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Net Zero, Energy and Transport Committee

The role of local government and its cross-sectoral partners in financing and delivering a net-zero Scotland



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Net Zero, Energy and Transport Committee

To consider and report on matters falling within the responsibility of the Cabinet Secretary for Net Zero, Energy and Transport.



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Executive summary

Scotland will not meet its ambitious target of being net zero by 2045 without a more empowered local government sector, with better access to the skills and capital it will need to play a full role in this energy revolution, and a clearer understanding of the specific role the Scottish Government wants it to play in some key delivery areas.

The Committee launched this major inquiry recognising the crucial role Councils will have to play if we are to become a net zero nation. Local government is Scotland's largest employer and service provider, and a major owner of land and buildings. Councils themselves must play a full part in the transition, reducing their carbon footprint in all the services they provide.

With their democratic credentials, local knowledge and capacity to lead by example, Councils are also uniquely well-placed to foster the fruitful partnerships we will need at local and regional level, as part of what must be a collective national effort to reach net zero. This report is as much about those partnerships as about local government itself.

Over the course of almost a year of evidence-taking, including visits across Scotland, the Committee has been impressed by the leadership and good practice many Councils and their local partners are modelling as they strive to make the transition to net zero an everyday, grassroots reality. We also acknowledge the steps all Councils have already taken to reduce emissions over recent years.

However, the next few years will be incredibly challenging, with unprecedented and often highly technical demands being made on local government's resources and skill-sets against a challenging financial backdrop. The main conclusion of this report is that Councils need more help. Amongst recommendations that we make are:

- for the Scottish Government to provide a comprehensive roadmap for delivery of net zero in key areas: one that also gives Councils far more certainty than they have at present about the roles they are to play;
- for the Scottish Government to create a local government-facing "climate intelligence unit" to provide specialist help to Councils in areas where in-depth specialist knowledge is lacking;
- for larger, fewer and more flexible challenge fund streams for net zero-related projects at local level that are better configured to support a holistic and place-based response to climate change;
- for the Scottish Government to address the churn, repetition and delay in the planning process that is holding up major renewables and other projects necessary to help meet net zero goals and has a chilling effect on investment. The long-term decline in numbers of Council-employed planners must be reversed in order to meet the ambitions of the new National Planning Framework, and one measure we call for is the introduction of planning apprenticeships;
- for the Scottish Government to clarify the role Councils will play in an area-based approach to heat decarbonisation and to set out the additional support they will be offered in preparation and delivery of their Local Heat and Energy Efficiency Strategies. We want to see the new Public Energy Agency empowered and directed

to work with local government on area-based delivery.

The net zero transition will be far more economically sustainable in the longer-term but it is clear that in the run-up to 2045 Councils will need additional resource. In this report we call for the Scottish Government to provide additional financial support to Councils in future budget cycles, to help them contribute to national net zero targets.

However, a clear message of this inquiry is that no amount of additional government funding is realistically likely to bridge the gap between the current reality and our national net zero ambitions. Private investment at scale will be needed in many sectors; in particular for the decarbonisation of transport and of heat in buildings. The Scottish Government and its agencies need to work with local government on an investment strategy that will increase investor appetite and lead to deals being agreed. Our report sets out our findings on some practical steps that could be taken to this end. We call for an expanded role for the Scottish National Investment Bank; to act as an interface between local government and investors and promote models of co-financing.

Finally, in some areas, there is more Councils could do to help themselves. We want to see clearer evidence of *all* Local Authorities planning strategically for net zero and ensuring that net zero goals and Council budgeting are aligned. We also call for the Scottish Government to ensure that all Councils set area-based targets (rather than targets only for their own direct emissions) and for Councils to ensure they "show their working" in their strategic plans, demonstrating how they propose to reach their targets.

A place-based approach to net zero requires the enthusiasm, knowledge and empowerment of local communities. Strategic plans for climate change must also set out how Councils will engage with local communities in order to ensure that the net zero transition is not something imposed on local communities, but something that people and groups can help shape, lead and deliver.

Conclusions and recommendations

1. **Strategic Planning and Targets:** The Committee calls on the Scottish Government to work with COSLA to audit the effectiveness of Councils' net zero-related strategic planning and data-gathering, and to promote and embed best practice in mainstreaming net zero planning into Council decision-making, drawing on national and international examples, including evidence provided to this inquiry.
2. **This joint work should include:**
 1. ensuring that Councils' strategic planning and major budgetary decisions are consistent with net zero goals and promoting climate change budgeting;
 2. ensuring that those within Council administrations who lead on climate change and net zero are embedded within senior leadership;
 3. promoting models of Council leadership on net zero;
 4. Promoting best practice in the way Councils fulfil their statutory reporting duties.

In connection with the last of these, we call on the Scottish Government to clarify whether it considers the current reporting duty requires Councils to report area-based targets. If there is no such formal duty we call on the Scottish Government to introduce one.

3. **Scottish Government support for councils - funding, skills, powers and direction:** The Committee calls on the Scottish Government to heed the Climate Change Committee's call for a comprehensive and detailed roadmap for delivery of net zero in key areas, such as heat in buildings and transport: one that also gives Councils far more certainty than they have at present about the roles they are to play in these areas and about any additional resources or powers they are to receive to help them do so.
4. The Committee recognises that Local Authorities are already under financial strain to deliver core services and that the need to respond to the climate emergency is placing a further heavy burden upon them. We welcome the Scottish Government's proposal for a "new deal" through dialogue with local government. Any such deal, and associated reforms, must comprehensively address how Councils are to be supported in delivering on net zero.
5. **Amongst matters that must be addressed are:**
 1. **Local government grant:** the Committee recognises that Scottish Government resources are finite but there should be a frank acknowledgement that Councils will not fully deliver on net zero without some additional financial support in their core funding. The

Scottish Government should, in future annual budget cycles, set out how it will allocate additional resources to help Councils contribute to national net zero targets;

- 2. Discrete net zero funding streams: we ask the Scottish Government to note and act on evidence that Local Authorities, and other local groups, often find the system of challenge funding for net-zero projects frustrating and hard to navigate. There are also views that it does not optimise public benefit because schemes are often too narrowly defined and are out of keeping with a place-based approach to tackling net zero now recognised as best practice. Finally, we are concerned by evidence that the short-term nature of much challenge funding actively works against the long-term goal of achieving net zero. We support a system of larger, fewer and more flexible funding streams for net zero-related projects at local level;**
- 3. Private investment: the Committee also recognises that the bulk of funding for net zero projects will have to come not from government but from private and institutional investors. It seems likely that much of this would be under a co-funding model involving local government, but this again is an issue in relation to which a net-zero roadmap would provide much-needed clarification. The Scottish Government's initiative in setting up a green investment portfolio to attract international investment is welcome but more work is needed to make specific links between projects in the portfolio and local government, covering matters such as the scaling up of projects risk reduction and risk assignation, so as to build mutual confidence between Local Authorities and potential investors;**
- 4. Skills deficit: we recommend that the Scottish Government set up a local government-facing "climate change intelligence unit" dedicated to liaising with the sector and working with the Sustainable Scotland Network to provide the specialist help and advice the sector needs to help meet national net zero targets. The inquiry has identified planning, procurement, building standards and environmental assessment as being amongst the areas where such assistance is likely to be most needed. We also call on the Scottish Government to work on securing specialist advice and assistance to local government in its engagement with institutional investors on major capital funding, whether this comes from the proposed "intelligence unit", the Scottish National Investment Bank, the Scottish Futures Trust or, in relation to area-based decarbonisation schemes (discussed later in this report), the new public energy agency;**
- 5. Procurement: we call on the Scottish Government to respond to views expressed in evidence that local government procurement (or public procurement generally) places undue weight on short-term economic benefit rather than long-term sustainability and investigate whether relevant guidance requires to be updated. We also call on the Scottish**

Government to clarify what provision it anticipates making in forthcoming legislation on the circular economy to ensure greater consistency between procurement and net zero goals.

6. ***Additional levers and the infrastructure levy:*** the Committee notes that some Councils are eager for additional powers or fiscal levers to enable more transformative change more effectively, for instance in relation to urban transport. We seek clarification as to whether additional powers or levers are amongst those matters "on the table" in talks with local government on a new deal. We also seek an update from the Scottish Government on its plans in this Parliamentary session to introduce an infrastructure levy and its views on how this could assist Councils in funding net-zero compatible capital projects.
7. ***Scottish National Investment Bank:*** the Committee notes SNIB's view that it is relatively limited in the direct co-financing support it can offer local government but notes that there is an appetite for it to play a more active and visible role in supporting the sector on its net zero journey. Whilst respecting SNIB's general operational independence, we call on the Scottish Government to work with SNIB on strengthening its role as an enabler of greater cooperation between local government and private investors. We also agree with the Scottish Government that there is scope for a greater role for the Scottish Future Trust in this area and ask it to provide more detailed proposals on the SFT's future role.
8. ***Cities and City Region Deals:*** the Committee endorses a vision of Scotland's main cities as net zero powerhouses, helping drive positive change at regional level and providing the necessary critical mass for key infrastructure needed for the energy transition. We ask the Scottish Government to work with the UK Government and relevant Councils to re-examine whether net zero goals are built into current City Region Deals and, where necessary, to seek to add achieving net zero by 2045 to existing Deals as one of their strategic outcomes.
9. **Planning and place-making:** The Committee continues to have serious concerns about the depletion of human resources within planning departments, leaving them ill-prepared to deal with the additional demands the net zero journey is placing on the planning system, in terms both of increased applications and increased specialist technical knowledge. Our proposed Scottish Government "climate intelligence unit" may help address some of this skills and resources deficit. In addition:
 1. We support moves to create an apprenticeship scheme for planners and invite the Scottish Government to provide an update on its work on this with the Royal Town Planning Institute;
 2. We invite the Scottish Government to comment on whether it has considered supporting planning being treated as a STEM subject within the tertiary education system.

