

# CLIMATE CHANGE BILL SCOTLAND CONSULTATION

## Response from Scotland's Climate Change Business Delivery Group

The Climate Change Business Delivery Group welcomes the opportunity to contribute to the Scottish Government's consultation on the proposed Climate Change bill.

We believe urgent action is required to kick-start a rigorous carbon reduction programme. We share the Government's ambitious long term targets in tackling climate change. Anything less will not serve Scotland's interest and ability to demonstrate leadership on a global scale and capitalise on the commercial opportunities offered by a move to a low carbon economy.

Similar to our letter to Ministers last Autumn, we wish to reiterate the principles outlined then. These high level principles are the ones we believe should underpin action to curb a climate crisis.

### **(a) Action on Climate Change – strategic importance to Scotland**

Scotland has an international reputation founded upon a perception of a clean and green environment. Scotland's attractiveness as a great place to visit, study, work and do business in part depends upon that image. Therefore it is of strategic importance to Scotland as a whole that efforts on climate change lead, rather than lag, world effort.

### **(b) Carbon saved today is better than carbon saved tomorrow**

Early reductions in carbon emissions are more important than reductions in years to come. The objective has to be ensuring that the cumulative amount of carbon released into the atmosphere is as low as possible, meaning we favour a carbon budgeting approach as opposed to a carbon target.

### **(c) Clarity and certainty**

It is important for the economy that business has certainty in the regulatory framework in which it operates. Action on climate change is an excellent example of an area that requires

government to provide a clear, stable and long-term legislative framework. A lack of clarity and certainty will contribute to business risk, therefore it is of utmost importance that government provides a framework that business can depend upon.

**(d) Accountability within and between terms of office**

Whilst we welcome the headline target to cut carbon emissions by 80% by 2050, it is a target that future generations will ultimately meet. It is therefore crucial that the current generation are subject to scrutiny and accountability. For that reason, we believe that the Bill should include a series of carefully considered staging posts leading to the 80% reduction to provide focus and an ability to monitor progress effectively.

**(e) Consistency with the UK, EU and UN frameworks**

Scottish business trades at local, national, UK, European and global levels, therefore it is important that the Scottish framework on climate change is consistent with UK, EU and UN frameworks. Most of the major reductions from climate change will be international and, whilst we welcome the specific role that Scotland has to play, the greater international co-operation there is the better, and consistency between economies will ensure no new barriers to trade are erected.

**(f) Reducing consumer carbon consumption**

Finally, much more must be done to encourage and support end-users (consumers) in reducing their carbon consumption. Alongside government, Scottish business can make a significant contribution in influencing the consumption behaviours of both customers and employees. The members of the CCBDDG recognise that we, and others in the economy, may need help and support to deliver that well. There is still a need for practical research and knowledge sharing to identify the best carbon saving business practices and innovations, and throughout business the complexities of reducing carbon are still to be fully understood. An authoritative single point of advice and information for the business community would be an asset for the future.

## Consultation responses

Each question posed in the consultation is answered where the Group has constructive input to make. Where the Group has no collective opinion, we believe the Government's approach should be based on available scientific consensus or guidance from specialist or sectoral respondents.

### ***1. Should a Scottish target be based on carbon dioxide only or the basket of six greenhouse gases?***

CO<sub>2</sub> should be of particular focus because it makes, by far, the greatest impact on climate change. However all six greenhouse gases impact on the climate and any framework to curb damage to the world's climate must encompass all the contributing factors. Targeting action specifically on the sources of these emissions should be considered, for example, in reducing methane from food production.

### ***2. Should the Bill contain provisions to alter which gases are included, for example if the reliability of data for a particular gas improves or if science changes in the future about which gases cause climate change?***

Yes.

### ***3. The Scottish Government wishes to ensure that the Bill gives sufficient incentives to invest in energy efficiency and renewable electricity. Should the targets be based on source emissions; an end-user inventory; or on individual targets for energy efficiency and renewable electricity? Do you have any other suggestions?***

Scotland's national targets should be based primarily on source emissions but responsibility for emission reduction on the demand side of the economy should not be lost as a result. Additionally, the CCBDG believe further clarity can be given to the framework in two ways. Firstly, to set a target for reduced energy demand, and secondly, setting a rate for the decarbonisation of energy production.

