and, on a quarterly basis, there will be a deep dive into any risks that are highlighted as being in the actionable area. One of the first risks, which Kersti Berge has already signalled, relates to heat in buildings, so it will probably flow up quite quickly to that kind of position.

I am comfortable that we have addressed the specific points in the report, but we need to socialise that approach, so that it becomes normal activity, as happens in running any major projects programme, so that risk drives behaviour and the right scrutiny is adopted by the senior team and ministers.

**Willie Coffey:** I will use one example—we used it previously—to put that in context. It must be a huge risk that we do not meet the target to decarbonise a million homes by 2030. That must be on the risk register. How do people such as us and the public see the Government making progress on that and the actions to try to mitigate the risk? If we were to ask you in another three months how you are getting on with that, how

would we see that progress that is being made to try to mitigate the risk?

**Roy Brannen:** That comes back to the report that we publish annually. It is a backward-looking report on all activity in the previous year. I cannot remember how many pages are in the heat in buildings chapter, but it goes through each of the outcomes and indicators against which we are measuring our progress. Some of the change that is required is not happening on a monthly or weekly basis. The societal change that we are talking about takes a much longer period.

If we were monitoring it on that basis, we would see the same metric every month, effectively. We are trying to capture the trend. We want to see whether there is a positive or negative trend. The indicators that will be developed by the programme management office will give us those tell-tale signs of whether change is happening in the right direction, such as whether there are more zero-emission heating supply-chain manufacturers, whether more heating engineers are undertaking courses, and so on. We have not designed all the indicators yet, but we will use them to get some metric that will allow us to see the connectivity between what needs to happen and the inputs that are required for that to happen.

10:15

**The Convener:** I will bring Graham Simpson back in.

**Graham Simpson:** I want to follow on from Willie Coffey's line of questioning, because he took a keen interest in heat in buildings, which I do, too.

At some point, the Government will legislate to force people to get rid of gas boilers. Have you done any analysis on what that will cost individuals?

**Roy Brannen:** I do not think that that is a true reflection of the intended policy. I will set out the position and then bring in Kersti Berge.

There are two pieces of work on the transformation and heat in buildings. The first is around new build. From next year, the new-build standard that is already in place will require new buildings, within a three-year window of the planning horizon, to have a zero-emission heating system.

The second piece of work concerns the legislation that will drive some of the behavioural change. The piece of legislation that we are formulating just now and is being considered by ministers will take that approach to the domestic level and private level. We are considering what levers that legislation will put in place—that will be scrutinised through the consultation and by

Parliament—and what the appropriate mechanism will be to try to change behaviour, because that will not happen on its own.

**Kersti Berge:** So—

**Graham Simpson:** I do not think that Roy Brannen answered my question, but carry on.

**Kersti Berge:** As I said earlier, we will publish a consultation on the bill—we announced that in the programme for government—and we will set out information on costs and so on, too.

The overall transformation to net zero is a significant process, and, as we have said, there are significant costs associated with it. However, that is what the Parliament has signed up to with regard to our climate change targets. I can give you the figure for our assessment of the overall cost of the net zero transformation in buildings to 2045. We estimate that that will cost around £33 billion.

**Roy Brannen:** I think that that figure has been made public a few times.

**Kersti Berge:** Yes.

**Graham Simpson:** How does that translate to individuals? I am not talking about new builds, because that is a different issue to existing homes—

**Roy Brannen:** Yes, 100 per cent.

**Graham Simpson:** —where people will be forced by legislation to do things that could cost them a lot of money.

**Roy Brannen:** That involves the formulation of the policy that ministers need to take forward to address the targets that were set by Parliament. Quite rightly, all that will be scrutinised through the parliamentary process, including what measures need to be taken forward and how far they need to be taken forward. However, you will recognise that, without some form of incentive and process to change society, there will be no change. We have seen that in terms of the bounce back from Covid, with the use of the motor car increasing beyond pre-pandemic levels. In each of those sectors, there will be a requirement to incentivise and encourage change, as well as to support people through that process.

**Graham Simpson:** You cannot today give us the figure that I am seeking.

**Kersti Berge:** We will set that out as part of the consultation.

**Graham Simpson:** Mr Coffey mentioned the figure of 1 million homes being decarbonised by 2030. Where has that figure come from?

**Kersti Berge:** That was in our heat in buildings strategy. That was the estimate. However,

buildings account for 20 per cent of our emissions. It is not that hard to do the maths. We have about 2.6 million homes in Scotland. Given our 2030 climate change targets to reduce emissions by 75 per cent, we are going to have to go pretty hard in all sectors to meet those.

**Graham Simpson:** Willie Coffey gave a very interesting figure: that 150,000 homes a year would need to be decarbonised to hit that target. Have you done an analysis of what that will cost?

**Kersti Berge:** We are working through the ranges for what will be needed. The current figure in the public domain is around a million homes by 2030. We are going further. We are doing analysis as we work through the policy measures that would need to be put in place to achieve that, and we are doing the associated costing.