10. **The Committee requests that the Scottish Government provide an update on its dialogue with the planning profession about expanding permitted development rights, especially as this pertains to categories of modification that may help meet net zero targets.**
11. **Renewable energy: The Committee is concerned by evidence of churn, repetition and delay leaving applications for renewables projects stranded in the planning system for years at a time, and the chilling effect this can have on future investment. As part of the implementation programme for the fourth National Planning Framework (NPF4), we ask the Scottish Government to consider setting up a short-life working group on renewable energy within the planning system, including representatives of local government, the planning profession and industry, to examine how to better expedite and rebalance the process.**
12. **The Committee asks the Scottish Government to respond to concerns raised during this inquiry that limitations on grid capacity are increasingly putting planning applications for renewable projects at risk. We also ask what dialogue it has had on this matter with regulators and with the UK Government about ensuring that the Grid increases its capacity in anticipation of increased need, in order to enable a smooth energy transition.**
13. **Heat in buildings and housing stock: Decarbonising heat in buildings is one of the areas of net zero policy where a detailed Scottish Government implementation plan is most urgently needed: one that, in particular, sets out the role the Scottish Government expects local government to play and any additional resources or powers that will be made available to them.**
14. **Focussing on the role of local government, issues that an implementation plan must address include:**
 1. **Funding:** we reiterate that there is a need for a revamp of funding streams potentially available to Councils to be more accessible and less short-term, and to incentivise a place-based approach to heat decarbonisation, rather than a fragmentary one;
 2. **Local heat and energy efficiency strategies and area-based approaches:** the introduction of LHEESs is welcome. An implementation plan should address how LHEESs will be used to help implement the area-based approach that will be necessary if there is to be real progress on heat decarbonisation. It should set out the resource Councils will be provided with to ensure LHEESs are comprehensive and useful, and clarify councils' role in relation to district heating networks.
 3. ***Attracting investment:*** the challenge of attracting private investment may also be mitigated by adopting area-based approaches, offering the potential to scale up investment opportunities. Building on its green investment portfolio, the Scottish Government must work on a strategy to attract private investment and set out how local government is to be

involved in this. We reiterate that local government will require assistance with coordination, scaling up investment opportunities; assignation of risk, etc;

4. ***Rural and island aspect:*** the Scottish Government must set out what specific assistance will be available to councils with a large component of rural housing and to island councils where there are additional challenges in relation both to decarbonised heat and retrofitting and where some national targets do not currently appear realistic;
5. **National Public Energy Agency:** the new Agency should be empowered and resourced to play a strategic and coordinating role in heat decarbonisation with Local Authorities. This should include promoting best practice, guidance and skills development in retrofitting older properties, where challenges remain considerable. The adequacy and enforcement of building regulations on heating and insulation should be within its remit.
15. **Transport and active travel:** The Committee supports a stronger Regional Transport Partnership model to help enable positive behavioural change. RTPs should be empowered and resourced to be lead decision-takers on achieving a more joined up and strategic approach to public transport and active travel at regional level: one reflective of actual travel or commuting patterns, which do not stop at Council boundaries, and to achieve better integration on transport policy between member Local Authorities. This in return requires RTPs to be higher profile, more transparent and more responsive organisations, with clearer processes for public engagement.
16. We ask the Scottish Government whether a step change in the number of Council-run bus services is part of its vision for a decarbonised transport sector, with 20% fewer kilometres of road mile use per annum. If so, we ask the Scottish Government, further to our recent exchange of correspondence on this matter (in relation to the Scottish budget 2023-24) what further changes would be needed to enable Councils to make use of the new power.
17. The roll-out of charging points for electric vehicles at pace is a vital element of the transition to net zero and the Committee has been impressed by pioneering approaches some Councils are taking. We ask the Scottish Government to work with COSLA to champion best practice in EV charging point roll-out across all Councils as an integral element in a place-based approach to spatial planning. This should include work to assess consumer preference (for instance, what level of demand there is for slow versus fast chargers).
18. **Recycling and the circular economy:** The Committee shares the Scottish Government's ambitions to achieve lower and more consistent recycling rates across Scotland's Local Authority areas, in line with net zero targets. Whilst this will involve the sharing of best practice to promote consistency, it also requires an approach tailored to local needs, particularly in rural and

- island communities. The Committee asks the Scottish Government to work with COSLA and with Zero Waste Scotland to further refine its national waste strategy in a way that reflects those twin approaches.
19. In meeting more stringent waste targets, key infrastructure is likely to be of increased importance, as well as contributing to a holistic and place-based approach, utilising opportunities to achieve positive synergies between waste management and other net zero goals. Councils are likely to require financial and expert help in getting such projects off the ground. The Committee asks the Scottish Government what plans it has to support the strategic provision of such infrastructure across Scotland and, in particular, to ensure that smaller, rural and island Councils are not left behind.
20. **Natural infrastructure:** The Committee is concerned by expert views that nature-based solutions to climate change are an under-exploited resource at present. Again, a lack of resources and specialist expertise at individual Council level have been pinpointed as the main reasons. The Committee asks the Scottish Government:
1. whether it agrees that a local government-facing climate intelligence service, including specific expertise in environmental management, would help Local Authorities make more effective use of nature-based interventions;
 2. to respond to concerns that relevant funding streams are insufficiently strategic and are too resource-intensive to access;
 3. to respond to expert views that key legislation in this area requires amendment in order to be effective, or may be hard to enforce (tree preservation orders being one example provided), and that local authorities would benefit from being apply a nature-based equivalent of a Conservation Area designation to land vulnerable to development that would be better used as part of a nature-based solution to climate change.
21. The Committee asks the Scottish Government to work with COSLA to address concerns of the Accounts Commission that Councils are not making adequate provision for adaptation and mitigation measures in their strategic net zero planning.
22. **Net zero, local government and communities:** We recommend that, in their joint work on effective net zero strategic planning (Recommendation 1 above), the Scottish Government and COSLA promote models of community engagement on climate change and net zero, building on the good work some councils are doing, including examples mentioned in this report. This should also include promoting good practice in relation to community engagement on Local Heat and Energy Efficiency Strategies. The effective engagement of communities and community groups, drawing on their local knowledge, is vital to embed a place-based approach to climate change and net zero at local level.

23. **We recognise the financial strain Councils are under but consider that this joint work should also include auditing the human and financial resources Councils are making available for climate change-related community engagement and support, and agreeing on minimum standards.**
24. **We have seen for ourselves during this inquiry, how challenge funds from the Scottish Government or public agencies have helped seed climate change-related local projects that have empowered and strengthened communities. However, community groups have the same overall concerns as Councils about challenge funding:**
- **complicated application processes;**
 - **the short-term nature of most awards;**
 - **funding streams that are too narrowly focussed and do not align with a place-based approach to net zero.**

Fewer, larger, more flexible and longer-profiled challenge funds would benefit Councils and community groups alike.

25. **We ask the Scottish Government to clarify what role it envisages local place plans can play in ensuring communities and community groups have a meaningful say in net zero-focussed planning and place-making, now that LPPs have become part of the planning system. What is the Scottish Government's response to expert evidence that additional resource will be needed to ensure that community engagement at the preparation stage of LPPs is meaningful, so that it can draw fully on the knowledge, views and enthusiasm of the local community?**

Introduction

26. The Net Zero, Energy and Transport Committee launched this inquiry in November 2021, just after the close of the United Nations Conference on Climate Change ("COP26") in Glasgow. At COP26, world leaders came together to agree concerted action at a global level to reverse decades of human-made climate change.
27. But there was another important theme to COP26. This was on the need for *local* solutions to a global crisis: meaningful engagement with communities to convert lofty and abstract commitments made at national or international level into actions on the ground that both reduce emissions and make a positive difference to people's lives; for instance:
- Convenient, affordable public transport;
 - Networks of cycle lanes and footpath and car-free town centres to encourage active travel, and more twenty-minute neighbourhoods: walkable communities where most everyday needs are within easy reach;
 - Easy access to electric vehicle (EV) charging points to encourage a switch from fossil-fueled-powered cars and vans;
 - Warmer, better insulated homes that need minimal heating and aren't heated by fossil fuels;
 - Households and local businesses having easy access to recycling as well to its benefits: to a circular economy where waste is minimised and we get full use from materials over their lifespan;
 - Community-based projects to restore our green and blue infrastructure: natural features like forest, peatland or saltmarsh that take carbon out of the atmosphere or mitigate effects of climate change (like floods), or both;
 - Local economies sustained by cheap, clean and -where possible- locally generated green energy, cutting costs for families and businesses and reducing our dependency on fossil fuels.
28. Progress in these areas will be crucial if Scotland is to fully contribute to the global fight against climate change and achieve its challenging net zero targets set out in statute. These include a 75% reduction in greenhouse gases by 2030 (against a 1990 baseline) and ultimately becoming, and remaining, a net-zero nation by 2045.ⁱ
29. In its most recent report on progress on reducing emissions in Scotland, the Climate Change Committee, the statutory advisor on net zero to the UK's governments and legislatures, has made clear that Scotland faces a serious challenge in achieving these targets and the Scottish Government has acknowledged that, in parts, the report makes for "difficult reading".ⁱⁱ Substantial advances have been made over the last decade but, with most of the lower hanging fruit now picked, future progress will be tougher. The decarbonisation of transport and of the built environment are two areas the CCC has singled out as in need of urgent progress.ⁱⁱⁱ

ⁱ Climate Change (Scotland) Act 2009, sections A1 and 2

The role of local government

30. We launched our inquiry with these challenges in mind, putting at the centre of it Scotland's 32 Local Authorities. Local government is important to net zero policy because it is the layer of democracy closest to our diverse communities: urban, suburban, rural and island. It is also important because of its specific legal rights and responsibilities in areas such as:
- transport: Councils are also transport authorities, responsible for local transport planning and regional cooperation. They have responsibilities in relation to roads, pavements, cycle lanes and on-street parking. They can install EV charging points or authorise their installation. Since 2022, the four city authorities (Aberdeen, Dundee, Edinburgh and Glasgow) have operated city-centre low emissions zones;
 - economic planning and support, for instance through the Business Gateway service;
 - spatial planning and place-making, as Councils are also planning authorities;
 - the built environment: around 12% of Scotland's housing stock is Council housing. Enforcing building standards is a responsibility of local government, and the planning system itself also gives Councils some levers to affect the type of buildings that get built or the way they are renovated;
 - waste management and recycling.
31. Councils also have more general powers and responsibilities that could be put to use to support a net zero agenda: for instance the *power to advance well-being* under the Local Government in Scotland Act 2003 or the duty under the Climate Change (Scotland) Act 2009 for Councils, and other public bodies, to exercise their functions *in the way best calculated to contribute to the delivery* of national net zero targets.
32. Councils are also amongst Scotland's biggest owners of land and property and collectively Scotland's largest employer. We will not achieve net zero by 2045 without local government playing a full role in reducing the carbon footprint of its own estate and operations.
33. Finally, simply by virtue of their local economic status, their breadth of responsibilities, and their democratic mandate, all Councils have in their area a unique *convening power*: the power to build networks and to bring together key individuals, communities and organisations from the private and public sector to work together for a common purpose. This can also include working on a regional basis with neighbouring councils and stakeholders. Reaching net zero will not work except as a collective mission and Councils are in a privileged position to forge the alliances that this will require.

ii Official Report (Chamber), 23 December 2022, col 120 (Michael Matheson MSP)

iii Available at: <https://www.theccc.org.uk/publication/scottish-emission-targets-progress-in-reducing-emissions-in-scotland-2022-report-to-parliament/>

34. Collectively, all of this underlines that local government has an absolutely crucial role to play in Scotland's journey to net zero. But to do so it needs the right resources, skills and leadership for the task, the right framework of legal rights and duties, and the right partnerships and ways of working with other key players.