***4. Do you agree that the Bill should allow the means of measuring the target to be changed through secondary legislation to reflect international developments or unforeseen consequences of the Bill?***

While the CCBDG advocate consistency as the most important factor for the business community, we understand that science may well develop and improve the methods in which the targets can be measured. Change should be rare, but secondary legislation would be sufficient provided it is subject to proper consultation, is based on scientific assessment and consistent with other legislation at a UK, EU and international level.

***5. Should the emissions reduction target take account of the abatement effort made by companies under emissions trading schemes? If so, how?***

An emissions reduction target for Scotland should be exactly that. However, at a global level abatement efforts have a role to play. While the framework in Scotland should rightly focus on source emissions from within Scotland, there should be nothing in that framework that could act as a disincentive to those undertaking abatement or trading efforts at an international level. Actual reduction and offsetting or carbon trading could be subject to two separate measurement processes. To encourage focus on actual reduction the Bill should legislate for clear policies that incentivise investment in energy efficiency and decarbonised forms of energy from within Scotland.

***6. Do you agree that international credits should be counted towards Scottish targets? Should there be limits on credits counted towards Scottish targets?***

The Scottish targets should be primarily focused on Scottish domestic emissions, demonstrating clear leadership and stimulating innovation at home as well as active partnership internationally with developing countries. This focus will help Scotland reap investment opportunities arising from economic decarbonisation.

***7. Should the Bill allow the level of the 2050 target to be changed through secondary legislation?***

The CCBDG believe this is a very significant proposal. We would be concerned that such an important target could be changed regularly or without specific conditions applied. Generally,

change should only be in circumstances where a consensus of scientific evidence would suggest it was appropriate.

***- If so, should this only be allowed on the basis of independent, expert advice, to reflect international developments or unforeseen consequences of the Bill?***

Yes.

***- Should any changes to the target be limited to an increase in the target?***

Yes but with similar comments to before - change should only be in response to scientific advice.

## **SUPPORTING FRAMEWORK**

### ***8. What factors should be taken into account when setting the level of budgets?***

Scientific consensus on assessment of emissions levels that will keep the planet below the threshold of significant climate change should be the main driver for setting budgets. Early reductions in carbon emissions are better than reductions in years to come, though we must take into account that major infrastructural changes for the long-term benefit will carry their own carbon burden. Consideration must be given to how to manage sectors outside the EU emissions trading scheme to ensure an equitable level of effort set for all sectors. Expected technological developments in the timeframe concerned should also be taken into account.

### ***9. How long should interim budget periods be?***

Given that the UK framework sets budget periods of five years, the CCBDG favour a consistent approach. We do, however, recognise that the pace of scientific and technological change may mean, in time, a shorter timescale might be appropriate. Regardless of the length of the budget period, there is an absolute need in the interests of democratic accountability, for parliamentary reporting to be consistent with the lifespan of each parliament. As a long-term approach is essential, each generation of Ministers and MSPs must be open to rigorous scrutiny to ensure each parliament was accountable within any given term of office.

**10. How many years in advance should emissions budget periods be set in order to provide sufficient time to develop infrastructure?**

A 15-year time horizon allows for major infrastructural investment. Some solutions will take more time than others to implement but there are many areas such as energy efficiency in buildings, on-shore wind turbines and incentives for use of public transport which could deliver early savings.

**11. What should be the limit (in terms of absolute quantity or as a percentage of the budget period) on the amount of emissions which the Government can borrow from a following budget period?**

Borrowing from the future is the main characteristic of *unsustainable* development and shouldn't be encouraged. The maximum for borrowing should therefore be very low: for instance a maximum of one per cent between budget periods. Ministers should be required to cite specific circumstances outwith their control as a reason to borrow.