**Graham Simpson:** Is there no costing?

**Kersti Berge:** There is none that I can share now, but we will share information as part of the consultation.

**Roy Brannen:** That will be done as part of the consultation and part of the work on the development of the heat in buildings policy. However, to come back to the point about tenants, there is a calculation to be done between the reduction in emissions that is required from heat in buildings and the practical action that is needed. Fundamentally, we need to go from a certain tonnage of CO<sub>2</sub> in heat in buildings to a point in 2030—the envelope. We are then able to calculate what that means in practical terms. That is where the figure of a million homes comes from.

**Graham Simpson:** However, that is just a figure. My problem is that we come up with figures, but we do not know what they mean for the individual. Neither do we know—because you have not given us any figures—what the cost of that will be nor how much the Government is prepared to help people with that, if at all. We do not know any of that.

**Roy Brannen:** That is part of the heat in buildings consultation, for the development of the policy.

**Graham Simpson:** But you have already set the targets.

**Roy Brannen:** The aim is to get the consultation out, to lay the legislation before Parliament and society, then for the Parliament to say, “Okay, we accept that that is what will be required to meet the Parliament’s targets, and that that is the delivery plan.”

**Kersti Berge:** To be clear, it is a consultation, so it will set out the scale of the challenge, which flows from our overall climate change targets to

what each sector needs to do, and it will set out clearly what the scale is in those different sectors.

**Roy Brannen:** It is similar to the commitment to reduce vehicle kilometres by 20 per cent. We will set out at the end of the year what that road map is—the plan and the levers to deliver it.

Tackling climate change is similar for all countries across the world. There is a journey to net zero: there is a calculation to be done on emissions reduction per sector and, thereafter, the key is the plan to deliver that.

I liken it to the Queensferry crossing. For a bridge, we need foundations, towers, a deck and cables. To get us to net zero, we need similar building blocks. The team is working on those key building blocks just now, with ministers, in the development of policy and legislation. It is about what we need to do specifically in those areas. That is what Chris Stark at the Climate Change Committee, and colleagues, have asked us to produce, and that is what will be produced as part of the new plan.

**Graham Simpson:** Well, quite.

I was going to ask you about that target of cutting car miles. I always say miles because that is the term that we use in this country, not kilometres. There must have been discussions about the specific actions that need to be taken to achieve such a target in what is now less than seven years?

**Roy Brannen:** On car kilometres?

**Graham Simpson:** Yes—on car miles.

**Roy Brannen:** It is about demand management. The policies that will be brought forward as part of the development of that strategy will, again, involve putting out to society the things that we will need to do to deliver on the plan. There is no other bag of tricks for doing that. Those are the pretty fundamental building blocks that we as a society will have to do.

**Graham Simpson:** I have one more question. We have been asking you about various committees. Another that I want to ask you about is the green heat finance task force. What does that do?

**Kersti Berge:** We have talked about the cost of decarbonising buildings and the importance of bringing private finance into that. The task force looks at ways in which we can bring in public sector finance. That can be investment where the parties who invest get returns, but it can also be about how people smooth the cost of investments that they may need to make to decarbonise their buildings. It is about things such as green mortgages and how we develop financial products

that help us all manage and smooth the costs of the transition.

**Graham Simpson:** Has the task force achieved anything yet?

**Kersti Berge:** Yes. It will be producing its report fairly soon.

**Graham Simpson:** Another report that we have yet to see.

**Kersti Berge:** It will be published soon.

**Graham Simpson:** Soon.

**Kersti Berge:** Yes.

**Graham Simpson:** What do you mean by “soon”?

**Kersti Berge:** I expect it in the next month or so, or in the next couple of months, if not before.

**Graham Simpson:** Will it have specific actions in it? What kind of thing can we expect to see?

**Kersti Berge:** It has looked very carefully at the different options to help finance the transition, specifically in buildings. There will be more work to do coming out of that. Nobody is pretending that this is easy. As policy officials, we would love it to be easy.

We will continue to work with external parties, other parts of the Scottish Government and parties such as the Scottish Futures Trust and the First Minister’s investment panel to continue the work on how we bring in—as Mr Beattie said—private sector investment and how we help smooth it. It is about working with financial institutions, banks, mortgage providers and others.

**Roy Brannen:** There are already good examples of that in the marketplace, but there are simply not enough of them and they are not socialised to the extent that they need to be. The task force will have done the piece of work to identify for us the things that we need to pursue in a bit more detail.

**Graham Simpson:** I look forward to reading that in the next month.

**Roy Brannen:** Or so.

**Graham Simpson:** Or so. Thank you.

**The Convener:** We have a final couple of questions, which Willie Coffey will put.

**Willie Coffey:** I have a query about the infrastructure investment plan. At the time that it was announced in 2021, £4.4 billion was set aside for it. That has since been extended to £4.7 billion. We are quite a way through the programme now but, according to our colleagues in the Scottish Parliament information centre, the Government has spent only about 13 per cent of that total

allocation. Is that your understanding, Roy Brannen, and what are we doing to accelerate that spend?