The Committee's inquiry

35. Accordingly, the Committee agreed to hold an inquiry into *the role of local government and its cross-sectoral partners in financing and delivering a net-zero Scotland*, with this remit:

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

The inquiry will also consider:

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

A "just transition" means learning lessons from the past about how rapid economic change left lasting scars on some communities. It means changing our economy and lives to achieve net zero in a way that reduces rather than increases inequalities and creates new opportunities.

36. The inquiry was launched with a call for written views, posing 12 specific questions, seeking views on matters such as:
- The human and financial resources of Local Authorities, their strategic capacity, and their access to capital for investment in net zero projects;
 - How effectively Local Authorities partner with the Scottish Government, with public agencies, or with the voluntary and private sector, as well as with local communities themselves, to address climate change;
 - The challenges for Local Authorities in areas key to decarbonisation where they have a role: transport, planning, housing, waste management and our green and blue infrastructure. We also asked for examples of good practice in these areas that could be shared more widely.
37. We received 63 responses to our call for views: from Councils, public bodies, professional associations, business, academic experts, community groups and individuals. Over 17 evidence sessions, from January 2022, we heard from representatives of 52 different organisations, concluding in September 2022 with oral evidence from COSLA (the Convention of Scottish Local Authorities) and the

Scottish Government. Annexe A lists and contains links to all Committee evidence sessions. Annex B lists and contains links to all written submissions.

38. In addition, Committee Members made visits to four Council areas:

- Stirling
- Aberdeen
- Orkney
- Dundee.

Annexe C outlines the itineraries for these visits. These were a crucial part of the Committee's fact-finding, bringing to our attention the hands-on, innovative work Councils are already doing to make net zero happen, and highlighting the difference that leadership, enthusiasm, knowledge and imaginative partnership working can make. It was impressive to see this work happening against a tough backdrop of rising costs, squeezed finances and post-Covid recovery.

39. The Committee is grateful to all those who contributed their views to this inquiry, and especially those who hosted us and took time to meet us on visits.^{iv}

40. The scope and scale of this inquiry has been ambitious, generating a long trail of evidence. Other relevant sources of information have been noted, such as CCC reports on Scotland, the Accounts Commission's September 2021 paper on Scotland's Councils' approach to addressing climate change,^v and Councils' own climate change plans. There is also the work of the Sustainable Scotland Network, which provides peer-to-peer support and guidance on sustainability and net zero for councils and other public bodies.

41. With this report, the Committee aims to produce a report that is a compact overview, with a practical focus on moving the discussion on to the areas where action will be most needed over the crucial next few years. A diversity of policies were discussed during the inquiry; some at quite granular level. We anticipate making further use of some such information in other more specifically policy-oriented areas in the near future: for instance in scrutinising two forthcoming Scottish Government Bills: on the circular economy and on land ownership and use. The Report is in three main parts:

- A general overview of local government's readiness for net zero;
- Consideration of how key national net zero policies are being implemented locally;
- Consideration of the role of communities and community groups in helping drive positive change at local level.

^{iv} There were also two NZET Committee membership changes during the inquiry: Edward Mountain replaced Dean Lockhart as Convener. Ash Regan replaced Natalie Don as a Committee Member. The Committee thanks both former Members for their contribution to the inquiry.

^v [Scotland's councils' approach to addressing climate change](#)

42. This is a report focused on local government, setting out conclusions that we hope COSLA and the wider local government sector will pay careful attention to. But it is to the Scottish Government that most recommendations are directed, in line with the Scottish Parliament's core role as scrutineer of Scottish Government policy and performance. Recommendations are directed to the Scottish Government in its capacity as:
- the primary source of local government funding, with around 85% of Council's net revenue expenditure coming by way of direct government grant;
 - as the body most responsible for ensuring that local government has the right balance of legal duties and powers and, where necessary, for proposing new laws;
 - overall, as what the Cabinet Secretary for Net Zero, Energy and Transport described as a "steadfast partner"^{vi} of local government in tackling the climate crisis. We are clear that the Scottish Government's role is to be in continuous dialogue with local government about the journey to net zero, to provide it with guidance, advice and encouragement where needed, and to set a clear direction on all national policies that are to be implemented locally.

Local government's readiness for net zero

43. Transitioning to net zero has been described as a new industrial revolution, requiring a fundamental change to many of the technologies, systems and delivery models that enable our working and domestic lives. This change comes at a price -the upfront cost of a more sustainable and affordable future. One estimate puts the cost for the whole UK at £1.4 trillion.^{vii} The Scottish Government has estimated (as of October 2021) that it will cost £33 billion alone to decarbonise heat in buildings, and we heard views during this inquiry that this may be an underestimate.^{viii} Local government can expect to foot only a portion of the overall price but this will still be a major additional cost. This is against a general backdrop of financial pressure within local government, with the sector arguing that it must increasingly to do more with less.^{ix}

Targets, strategic planning and climate change budgeting

44. The transition also requires Councils to change how they organise their work. The same collective approach needed at a national level must be replicated locally, with all Council departments focused on working together to achieve net zero, whilst continuing to provide the same core services. This is clearly a challenge, making effective long-term strategic planning for net zero crucial. Strategic planning is also an opportunity for Councils to embed the principle of place-based decision-making in their approach to net zero; the need for which, as discussed further below, emerged as one of the key themes of the inquiry.
45. Just nine Councils responded to our call for views, as did COSLA. This evidence outlined some of the steps they had taken to mainstream net zero into their strategic thinking, via processes such as carbon budgeting or the setting up of high-level committees or boards, and drawing up net zero or climate emergency plans. It is clear from this, and from the work we saw being done on our visits, that many Councils are trying hard to achieve a permanent cultural change that mainstreams net zero thinking into all of their work.
46. Evidence from a representative of Freiburg Council, Germany's self-styled "Green City" and an acknowledged international pioneer in climate change-focussed municipal policy-making, also provided the Committee with some useful lessons in what effective strategic planning for net zero looks like. Elements included:
- a consensus across most party divides that climate change must be tackled and a general avoidance of political point-scoring on the issue, and a well

vii This is a 2019 calculation by the Office for Budget Responsibility, based on reaching net zero by 2050, and aggregating estimates made by the Climate Change Committee: [OBR: Fiscal risks report](#)

viii Official Report, NZET Committee, 14 June 2022, cols 6, 11-12

ix [COSLA response to Accounts Commission's Local Government in Scotland Overview report \(May 2022\)](#)

informed and engaged citizenry who are willing to push the Council;

- the use of expert opinion from informed outside bodies as part of the municipal decision-making process;
- use of local referendums on particularly important and contentious proposals;
- a long-standing dedicated climate neutrality unit embedded within the Council's senior administration.^x

47. However, a number of Councils were frank in their evidence, acknowledging the challenges that remained to effective strategic planning. Barriers that they (and others) listed, and which this report will return to, included:

- a lack of funding;^{xi}
- an institutional and political culture that does not reward thinking for the long-term, with relevant funding generally built around annual cycles;^{xii}
- a lack of human resources and specialist knowledge;^{xiii}
- perceived inconsistency between net zero goals and other national policy aims;^{xiv} and
- a need for more clarity and guidance on many of the specifics of net zero policy from the Scottish Government.^{xv}

48. The Accounts Commission's September 2022 paper, *Scotland's Councils' Approach to Addressing Climate Change*, sets out a high-level overview of Councils' strategic planning for net zero. As part of this, it also considers how they set emissions targets. Councils are not directly legally obliged to prepare climate change or net zero plans. However, as part of their reporting duties under the Climate Change (Scotland) Act, Councils (along with other public bodies) must "list all of the body's targets of relevance to its climate change duties".^{xvi} An amendment to the reporting duty agreed to in 2020^{xvii} further requires reporting bodies to, "where applicable", set "targets for reducing indirect emissions of greenhouse gases".

^x Official Report, NZET Committee, 31 May 2022, cols 2-8

^{xi} e.g. Comhairle nan Eilean Siar, written submission; South Ayrshire Council, written submission; Stirling Council written submission

^{xii} e.g. East Lothian Council, written submission; South Ayrshire Council, written submission; West Dunbartonshire Council, written submission

^{xiii} Official Report, NZET Committee, 11 Jan 2022, cols 7-8 (Aberdeen City Council); col 10 (Glasgow City Council); West Dunbartonshire Council, written submission

^{xiv} e.g. Comhairle nan Eilean Siar, written submission; East Lothian Council, written submission

^{xv} e.g. Aberdeenshire Council, written submission; Stirling Council, written submission

^{xvi} The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015

^{xvii} The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland)

49. The paper notes case studies of good planning practice but also makes recommendations about areas where net zero delivery plans should improve. It says they should be up-to-date and be more transparent about challenges. On targets, it notes inconsistencies in the way Councils set them: 81% have set targets for the Council's own emissions while 53% have set targets for area-wide emissions. Area-wide targets are tougher first because this means having to reduce emissions by a far greater overall volume and secondly because it means taking responsibility for actions over which Councils may have influence but little direct control. The report also notes that, within these two categories, Councils have set different net zero target years: ranging from 2030 to 2045.
50. The Accounts Commission's paper also says that Councils must do more to explain how they will offset or inset residual emissions,^{xviii} and that they must collectively agree to a more consistent approach to defining what is and is not included in emissions targets. We heard similar calls to address inconsistency in target-setting and gaps in Council data-gathering during the inquiry.^{xix} When we questioned COSLA further on Councils' approach to planning and targeting, they acknowledged there was a degree of inconsistency across Councils, but said that this could reflect them taking bespoke approaches reflecting local priorities.^{xx} The Accounts Commission representative suggested that "confusion and a lack of cooperation across local authorities" was the root cause of this inconsistency.^{xxi}
51. The Commission's findings tally with evidence gathered during this inquiry. Like the Commission, we have noted a number of instances of Councils clearly taking their climate change duties seriously at a strategic level, using them to set out a positive future vision for their area (rather than placing the main focus on costs and disbenefits of transition), and effectively modelling good practice in key approaches such as place-based decision-taking. We also noted the importance of personal leadership. However, performance at a strategic level varies.^{xxii} The Commission's finding that some Councils' targets "appear to be very ambitious" and that there appears to be a "significant gap" between the target a Council has set and the actions set out in its plan^{xxiii} also strongly resonates with evidence to this inquiry. This includes views from Councils themselves that they anticipated serious difficulties in meeting their own targets.^{xxiv}
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Amendment Order 2020

^{xviii} In a local government context, "insetting" residual emissions means taking action to counteract remaining carbon emissions within the Council's own area (e.g tree-planting on Council-owned land): "offsetting" means outsourcing this counterbalancing activity.