We are not in favour of carrying surpluses over from one year to the next as this will lead to the possibility of relaxing achievement levels in subsequent years. Targets should be regarded as minimal. Over-achievement is desirable and consistent with the goals of the policy.

**12. Should the Bill include an interim point target? If so, what year (or years) should it be for (2020, 2025, 2030, etc.)? How should the level be chosen?**

Interim measurement, as opposed to set targets, should be consistent with the time set for interim budgets. Interim measurement is required in order to maintain progress within cumulative emission limits. Such clarity is essential in order to provide confidence when making investment decisions.

## **REPORTING SCRUTINY AND FRAMEWORK**

**13. Should the Scottish Ministers be required to report on any other issues related to climate change in addition to the requirements already set out? If so, what and how often?**

At the start and end of each defined budgetary period, Ministers should report on the action plans and specific policies that will be used to achieve emission savings, and on success and

improvement measures. The Government should provide a regular update on progress made in terms of public service communication and behavioural change. Ministers should also report on industry or sectoral specifics identified by other respondents.

**14. Is a process of Parliamentary scrutiny the appropriate way of holding the Scottish Government to account if targets or budgets are not met?**

Yes. A process of parliamentary scrutiny is appropriate.

**15. What should be the primary source of advice to the Scottish Government for setting emissions targets or budgets and why? Options include: the proposed UK Committee on Climate Change, a new Scottish Committee on Climate Change, an existing public body in Scotland, or the Scottish Government itself.**

The UK Committee should be the primary source for as long as it is able to provide advice specific to the needs and ambitions of Scotland. This should be subject to review.

The quality and availability of advice should be the determining factors as to whether Scotland needs to create its own Committee for Climate Change or rely on the UK Committee for advice with an additional focus on Scotland's needs.

In time, an independent Scottish committee on climate change could help to ensure that climate change is treated as a top priority, provide defined focus and form part of the scrutiny process. Any such body must be closely linked to the UK Committee.

Many businesses operate at a UK level so it is vital that we are working within the same parameters throughout the UK. Similarly in terms of business growth and globalisation, the greater international co-operation there is the better, and uniformity between economies will ensure no new barriers to trade are erected.

**17-21. Which organisation should be tasked with monitoring the progress of the Scottish Government on reducing emissions and why? Options include: the proposed UK Committee on Climate Change, a new Scottish Committee on Climate Change, an existing public body in Scotland, or the Scottish Government itself.**

A committee of The Scottish Parliament should be tasked with assessing progress, with input from organisations such as SEPA, SNH, etc. The monitoring of emissions and energy trends in

different sectors should continue to be collated by government. Results should be independently audited and Audit Scotland may have a role to play.

***23. Should the Bill contain enabling powers to introduce a duty on certain parts of the public sector (i.e. local authorities and large public bodies) to take specified actions on climate change or other specified environmental issues? Why?***

Yes. As the largest collective employer in Scotland, the public sector can be a force to lead real change in Scotland, with its employees, clients, citizens and supply chain. Legislation must drive specific actions, not only in Government and the public sector, but across industry, other organisations and individuals. Local authorities and the private sector alike will benefit from the universal application of policy measures and setting expectations as early as possible. All organisations in Scotland would also benefit from the creation of a single point of access to practical advice and knowledge-sharing.

***24. What should such a duty (or duties) include?***

Potential requirements may include specific reduction targets; the introduction of climate change impacts through all public procurement and planning; and reporting progress made in relevant areas of public policy, for example renewables, planning, energy efficiency, transport, housing and transmission infrastructure.

***25. Should the Bill contain enabling powers to introduce statutory guidance for certain public sector bodies (i.e. local authorities and large public bodies) on specified climate change or other environmental measures? Why? Are there gaps in any existing guidance?***

Statutory guidance to all public sector bodies, large and smaller, should reflect the priority attached to tackling climate change so that environmental thinking is incorporated into every significant area of work right across the public sector and beyond.

***26. What should this guidance include?***

A duty to reduce emissions; work with clients, citizens and suppliers to reduce their emissions; and report on efficiencies gained.