**Roy Brannen:** Again, referring back to the evidence that the committee heard at the evidence session before recess on infrastructure investment, Alison Cumming said that the capital is under review at the present time. Some of the schemes where we had capital allocated are demand-led schemes, and that demand has not materialised in that space. Kersti Berge talked previously about how heat in buildings and energy efficiency capital, for instance, did not come forward in the plan in the way that we thought that it would.

That is probably a recognition of a combination of two things: less uptake and movement in capital programmes more generally. If things move to the right, or need to move to the right to rebalance the capital spend, you will get that slip in infrastructure investment. The capital review that is under way just now will take a look at and be cognisant of capital across the piece, including in relation to net zero activity.

**Kersti Berge:** I can come in on that. I cannot talk across the whole capital investment plan, but I will give a couple of examples from our area.

As Roy Brannen said, we had some underspend in heat in buildings. On the point that was raised about public awareness, we have significantly stepped up our public awareness and marketing campaigns—that is, the way in which we provide people with information. We have consequently seen a significant uptick in the uptake of the capital spend on the heat in buildings side.

On the energy side—this applies across the capital investment—some of it was impacted by Covid and supply chain disruption. That has contributed to the issue, at least to some extent. However, again, we are seeing an uptake as we have come out of the Covid period.

10:30

**Willie Coffey:** I will call it an underspend, but only 13 per cent has been spent. That is a huge difference. Is it even possible to catch up? Those are substantial amounts of money to catch up on if we are to honour the commitment in the infrastructure investment plan. How on earth do you catch up to that degree with such sums?

**Roy Brannen:** As Alison Cumming set out in that meeting, the capital spending review that is being undertaken in parallel with the setting of the budget for 2024-25 is reflecting on what programmes and projects are required to deliver on the Government’s priorities across the three

tenets of the First Minister's programme for government.

**Willie Coffey:** Is there sufficient uptake in the private and public sectors, or has that been slow, for the reasons that you outlined earlier? If so, can we accelerate that and ramp up participation a bit to ensure that the money is spent where it needs to be spent?

**Roy Brannen:** Again, I note that it is unfortunate that the DG of economy is not here, because he would have quite a bit to say on that investor market and the effort that is going in to secure, through some pump priming via Scottish Government public funds, the level of investment that will be required to deliver on some of the programmes.

**Willie Coffey:** Okay. Thank you for that.

**The Convener:** Mr Brannen, I know that you have reflected on the fact that we had an evidence session just before the summer recess on major capital projects, which covered some of this ground, but how do you—as the director general of net zero and the accountable officer—account for some of the figures that we saw?

On the emergency energy technologies fund, the planned expenditure is £180 million, but the actual spend is £10 million. On the low-carbon manufacturing challenge fund, the planned expenditure is £26 million, but the actual expenditure is £750,000. On the heat network fund, the planned expenditure is £300 million, but the actual spend is £6.4 million. Finally, on the future transport fund bus priority investment, the planned expenditure is £495 million, but the actual spend is £26 million. You are in charge of that. What is your reaction to that?

**Roy Brannen:** I think that you will recognise that, last year, there was quite a substantial reset in terms of spend to budget that the former Deputy First Minister had undertaken, and some of that will be reflected in the pace and scale of how those programmes have progressed.

Most of the funds that you have mentioned are demand led. On the bus fund, we thought that there would be a greater uptick from local authorities and bus partnerships to develop the required infrastructure. In some of those cases, there are quite long lead-ins to develop bus infrastructure projects.

There is probably a combination of things, which relates to the nature of capital programmes more generally. You get movement and reprioritisation. You need to keep your capital programme under review constantly, which the Government has been doing. Policy officials have been doing that and advising ministers on that.

The situation is not a result of under scrutiny of the capital programme; it is a combination of things.

Kersti, do you want to say anything about your area?

**Kersti Berge:** I think that some of those figures are spend to date and some are the cost over the whole parliamentary session. To pick up one example, the budget for our emergency energy technologies fund is £180 million over this session of Parliament. That will be spent on hydrogen and on carbon capture and storage. We have awarded funding for the innovation part of hydrogen, and we will be awarding funding of the larger part of the hydrogen spend in that way as we go forward. It takes time. These things are often announced early in a parliamentary session. We need to get it right because these are big sums of money. I firmly expect that we will see a significant uptake.

To use that fund as a further example, on carbon capture and storage, we needed the UK Government to move and to provide a bit more certainty around the likelihood of business model support for the Scottish cluster. Until we had a bit more movement there, it was quite difficult for us to really assure ourselves that we were spending the money in the most effective way.

**The Convener:** Okay. On that note, I draw this morning's evidence session to a close. I thank Roy Brannen, Kersti Berge and Phil Raines for their time and input—it has been very helpful for us. It may be that we would like to follow up a few things with you, which I am sure that you will be happy to co-operate with us on.

I close the public part of this meeting.

10:34

*Meeting continued in private until 11:40.*

This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

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