^{xix} Official Report, NZET Committee, 11 Jan 2022, col 29 (Aberdeen City Council); Official Report, NZET Committee, 24 May 2022, col 17 (Scottish Renewables); Official Report, NZET Committee, 20 Sept 2022, cols 10-11 (Accounts Commission and Unison); COSLA, second written submission

^{xx} Official Report, NZET Committee, 20 Sept 2022, cols 33-34

^{xxi} Official Report, NZET Committee, 20 Sept 2022, col 9

^{xxii} Sustrans, written submission

^{xxiii} Page 17 of paper

52. A detailed submission to this inquiry sets out an analysis of 11 climate change plans from Scottish Councils, from a sample of 16 (Other Councils either indicated that they did not have such plans or did not reply.)^{xxv} The submission says its analysis indicates:
- a disparity between the percentage of emissions most Councils think they have to report and what was actually envisaged in climate change legislation;
 - That Councils are tending to take a "piecemeal" approach to tackling area-based emissions;
 - insufficient evidence of plans being scrutinised and of Councils being held accountable for progress against plans.
53. We also note evidence that the existence of a net zero plan, whilst welcome, is not in itself proof that a Council is prepared for net zero^{xxvi} and that Councils' strategic planning (as reflected in downstream decision-making in areas such as budgeting, planning and procurement) simply does not align consistently with national net zero goals.^{xxvii} In this connection, the Accounts Commission paper also makes a more general recommendation that all Councils should ensure they "embed climate change into decision-making at all levels"; for instance by integrating climate change into existing governance and business processes.^{xxviii} We noted during the inquiry, and especially on visits, that the Councils making the most progress on net zero appear to be those that have established a climate emergency board (or similar body) empowered to ensure that there is strategic alignment on net zero across all Council departments.
54. An example of such integrated thinking and planning about climate change would be Councils ensuring that they link their carbon reduction plans and routemaps to their annual budget-setting. There are undoubtedly technical challenges to climate change budgeting, as the Committee has noted as part of our ongoing dialogue with the Scottish Government about mapping and reporting the carbon impact of the national budget.^{xxix} However, it would seem an essential element of good climate governance to make sure that budget-setting and net zero strategy are aligned. An expert view provided to this inquiry was that there was a lack of such systematic linkage in Scotland, although Glasgow was cited as a Council setting a positive example in this area.^{xxx}

xxiv Official Report, NZET Committee, 11 Jan 2022, col 29 (Aberdeen City Council); col 54 (Highland Council); City of Edinburgh Council, written submission; East Lothian Council, written submission; West Dunbartonshire Council, written submission

xxv Stephen Kerr MSP, written submission

xxvi UK Energy Research Centre, written submission

xxvii Community Land Scotland, written submission, Community Transport Scotland, written submission; L-A Mulholland, written submission; West Dunbartonshire Council, written submission; Strontian Community School Building Ltd, written submission; Improvement Service, written submission

xxviii Recommendation 5 (page 34 of paper)

xxix Exchange of correspondence available here: [Conclusion of the Joint Review of Budget as](#)

55. In June 2022, Scotland's new environmental regulatory watchdog, Environmental Standards Scotland, announced as one of its first pieces of work an investigation into the effectiveness of the systems in place concerning Local Authorities' contribution to the delivery of climate change targets.^{xxx} This will be an important piece of work, and the Committee looks forward to considering ESS's findings in due course, building on knowledge gained from this inquiry.

56. **The Committee calls on the Scottish Government to work with COSLA to audit the effectiveness of Councils' net zero-related strategic planning and data-gathering, and to promote and embed best practice in mainstreaming net zero planning into Council decision-making, drawing on national and international examples, including evidence provided to this inquiry.**

57. **This joint work should include:**

1. **ensuring that Councils' strategic planning and major budgetary decisions are consistent with net zero goals and promoting climate change budgeting;**
2. **ensuring that those within Council administrations who lead on climate change and net zero are embedded within senior leadership;**
3. **promoting models of Council leadership on net zero;**
4. **Promoting best practice in the way Councils fulfil their statutory reporting duties.**

In connection with the last of these, we call on the Scottish Government to clarify whether it considers the current reporting duty requires Councils to report area-based targets. If there is no such formal duty we call on the Scottish Government to introduce one.

Scottish Government funding for net zero

58. Concern as to whether local government had sufficient resources for the net zero transition was one of the main issues raised in the inquiry. For COSLA, more resources to tackle net zero was their single biggest ask^{xxxii} and this view was shared by a number of other stakeholders within local government, industry, professional organisations and unions.^{xxxiii} Councils told us that this strain on resources affected every Council department, including planning, housing, environmental services and procurement. They said more everyday pressures to keep services running in this climate made strategic thinking about net zero harder,^{xxxiv} made it harder to pilot new approaches and to take the necessary

[it relates to climate change | Scottish Parliament Website](#)

^{xxx} Louise Marix Evans, supplementary written submission

^{xxxii} [Investigation launched into support for Local Authorities in the delivery of climate change targets](#)

calculated risks that net zero entailed,^{xxxv} and overall made the 2030 and 2045 targets look increasingly hard to reach.^{xxxvi}

59. Consideration of local government's financial position in relation to achieving net zero is inseparable from consideration of the sector's general financial position and, in particular, its direct grant from the Scottish Government under the annual local government settlement. There are long-term differences of views between COSLA and the Scottish Government as to some of the metrics of Council funding. These differences relates to matters such as the definition of "ring-fenced" Council funding and on whether money allocated to Councils for a specific, new purpose should be counted as "additional" funding. This has often led to public disagreement, at the time each new Scottish Government budget is set, as to whether or not funding to local government has declined in real terms and, if so, by how much.^{xxxvii}
60. However, the Scottish Government accepts that funding constraints mean that Councils must take difficult decisions, and Scottish Government ministers told us they accepted that costs and inflationary pressures were a challenge for Local Authorities and were making net zero targets harder to deliver.^{xxxviii}
61. We also heard views - from Council leaders, Council staff and stakeholders who work closely with Local Authorities - about the "how" as well as the "how much" of Scottish Government net zero funding. The following issues were mentioned:
62. *Ring-fencing*: the reasons for ring-fencing were understood: they are to help reach national outcomes that in some cases will have been jointly agreed between central and local government, but we heard that Councils considered ring-fencing to often be unhelpful, as it can prevent them being flexible in allocating resources for net zero projects and from maximising best value.^{xxxix}
63. *Challenge funds*: there are a number of challenge funds Local Authorities can bid

xxxii COSLA, written submission and second written submission; Official Report, NZET Committee, 20 Sept 2022, col 31

xxxiii e.g. Official Report, NZET Committee, 25 Jan 2022, col 18 (Federation of Small Businesses); 22 Mar 2022, col 19 (Heads of Planning Scotland); 20 Sept 2022, col 7 (Unison, Accounts Commission); Climate Emergency Response Group, written submission

xxxiv Official Report, NZET Committee, 11 Jan 2022, cols 31-32 (City of Edinburgh Council)

xxxv COSLA, written submission

xxxvi Official Report, NZET Committee, 11 Jan 2022, col 43 (Highland Council); COSLA, second written submission; Stirling Council, written submission; South Ayrshire Council, written submission

xxxvii This paper from the Scottish Parliament Information Centre provides an analysis of Scottish Government funding for local government 2013-2021, as well as different views the Scottish Government and local government have taken on counting methodology : [Local Government: Facts and Figures](#)

xxxviii Official Report, NZET Committee, 27 Sept 2022, col 4

xxxix Official Report, NZET Committee, 11 Jan 2022, col 54 (Highland Council); 20 Sept 2022, col 38 (COSLA); COSLA, second written submission

for to secure additional funding for net zero-related work. Whilst the potential for additional funding was welcomed, we heard that hard-pressed Council departments found the bidding process often time-consuming and bureaucratic, and potentially demoralising should it end in failure.^{xi} As challenge funding is for discrete and sometimes quite narrowly drawn policy outcomes, we also also heard views that it does not encourage a place-based approach to project management.^{xii} This is unless the bidder is able to "join the dots" with multiple successful bid that can enable concurrent projects to be linked up, to multiply the benefit.^{xiii} We also note views that the process does not produce equitable outcomes, in that some Councils appear to be better able to work the system.^{xliii}

64. *Duration of funding:* a concern expressed repeatedly over the inquiry was that too much project funding was awarded annually rather than over a longer cycle. Stakeholders said this led to short-termism and also made it harder to retain contract staff and build up their experience, if they had no confidence in being kept on. We heard that even partially profiling spend over two or three years, rather than just one, would help.^{xliiv}
65. *Revenue versus capital:* we heard views that the Scottish Government had not always got the revenue-capital balance right, and that this could lead to projects being started but having to be abandoned or radically downsized when, some way in, the running costs could no longer be met.^{xliv}
66. Overall, COSLA called for "fewer but larger and more flexible funding streams" for net zero.^{xlvi}

Filling the funding gap: private sector support

67. Councils were clear they saw more financial support for net zero from government as an absolute priority. But there was also a consensus during the inquiry that the sums involved in the net zero journey were so large that private funding would be

^{xi} Aberdeenshire Council, written submission; COSLA, written submission; West Dunbartonshire Council, written submission; Official Report, NZET Committee, 20 Sept 2022, col 40 (COSLA)