**27. Should the Bill contain enabling powers to create a requirement for certain public sector bodies (i.e. local authorities and large public bodies) to make regular reports on specific measures they are taking to tackle climate change (whether mitigation or adaptation) or other environmental issues? Why? What should be included in such reports?**

Yes, if these bodies do not already produce an environmental/sustainability report. The content will form part of the overall evidence on national performance.

**28. As a potential non-legislative measure, should current Best Value guidance be amended to take specific account of climate change mitigation and adaptation? If so, how should Best Value guidance be amended?**

Best Value guidance ought to incorporate climate impact criteria, so that procurement helps deliver cuts in emissions.

**32. What are the equalities implications of the measures in the proposals for the Scottish Climate Change Bill?**

Negligible compared with the inequality significant climate change will inflict, and is already inflicting, on the world's most vulnerable communities. The Climate Change Bill should be viewed as a positive contribution to tackling global injustice and exclusion.

**33. Is there any existing legislation within the competence of the Scottish Parliament (devolved) which needs to be amended so that appropriate action on climate change can be taken by sectors in society?**

- The **duties of the two environmental agencies** (SNH and SEPA) should more explicitly reflect the urgency of climate change, both in terms of reducing emissions and the need for adaptation.
- Improving the **energy efficiency of existing housing stock** is paramount but the current rate of progress is insufficient to meet the carbon emission targets in this Bill. By 2050, only one third of housing stock will have been built between now and then. So two thirds of stock will be 'old' properties. The onus is on this current generation to bring about very significant

change. To make that happen every tool at the disposal of the Scottish government (local tax incentives, business rates, planning changes, significant increase in grants for householders, etc) should be used to stimulate both the improved household energy efficiency and develop the potential for microgeneration.

- There will always be potential for conflict between Government priorities, particularly in terms of development and carbon emissions. The aim to deliver **35,000 new build houses** a year in particular is challenging in itself, and without absolute clarity and certainty in relation to policy it will be impossible to achieve. Planning policy, building standards, affordable housing policy and policy on future energy generation and consumption must become much better aligned. We are concerned that a poorly thought out carbon reduction strategy will result in poorer comfort levels for homeowners with reliability and future maintenance issues arising in the future – ultimately becoming counter productive to reducing carbon.
- Decarbonising **energy for heating** is one area where there has been little progress. The potential carbon savings are great and there is a clear role for government to stimulate markets. Government itself can take a lead in incorporating renewable heat and Combined Heat and Power systems into its own estate. Ultimately, a renewable heat obligation, similar to the renewable obligations for the generation of electricity would be a mechanism that could bring about very significant carbon benefits.
- There remains a long way to go in delivering **low carbon road transport**. However there are international and UK examples where municipal and regional policy has stimulated a market for lower carbon combustion engine vehicles and electric vehicles. There is much the Scottish government could do, particularly in partnership with local authorities to move Scotland to the leading edge of low carbon road transport. For example procuring electric vehicles for public sector fleets which will stimulate both the infrastructure required and a market for electric vehicles in the UK.

## **About the Climate Change Business Delivery Group**

The Climate Change Business Delivery Group formed in early 2007. Representing a broad cross section of Scotland's corporate and business sectors, with 100,000 staff employed either directly or indirectly in Scotland, the membership is convinced that climate change threatens future prosperity in Scotland and every other part of the world.

The group understands how hard it is to grow business and ensure significant year on year reductions of greenhouse gas emissions. They are, however, deeply committed to making a difference both within our businesses and as individuals – and firmly believe that Scottish specific climate change emissions can help achieve that.

### **Current membership:**

Ian Marchant, Scottish & Southern Energy and Chairman

Gordon Sewar, BAA

Brendan Dick, BT Scotland

Mary Dickson, First Scotrail

Martin Hensman, Taylor Wimpey

Peter Lederer, Gleneagles Hotel

Ian MacKay, Royal Mail

Ian McLaren, KPMG

Susan Rice, Lloyds TSB

Ken Ross, Elphinstone

Satty Singh, MS Namara

Mike Straughen, Wood Group