^{xli} Sustrans, written submission

^{xlii} City of Edinburgh Council, written submission

^{xliii} Stephen Kerr MSP, written submission

^{xliiv} Aberdeenshire Council, written submission; COSLA written submission; West Dunbartonshire Council, written submission; Official Report, NZET Committee, 17 May 2022, cols 16-17 (Existing Homes Alliance)

^{xlv} Official Report, NZET Committee, 20 Sept 2022, cols 39-40 (COSLA); Sustrans, written submission

^{xlvi} COSLA, written submission; Official Report, NZET Committee, 20 Sept 2022, col 39

- essential, and would be likely to constitute the majority of the remaining required investment. This can be seen, for instance, in the Scottish Government's heat in building strategy where, of the estimated £33 billion cost of decarbonising the built environment, the Scottish Government proposes to commit £1.8 billion.^{xlvii} Whether or not this sum turns out to be the "right" level of governmental investment, it illustrates the overall scale of the current gap.
68. There was also a consensus that this gap could only be closed with the involvement of major international investors.^{xlviii} The Cabinet Secretary for Net Zero, Energy and Transport told us that the Scottish Government aims to attract national and international private capital via its global capital investment plan, launched in March 2021. The plan includes a "green investment portfolio" which brings together potential projects totalling around £3 billion.^{xlix}
69. We heard during the inquiry of some Council initiatives or proposals for additional sources of funding from private sources. Aberdeen City Council told us that had obtained a credit rating and issued municipal bonds to help fund infrastructure; to the value of £370 million.ⁱ We heard that more could be made of municipal bonds but that it would take a deeper partnership between local government and investors to make major inroads into the net zero funding deficit.ⁱⁱ
70. There are also local climate bonds. These are not bonds in the traditional sense, but crowdfunded investment products, subject to regulatory control, that are launched by Councils to access cost-effective funding for specific decarbonisation projects. In so doing, they offer local people - citizen investors - a green investment opportunity with the possibility of a return over and above repayment of the loan. Local climate bonds have been launched in several Councils in England, but not yet in Scotland.ⁱⁱⁱ We heard that they can be useful in helping deliver discrete local schemes but would be harder to scale up for major infrastructure.ⁱⁱⁱⁱ It also seems likely that the appetite for investing in local climate bonds will fluctuate depending on the general economic situation.
71. Most stakeholders were clear, however, that meeting the 2045 target would require a step change in the financial relationship between local government and institutional investors, with a need for a far greater volume of co-financed deals. We explored this key inquiry strand further with all witnesses, including two specialist panels of experts in institutional investment. The following were the key findings:
72. *Funding at scale is potentially available:* The Glasgow Financial Alliance for Net Zero (GFANZ) was founded in the run-up to COP26 to coordinate efforts across the

xlvii [Heat in Buildings Strategy - achieving net zero emissions in Scotland's buildings](#)

xlviii Official Report, NZET Committee, 11 Jan 2022, col 30 (Glasgow City Council)

xlix Official Report, NZET Committee, 27 Sept 2022, col 15

i Official Report, NZET Committee, 11 Jan 2022, col 18; See further: [Aberdeen City-council bonds](#)

ii Official Report, NZET Committee, 25 Jan 2022, col 54 (abrdn)

iii Official Report, NZET Committee, 21 June 2022, col s 9-10 (Green Finance Institute)

iiii Official Report, NZET Committee, 20 Sept 2022, cols 25-26 (Louise Marix Evans)

international financial system to accelerate the transition to a net-zero global economy. By the close of COP26, it declared that it had already secured \$130 trillion in private capital, from firms in 45 countries, for investment in net zero projects. Just one of the stakeholders we heard from during the inquiry, the Association of British Insurers, told us that its members had potentially £900 billion available for net zero-related investment across the UK.^{liv}

73. *Willingness to invest is also potentially there, but investors want more certainty:* The GFANZ's declaration underlines that Scotland's Councils are in a global contest to attract investment. We heard that investors do see potential opportunities to invest in municipal-level net zero projects in Scotland, and indeed want to invest.^{lv} We heard, for instance, that pension funds might be attracted by the sort of long-term, low-risk, steady return profile that projects in this area may offer. Neighbourhood-based home insulation and heat decarbonisation schemes or projects to extend the network of electrical vehicle charging points were two examples cited.^{lvi} But we also heard that at present, investors are generally lacking in confidence to invest at scale in Scotland.^{lvii} (This finding should be partially caveated by noting a different financial climate since most of this evidence was gathered, with higher interest rates and inflation and a Bank of England forecast of the UK being in recession throughout 2023.)
74. *More public data and information would help:* One reason for this lack of confidence is a relative lack of relevant data. Investors and business stakeholders called for more open-source data and information to be made available and at a sufficiently granular level -for instance on housing stock in a particular area- to help them build robust business cases.^{lviii} The Scottish Government has recently legislated to require all Scottish Councils to prepare local heat and energy efficiency strategies (LHEESs), which will be public documents. This was cited positively as the sort of measure that could build investor confidence: provided, stakeholders stressed, that Council departments have the resource, expertise and powers they need to perform this new duty effectively.^{lix}
75. *Investors prefer consistency:* we heard that investors want deal-making to be simplified where possible because the projects themselves are likely to be complex and technical.^{lx} Having 32 different local government partners with potentially 32

^{liv} Official Report, NZET Committee, 21 June 2022, cols 7 and 31

^{lv} Official Report, NZET Committee, 11 Jan 2022, col 18 (Aberdeen City Council); 24 May, col 30 (Scottish Renewables); Energy Savings Trust, written submission

^{lvi} Official Report, NZET Committee, 25 Jan 2022, col 44 (Phoenix Group); 21 June 2022, cols 5-6 (Green Finance Institute) and col 7 (Association of British Insurers)

^{lvii} Official Report, NZET Committee, 25 Jan 2022, col 39 (Scottish Financial Enterprise)

^{lviii} Official Report, NZET Committee, 25 Jan 2022, cols 36-37 (CBI Scotland); 21 June 2022, col 18 (Green Finance Institute)

^{lix} Official Report, NZET Committee, 17 May 2022, col 3 (UK Energy Research Council; Existing Homes Alliance), 24 May, col 17 (Scottish Renewables);

different approaches was an example given of a complicating factor.^{lxi} One way to mitigate this would be for COSLA to coordinate agreed ground-rules for net zero investment between all Councils.

76. *Scaling up*: One of the clearest messages from the inquiry was that it is the bigger projects that attract the bigger investors and that, in a country the size of Scotland, competing globally for major investment, Councils must work together to bundle up projects of a similar character so as to create fewer and bigger investment opportunities.^{lxii} Even the biggest Local Authorities agreed on this.^{lxiii} The Cabinet Secretary for Net Zero, Energy and Transport explained that one of the purposes of the green investment portfolio was to help achieve this scaling up of municipal-level projects.^{lxiv}
77. *Investment certainty is inseparable from policy certainty*: we heard that it is pipelines of relatively guaranteed work, as opposed to one-off projects, that most attract investors.^{lxv} There is some work Councils can do on this, but we also heard that leadership and clear policy signalling from government in key areas will be even more crucial in building long-term confidence.^{lxvi} An example given was again on heat in buildings, where stakeholders said that the Scottish Government must now urgently build on its strategy with a more specific delivery plan, clarifying who does what and what additional powers and resources will be available; to local government and others.^{lxvii}
78. *More specialist financial expertise is needed*: stakeholders doubted that local government had sufficient people with the necessary skills and the right contacts to make the complex, large-scale multi-party deals that will be needed.^{lxviii} We heard that this includes knowing what financial products are available that assign the risks between the parties in the right way or, where necessary, working with industry to come with bespoke products for particular investments. It is not a criticism of local government that skills of this type are lacking but a reflection of the way in which the drive to net zero is making unprecedented demands of the local government

lx Official Report, NZET Committee, 21 June 2022, cols 16-17 (Green Finance Institute), col 26 (Association of British Insurers)

lxi Official Report, NZET Committee, 21 June 2022, col 7 (Association of British Insurers)

lxii Official Report, NZET Committee, 25 Jan 2022, cols 44 and 48-49 (Phoenix Group and abrdn); 7 May 2022, col 9 (Existing Homes Alliance); 21 June 2022, col 20 (Green Finance Institute)

lxiii Official Report, NZET Committee, 11 Jan 2022, col 18-19 (City of Glasgow Council);

lxiv Official Report, NZET Committee, 27 sept 2022, cols 15-16

lxv Official Report, NZET Committee, 25 Jan 2022 (CBI Scotland), 21 June 2022, col 29 (Green Finance Institute)

lxvi Official Report, NZET Committee, 25 January 2022, col 42-43 (Phoenix Group);

lxvii Official Report, NZET Committee, 18 Jan 2022, col 19 (Sustainable Scotland Network); 25 Jan 2022, col 20 (Federation of Small Businesses)

sector,^{lxi} as Councils themselves acknowledged. We also heard that institutional investors are not themselves experienced at making these sorts of deals with Scottish Councils, which puts the onus further on Councils to have in place people with the right knowledge.^{lxx}

Cities and City Region Deals

79. The Committee heard from the then leaders of all four city councils during the inquiry, which included visits to Aberdeen and Dundee. Seeing and hearing about the work city councils are doing underlined the key role cities must play in the transition as regional net-zero powerhouses, driving innovation through their links to industry and university-based research, and providing the critical mass for regionally and nationally important new infrastructure.
80. We also sought views on the future role of City Region Deals in the journey to net zero. CRDs are packages of funding and decision making powers, agreed between the Scottish Government, the UK Government and local partners, with local authorities taking a lead governance role. CRDs' mission is to take a long-term strategic approach to improving regional economies, aiming to help harness additional investment, create new jobs and accelerate inclusive economic growth. The two governments have jointly committed almost £3.5 billion to them to Scotland's six Deals. The first - Glasgow - dates from 2014 and the latest - Tay Cities (Dundee and Perth) - dates from 2020.^{lxxi}
81. Some stakeholders were of the view that CRDs already belonged to an earlier era when climate change was perceived as less urgent. They pointed out that net zero goals had not been hard-wired into the CRD model from its conception^{lxxii} and came relatively low in Deals' listed priorities.^{lxxiii}
82. Other evidence noted that at least some Deals stood up as good models of local government-led partnerships to tackle the barriers to net zero at a regional level, providing lessons to councils on how to leverage in private sector funding for infrastructure at scale.^{lxxiv} The Tay Cities Deal was amongst those mentioned as

^{lxxviii} Official Report, NZET Committee, 11 Jan 2022, cols 10-11 (Glasgow City Council); 21 June 2022, cols 3-4 (Green Finance Institute)

^{lxxix} Official Report, NZET Committee, 25 Jan 2022, col 44 (Phoenix Group); Climate Emergency Response Group, written submission

^{lxxx} Official Report, NZET Committee, 25 Jan 2022, col 39 (Scottish Financial Enterprise); 21 June 2022, col 30 (Association of British Insurers)

^{lxxxi} Other parts of Scotland have island or growth deals. These also aim to achieve long-term inclusive growth but without the strategic and regional element or that of an "anchor" city serving as the regional economic hub.

^{lxxxii} Aberdeenshire Council, written submission

^{lxxxiii} Official Report, 25 Jan 2022, col 32 (Federation of Small Businesses); Paths for All, written submission

reflecting that model.^{lxxv} This positive view of that Deal as a vehicle for delivering both inclusive growth *and* net zero was reinforced on our own visit there, which included a tour of the Michelin Scotland Innovation Parc and a discussion with entrepreneurs based there.

The Scottish National Investment Bank

83. We sought views on the role of the Scottish National Investment Bank. Established in late 2020, SNIB is a development investment bank, established and funded by Scottish Ministers. Development banks seek to invest where the private sector is not providing sufficient investment to businesses or in projects that support the development of a country's economy. The Bank operates commercially, and is operationally independent from government. One of its three core missions is to achieve a just transition to net zero by 2045.
84. In its reply to the call for views, SNIB explained that is not able to invest directly in local authorities, was "unlikely to be suitable for the needs and requirements of local authorities funding" and had "not received approaches from local authorities seeking commercial investment in the local authorities itself."^{lxxvi} We nevertheless heard views from stakeholders that it had an important role to play in supporting co-financing at the council-investor interface.^{lxxvii} We heard views that SNIB should be at the heart of work to build commercial partnerships for net zero at local level, forging links between business and local government and helping de-risk investments. There were perceptions that it had made a slow start in this area.^{lxxviii}
85. We invited SNIB to give evidence to the inquiry to elaborate on its possible role. It declined, reiterating that it cannot invest in local authorities but that it "continues to work with Local Authorities to seek opportunities to unlock specific projects that align with the Bank's missions and Local Authority objectives". It added that another role could be for it to support councils seeking private sector investment in initiatives consistent with the Bank's net zero mission: for example contributing to roundtable discussions or acting as a "catalyst" to bring Local Authorities and investors together. The Bank said it was "very keen" to contribute in this way.
86. In this connection, the Committee notes that most of SNIB's capitalisation has been funded by the Scottish Government through financial transactions under the Barnett Formula. It is a condition of such funding that it cannot be directly invested in other public bodies. We note that SNIB's ambition is to move beyond this by getting

^{lxxiv} Official Report, 11 Jan 2022, col 9 (City of Edinburgh Council); 25 January 2022, col 45 (Scottish Financial Enterprise)

^{lxxv} 22 March col 36 (Colleges Scotland)

^{lxxvi} Written submission

^{lxxvii} Official Report, NZET Committee, 25 Jan 2022, col 31 (CBI Scotland); 22 March 2022, col 40 (Edinburgh Climate Change Institute ; 21 June 2022, col 11 (Green Finance Institute, citing the example of the Connecticut Green Bank) and col 29

^{lxxviii} Official Report, NZET Committee, 25 Jan col 30 (Federation of Small Businesses)

regulatory approval from the Financial Conduct Authority to manage third-party funds.^{lxxix}

Skills and capacity

87. The journey to net zero is also making major new demands on councils' human resources. Concerns that Councils currently do not have the skills base they will need for this journey was one of the main themes of the inquiry, raised by most stakeholders, including Councils themselves.^{lxxx} This report has already raised it in one context - attracting institutional investors to municipal-level capital projects - but it arose in other areas during the inquiry, such as:

- spatial planning;^{lxxxi}
- procurement;^{lxxxii}
- building standards;^{lxxxiii}
- environmental assessment and management;^{lxxxiv}
- more broadly, any role in any council department that requires specialist data gathering on, or assessment of, greenhouse gas emissions.^{lxxxv}

88. These concerns were partly about absolute numbers: building standards officers and -as discussed further below- planners were two roles in relation to which it was acknowledged that Councils were experiencing staffing shortages that needed to be addressed. Stakeholders also agreed that existing staff would, in many cases, require to be re-skilled to deal with the additional demands net zero will make in relation to decision-making by council staff, and indeed elected officials.^{lxxxvi} COSLA called for a "Local Authority Climate Intelligence Service to better support area wide emission reduction and local decision making"^{lxxxvii} whilst a related suggestion was for the Scottish Government to provide a peripatetic team, able to assist Councils in matters like net zero training and bidding for green projects.^{lxxxviii}

^{lxxix} [Scottish National Investment Bank, annual report, October 2022](#)

^{lxxx} Stirling Council, written submission; South Ayrshire Council, written submission; Official Report, 25 Jan 2022, col 17 (CBI Scotland)

^{lxxxi} Official Report, NZET Committee, 14 June 2022, col 17 (Homes For Scotland)

^{lxxxii} Official Report, NZET Committee, 25 Jan 2022, col 29 (CBI Scotland)

^{lxxxiii} West Dunbartonshire Council, written submission; Official Report, 25 Jan 2022, col 21 (CBI Scotland); 14 June 2022, col 17 (Homes For Scotland)

^{lxxxiv} Official Report, NZET Committee, cols 38-39 (NatureScot)

^{lxxxv} East Lothian Council, written submission; Midlothian Council, written submission; Heads of Planning Scotland, written submission; Stop Climate Chaos Scotland, written submission; Improvement Service, written submission

^{lxxxvi} Heads of Planning Scotland, written submission; Improvement Service, written submission

^{lxxxvii} Written submission

^{lxxxviii} Official Report, NZET Committee, 11 Jan, col 43 (Highland Council). Another Council

Procurement

89. Another area where the issue of a skills deficit was raised was local government procurement. Evidence from Councils noted a greater awareness of the need to align procurement with sustainability and pointed to progress in this area. But there were concerns that procurement decisions continued to be weighted more towards short-term cost considerations than longer-term sustainability or on the imperative of reaching net zero, and some of these views came from Councils themselves.^{lxxxix}
90. Whether this was predominantly a capacity and skills issue or the problem is that national policy and guidance is not sufficiently aligned with net zero goals was not clearly resolved in evidence, and it may be that the issue is a combination of both. However, we note views that local authorities struggle to retain experienced procurement staff and that this can lead to difficulties,^{xc} and that net zero is not yet firmly embedded across all council directorates and budgets and this is reflected in procurement decisions taken subsequently.^{xcii}
91. The Sustainable Scotland Network acknowledged that more work was needed to align Council procurement with net zero, but said that the problem might lie upstream of procurement itself, at the specification stage. The SSN acknowledged that it would like to do more to provide training and build capacity in public sector procurement.^{xcii}

Contractors

92. As part of the inquiry, we extended the discussion on in-house skills and capacity at councils to hear from experts in vocational skills and training and from representatives of trades where net zero-aligned skills will increasingly be required: areas such as the construction industry, master builders and plumbers.
93. Whilst this discussion inevitably raised some issues beyond the immediate scope of the inquiry, it was relevant to take this wider look at the current skills and labour situation because Local Authorities, like any other major employer or owner of buildings and land, will be heavily reliant on contractors with these skills for the foreseeable future. This applies particularly in relation to the decarbonisation of the built environment where local government awaits clarification as to whether the Scottish Government expects it to play a wider coordinating role in relation to private and business properties.

(West Dunbartonshire, written submission) called for a "one-stop shop" to help Councils on net zero-related matters

^{lxxxix} West Dunbartonshire, written submission; Strontian Community School Building Ltd, written submission; Stop Climate Chaos, written submission; Official Report, NZET Committee, 25 Jan 2022, cols 29-30 (CBI Scotland)

^{xc} Official Report, NZET Committee, 29 Mar 2022, cols 20 and 22 (Construction Industry Training Board and Federation of Master Builders)

^{xcii} Louise Marix Evans, written submission

^{xcii} Official Report, NZET Committee, 20 Sept 2022, col 47

94. Key points to emerge from this evidence, and that of other stakeholders, were that:

- there is a skills shortage, and that this is exacerbated by current tight conditions in the general labour market. To meet the challenges of net zero, the pace of skilling the workforce needs to speed up;^{xciii}
- As part of this, the apprenticeships model should be more fully explored to encourage entry into relevant trades from schools and colleges.^{xciv} (We were pleased to note that the first apprenticeships for Local Authority building standards officers have now come on-stream);^{xcv}
- Up-skilling in net zero-related skills also needs to be happening at pace within local authorities, which itself requires increased training capacity within local authorities.^{xcvi} We heard views that a collective approach across local authorities may be more efficient than each council taking its own approach, which also risks leaving rural authorities moving at a slower pace than city authorities;^{xcvii}
- An aspect of these tight labour market conditions is that in areas such as installation of heating systems, tradespersons are being kept busy with "traditional" work and, for many, there is not yet any imperative to switch to more net zero-compatible types of working. Trades bodies are looking for signalling from local authorities (and others) that there is a forthcoming pipeline of net zero work, in order to give them confidence to invest in re-skilling their members.^{xcviii}

A "new deal" on funding and policy development?

95. Representatives of COSLA and SOLACE (which represents senior management of Scottish Councils) also told the Committee that many of their concerns about funding would be addressed upstream by embedding a principle of "co-production" in the working relationship with the Scottish Government. A co-production model would mean both parties agreeing a collaborative approach to policymaking,

^{xciii} West Dunbartonshire Council, written submission; Official Report, NZET Committee, 25 Jan 2022, col 54 (Scottish Financial Enterprise), 22 Mar 2022, cols 27-29 and 32 (Skills Development Scotland; Edinburgh Climate Change Institute; Colleges Scotland)

^{xciv} Official Report, NZET Committee, 29 March 2022, cols 5-8 (Scottish and Northern Ireland Plumbing Employers' Federation, Construction Industry Training Board; Local Authority Building Standards Scotland); 21 June 2022, col 40 (City of Edinburgh Council)

^{xcv} Official Report, NZET Committee, 29 Mar 2022, col 16 (Local Authority Building Standards Scotland)

^{xcvi} Official Report, NZET Committee, 11 Jan 2022, col 43 (Highland Council)

^{xcvii} Official Report, NZET Committee, 22 Mar 2022, cols 33-34 (Edinburgh Climate Change Institute)

^{xcviii} Official Report, NZET Committee, 29 March 2022, col 4 (Federation of Master Builders), col 5 (Scottish and Northern Ireland Plumbing Employers' Federation) and 10 (Construction Industry Training Board)

delivery and funding on issues key to net zero such as transport, housing or waste management.^{xcix} Whilst a number of national policies on net-zero-related matters exist, and there is also a national Climate Change Plan, a number of Councils told us of a sense of a lack of direction from government on how key policies are to be implemented locally,^c and also of a perceived lack of alignment in some areas, with policies sometimes at odds.^{ci}

96. There was support for this overall approach from a number of other stakeholders^{cii}. For instance, the Climate Emergency Response Group said the Scottish Government and Local Authorities should work at pace to develop a "joint net-zero delivery framework" setting out a collective approach to matters such as de-risking projects and sharing expertise and support.^{ciii} In this connection, the Committee also notes the Climate Change Committee's December 2022 Scotland Progress Report, the executive summary to which states:
- ” The Scottish Government urgently needs to provide a quantified plan for how its polices will combine to achieve the emissions reduction required to meet the challenging 2030 target. The plan must detail how each of Scotland’s ambitious milestones will be achieved.^{civ}
97. Many stakeholders called, overall, for deeper and better collaboration between *all* key players in the run-up to 2045: between national and local government, and between the public, private and voluntary sectors in what should be seen as a national mission to reach net zero.^{cv}
98. The issue of whether Councils required to be more empowered, and be given more fiscal levers, to tackle barriers to net zero and encourage positive change was at times touched on during the inquiry. In discussing matters such as addressing transport congestion and promoting modal shift, city Council leaders expressed frustration at a lack of "carrots and sticks" that meant they could not always deliver on their ambitions.^{cvi}
99. Another additional lever suggested as a means of raising additional revenue for net zero projects was land value capture. This is the principle that where public money

xcix Official Report, NZET Committee, 20 Sept 2022, cols 42 and 49

c Stirling Council, written submission; West Dunbartonshire Council, written submission

ci Official Report, NZET Committee, 11 Jan 2022, cols 29 (Aberdeen City Council) and 48 (Highland Council)

cii Improvement Service, written submission; Official Report, NZET Committee, 14 June 2021, col 17 (Places for People)

ciii Written submission

civ [Progress in reducing emissions in Scotland: 2022 Report to Parliament](#)

cv Official Report, NZET Committee, 25 Jan 2022, col 49 (abrdn); 21 June 2022, col 39 (SEPA); 20 Sept 2022, col 6 (Accounts Commission); col 32 (Sustainable Scotland Network)

cvi Official Report, NZET Committee, 11 Jan 2022, cols 21-23 (Aberdeen, Edinburgh and Glasgow City Councils)

is invested to improve land (for instance by decontaminating it or by investing in transport links), the investor should be allowed to reap part of the benefit of any improved land value, rather than it passing wholly to the developer. Forms of land value capture have been practised at times in the UK, but are not currently part of the fiscal landscape of Scottish local government. However, Part 5 of the Planning (Scotland) Act 2019 contained an order-making power for an "infrastructure levy" and the Scottish Government in its 2021-22 Programme for Government committed to making use of this power by 2023-24.

100. The Scottish Government did not take the direct opportunity in evidence to respond to COSLA's call for a principle of "co-production" in net zero policy-making at local level. But the Minister for Social Security and Local Government stressed to us Local Authorities' status as independent corporate bodies, responsible for their own decision-making,^{cvii} and the Committee recognises the importance of Councils striving to show local leadership on climate change and to exemplify positive change.
101. In addressing the points COSLA and SOLACE had raised about funding and the wider relationship with central government, the Minister referred to ongoing discussions between the Scottish Government and COSLA on a "new deal" with three elements: a partnership agreement with local government; a fiscal framework to support greater transparency and accountability; and a working group to explore options for the future of local government funding.^{cviii} We understand that this new deal would be the culmination of several years of ongoing dialogue with local government about the whole working relationship, rather than just net zero.
102. The Minister told us that the extent to which Councils should have flexibility in spending in relation to national aspirations and policy targets (such as on net zero) was on the table in these discussions,^{cix} as was "the evidence that the Committee has collected about the size of different funding allocations."^{cx}
103. We also raised with the Scottish Government panel concerns about a skills deficit at local government level. We asked whether they agreed Councils needed additional help in coping with the demands of net zero implementation and, if so, whether Scottish Government staff could be seconded to assist them in specific net-zero related work streams. In his reply, the Cabinet Secretary for Net Zero, Energy and Transport referred to the Sustainable Scotland Network and Scottish Futures Trust as potential sources of specialist support and to the potential for Councils to access additional challenge funding for net zero projects. But he acknowledged that more needed to be done to address the skills gap and offered to work with further with COSLA on this issue.^{cx}

104. The Committee calls on the Scottish Government to heed the Climate Change Committee's call for a comprehensive and detailed roadmap for

cvii Official Report, 27 Sept 2022, col 8

cviii Official Report, 27 Sept 2022, cols 8-9

cix Official Report, 27 Sept 2022, cols 13-14

cx Official Report, 27 Sept 2022, col 6

cxii Official Report, 27 Sept 2022, cols 6-7

delivery of net zero in key areas, such as heat in buildings and transport: one that also gives Councils far more certainty than they have at present about the roles they are to play in these areas and about any additional resources or powers they are to receive to help them do so.

105. **The Committee recognises that Local Authorities are already under financial strain to deliver core services and that the need to respond to the climate emergency is placing a further heavy burden upon them. We welcome the Scottish Government's proposal for a "new deal" through dialogue with local government. Any such deal, and associated reforms, must comprehensively address how Councils are to be supported in delivering on net zero.**
106. **Amongst matters that must be addressed are:**
1. **Local government grant: the Committee recognises that Scottish Government resources are finite but there should be a frank acknowledgement that Councils will not fully deliver on net zero without some additional financial support in their core funding. The Scottish Government should, in future annual budget cycles, set out how it will allocate additional resources to help Councils contribute to national net zero targets;**
 2. **Discrete net zero funding streams: we ask the Scottish Government to note and act on evidence that Local Authorities, and other local groups, often find the system of challenge funding for net-zero projects frustrating and hard to navigate. There are also views that it does not optimise public benefit because schemes are often too narrowly defined and are out of keeping with a place-based approach to tackling net zero now recognised as best practice. Finally, we are concerned by evidence that the short-term nature of much challenge funding actively works against the long-term goal of achieving net zero. We support a system of larger, fewer and more flexible funding streams for net zero-related projects at local level;**
 3. **Private investment: the Committee also recognises that the bulk of funding for net zero projects will have to come not from government but from private and institutional investors. It seems likely that much of this would be under a co-funding model involving local government, but this again is an issue in relation to which a net-zero roadmap would provide much-needed clarification. The Scottish Government's initiative in setting up a green investment portfolio to attract international investment is welcome but more work is needed to make specific links between projects in the portfolio and local government, covering matters such as the scaling up of projects risk reduction and risk assignment, so as to build mutual confidence between Local Authorities and potential investors;**
 4. **Skills deficit: we recommend that the Scottish Government set up a local government-facing "climate change intelligence unit" dedicated to liaising with the sector and working with the Sustainable Scotland**

Network to provide the specialist help and advice the sector needs to help meet national net zero targets. The inquiry has identified planning, procurement, building standards and environmental assessment as being amongst the areas where such assistance is likely to be most needed. We also call on the Scottish Government to work on securing specialist advice and assistance to local government in its engagement with institutional investors on major capital funding, whether this comes from the proposed "intelligence unit", the Scottish National Investment Bank, the Scottish Futures Trust or, in relation to area-based decarbonisation schemes (discussed later in this report), the new public energy agency;

- 5. Procurement: we call on the Scottish Government to respond to views expressed in evidence that local government procurement (or public procurement generally) places undue weight on short-term economic benefit rather than long-term sustainability and investigate whether relevant guidance requires to be updated. We also call on the Scottish Government to clarify what provision it anticipates making in forthcoming legislation on the circular economy to ensure greater consistency between procurement and net zero goals.**
- 107. *Additional levers and the infrastructure levy:* the Committee notes that some Councils are eager for additional powers or fiscal levers to enable more transformative change more effectively, for instance in relation to urban transport. We seek clarification as to whether additional powers or levers are amongst those matters "on the table" in talks with local government on a new deal. We also seek an update from the Scottish Government on its plans in this Parliamentary session to introduce an infrastructure levy and its views on how this could assist Councils in funding net-zero compatible capital projects.**
- 108. *Scottish National Investment Bank:* the Committee notes SNIB's view that it is relatively limited in the direct co-financing support it can offer local government but notes that there is an appetite for it to play a more active and visible role in supporting the sector on its net zero journey. Whilst respecting SNIB's general operational independence, we call on the Scottish Government to work with SNIB on strengthening its role as an enabler of greater cooperation between local government and private investors. We also agree with the Scottish Government that there is scope for a greater role for the Scottish Future Trust in this area and ask it to provide more detailed proposals on the SFT's future role.**
- 109. *Cities and City Region Deals:* the Committee endorses a vision of Scotland's main cities as net zero powerhouses, helping drive positive change at regional level and providing the necessary critical mass for key infrastructure needed for the energy transition. We ask the Scottish Government to work with the UK Government and relevant Councils to re-examine whether net zero goals are built into current City Region Deals and, where necessary, to seek to add achieving net zero by 2045 to existing**

Deals as one of their strategic outcomes.

National net zero policies at local level

Planning and place-making

110. The Scottish Government Fourth National Planning Framework (NPF4)^{cxii} is expected to come into force during 2023. The framework places an increased emphasis on climate change, aiming to put the journey to net zero, together with the biodiversity crisis, at the heart of planning policy. This is to be reflected in local development plans, which all Councils must prepare, and which are the basis of the planning decisions that Councils take. The Scottish Government told us that it believes NPF4 will be key to the successful delivery of national net zero targets.^{cxiii}
111. The Committee joined other Parliamentary committees in scrutiny of the first draft of NPF4 earlier in 2022. We welcomed the overall direction, vision and ambition of the draft but said it "needs to be bolder".^{cxiv} Evidence to this inquiry continued to support this, with views that the language of the draft needed to be more directive to secure the urgent change now needed to help meet targets in areas such as renewable energy and transport.^{cxv} (These views were on the first rather than final draft NPF4, which was published after our evidence concluded.)
112. Stakeholders also said it was crucial that the new framework should help enshrine a place-based approach to planning. A place-based approach is where issues such as renewable energy, public transport and active travel, and waste disposal and recycling are considered not in silos but holistically; looking at how they can be linked together within a geographical space so as to create synergies, reduce costs and maximise the benefit. Stakeholders agreed that a place-based approach will be a vital element of the net zero journey.^{cxvi}
113. Evidence taken during this inquiry re-emphasised two of the main concerns highlighted in our earlier NPF4 scrutiny.
114. First, there was concern that planning law had, over the years, become too complex and that a new national planning framework was unlikely, on its own, to address this. Stakeholders said that complexities of the system burdened projects with unnecessary delay.^{cxvii} We were reminded that delay is not merely a frustration: it can be existentially threatening to a business with a major commitment in a project and have a chilling effect on future investment.^{cxviii} We heard that this complexity

cxii [National Planning Framework 4](#)

cxiii [13 October 2022 letter from Cabinet Secretary NZET to NZET Committee Convener](#)

cxiv [4 March 2022 letter from Convener NZET to Convener Local Government Housing and Planning Committee](#)

cxv Official Report, NZET Committee, 22 Mar 2022, col 5 (Heads of Planning Scotland) 8 (Royal Town Planning Institute Scotland); 24 May 2022, col 40 (Scottish Renewables); : RWE, written submission; Scottish Power, written submission

cxvi Official Report, NZET Committee, 11 Jan 2022, col 3 (Aberdeen City Council); 24 May col 35 (Energy Networks Association); RTPi Scotland, written submission; Improvement Service, written submission

risked obstructing progress in the major projects that we will need in order to meet the 2045 goal, for instance in onshore wind energy:

- Heads of Planning Scotland (HOPS), the representative body of senior council planners, said that the system had become more and not less complex over the years.^{cxxix} COSLA suggested it was time for Parliament to step in and disentangle aspects of the law;^{cxx}
 - Scottish Renewables said Scotland needed a step-change in its onshore wind capacity; from 8 to 20 gigawatts, in order to meet the 2030 target, but that the inefficiency of the planning system put this goal at risk,^{cxxi} while Scottish Power Energy Networks said that the current planning system is at times actually at odds with net zero outcomes;^{cxxii}
 - Places for People Scotland, which creates social and affordable housing, said that time lags in the planning system were one of the reasons why housing being built today does not always have the most up-to-date tech and specifications.^{cxxiii}
115. The second main concern was over a loss of resources - especially human resources - within planning departments and the additional burden this placed on an already strained system.^{cxxiv} We heard that nearly a third of planning staff has been cut since 2009, and that the number of planners working for Planning Authorities has decreased by around 20% between 2011 and 2020.^{cxxv} In our March 2022 letter on the first draft NPF4 we commented that unless this trend is reversed "there is a risk of NPF4 being more of a wish-list than a blueprint for truly transformational change that is urgently needed". This was underlined in evidence to this inquiry.
116. The Royal Town Planning Institute explained that Planning Authorities had experienced disproportionate losses within the experienced middle tier of planning departments. This included planners of below retiral age who had left the profession or gone into private practice. In addition, we heard that the profession was no longer recruiting at replacement rate. Fewer young people are attracted by a planning career than in the past and there are fewer degree places on offer.^{cxxvi}
117. Proposed remedies included:

^{cxxvii} Solar Energy Scotland, written submission; Official Report, NZET Committee, 29 Mar, col 14 (Federation of Master Builders)

^{cxxviii} Official Report, NZET Committee, 25 Jan 2022, col 17 and 22 (CBI Scotland)

^{cxxix} Official Report, NZET Committee, 22 Mar 2022, col 22

^{cxx} Official report NZET Committee, 20 Sept 2022, col 44

^{cxxi} Official Report, NZET Committee, 24 May 2022, col 17

^{cxxii} Official Report, NZET Committee, 24 May 2022, col 20

^{cxxiii} Official Report, NZET Committee, 14 June, col 18

^{cxxiv} RWE, written submission

^{cxxv} RTPi Scotland, written submission; Scottish Renewables, written submission

^{cxxvi} Official report, NZET Committee, 22 March, cols 2-6

- Clarifying planning's place within the tertiary education landscape as a STEM^{cxxvii} subject. This would be not simply a rebranding exercise, but a considered statement about planning's societal importance as an applied science, requiring knowledge of relevant technology, engineering, earth sciences, etc, alongside the softer skills that are also part of the role.^{cxxviii} We heard during the inquiry that the drive to net zero is requiring increased specialist technical knowledge of planners (and others),^{cxxix} and this clarification would reflect that evolving role;
 - Offering an alternative path into the profession by creating planning apprenticeships primarily aimed at school leavers or college students, and provided in collaboration with council planning departments. We heard that this might especially benefit rural or island councils who tend to find recruitment more difficult.^{cxxx} There were also calls for an apprenticeship course for landscape architects to address similar shortfalls.^{cxxxi}
118. Following the Committee's evidence-taking on this matter, the Scottish Government has subsequently stated that it "recognise[s] the value" an apprenticeship scheme would bring and is engaging with the RTPI to support the introduction of a planning apprenticeship scheme in Scotland.^{cxxxii}
119. We also took the opportunity to explore with planning professionals whether, as some have suggested, permitted development rights could be extended to include certain classes of modifications at the level of an individual household, or whether the rules on modifications in conservation areas could be relaxed, provided the modification serves a recognised environmental purpose. The argument is that this both unburdens the planning system of application falling into this category and contributes towards net zero goals.^{cxxxiii} Planners told us that the principle of taking non-contentious applications out of the system was a good one, but that any proposed reforms should be handled with care. HOPS told us that the matter was "an on-going conversation with colleagues in the Scottish Government".^{cxxxiv}

120. The Committee continues to have serious concerns about the depletion of

^{cxxvii} Science, Technology, Engineering or Mathematics

^{cxxviii} Official Report, NZET Committee, 22 March cols 22 and 24 (Heads of Planning Scotland)

^{cxxix} Stirling Council, written submission; South Ayrshire Council, written submission; Official Report, NZET Committee, 25 Jan 2022, col 17 (CBI Scotland)

^{cxxx} Official Report, NZET Committee, 22 Mar 2022 col 21 (RTPI Scotland)

^{cxxxi} Scottish Renewables, written evidence

^{cxxxii} Question reference: S6W-09959 225 July 2022; answered 11 August 2022 (Minister for Public Finance, Planning and Community Wealth).

^{cxxxiii} Energy Savings Trust, written submission

^{cxxxiv} Official Report, NZET Committee, 22 Mar cols 15-16 (RTPI Scotland, Heads of Planning Scotland, Scottish Young Planners Network)

human resources within planning departments, leaving them ill-prepared to deal with the additional demands the net zero journey is placing on the planning system, in terms both of increased applications and increased specialist technical knowledge. Our proposed Scottish Government "climate intelligence unit" may help address some of this skills and resources deficit. In addition:

- 1. We support moves to create an apprenticeship scheme for planners and invite the Scottish Government to provide an update on its work on this with the Royal Town Planning Institute;**
 - 2. We invite the Scottish Government to comment on whether it has considered supporting planning being treated as a STEM subject within the tertiary education system.**
121. **The Committee requests that the Scottish Government provide an update on its dialogue with the planning profession about expanding permitted development rights, especially as this pertains to categories of modification that may help meet net zero targets.**

Renewable energy

122. The Scottish Government's 2017 Energy Strategy aims to "champion and explore the potential of Scotland's huge renewable energy resource". It commits to an ambitious target of the equivalent of 50% of the energy for Scotland's heat, transport and electricity consumption being supplied from renewable sources by 2030, compared with just under 18% in 2015. There are various actions and policies to support growth in onshore and offshore wind, marine, geothermal and bio- energy, and to encourage local and small-scale renewables projects.
123. In practice, decisions on smaller-scale renewables projects (of up to 50 Mw) will fall to Councils in their capacity as Planning Authorities. Upstream of this, the Scottish Government expects local authorities to be enablers of renewable projects in their area, and for this to be reflected in local development plans. Local renewable energy projects also present opportunities for councils to reduce their own carbon footprint.
124. The inquiry and in particular our visits were an opportunity to take note of the innovative Council and community-led work on renewable energy happening in different parts of Scotland. For example:
- Orkney is leading the way in wind, wave and tidal energy. Alongside a favourable environment for green energy generation, Orkney has benefited from long-term collaboration between the council, the private sector, academia and community groups, creating a positive feedback loop from a "cluster effect" in green energy knowledge, expertise and enthusiasm. Orkney is now also exploring options in "green" hydrogen^{CXXXV} manufactured from surplus wind and tidal-generated electricity. Council vehicles run on hydrogen and the Council (which runs inter-island ferries) is now looking to commission what would be

Scotland's first hydrogen-powered ferry;

- Aberdeen has ambitious plans to be a world leader amongst cities in the generation and local use of sustainable hydrogen fuel. The city already has one of the largest fleets of hydrogen powered vehicles in Europe, including double decker buses and refuse trucks. An anaerobic digestion plant became operational in 2020. It turns waste food and other organic materials into fuel: some used locally, some converted into electricity and sold to the National Grid. Aberdeen is also the location of Scotland's first community-owned and operated urban hydro scheme, providing energy for homes in a nearby development.

125. These and other positive examples aside, stakeholders raised concerns with us that the renewables sector was still not expanding rapidly enough for national ambitions to be fully met.^{cxxxvi} We heard that Councils were not consistent in their approach to renewables (onshore wind in particular), with some taking a more positive and enabling approach than others.^{cxxxvii} In addition, many of the general concerns about the planning system were raised in the specific context of renewable energy. We heard that the system was a cause of unnecessary delay with it taking up to seven years to determine some applications, by which time the original technology could be practically obsolete. We also heard views that there could be insufficient technical expertise within Councils to handle complex decisions efficiently and effectively.^{cxxxviii}
126. Scottish Renewables remarked that the current approach simply did not reflect that we are in a climate emergency, with an urgent need to increase onshore and offshore capacity. It said that renewable energy companies were already seeing a lack of capacity in council planning departments increasing the length of time taken to process renewable energy planning applications and that they expected this to get worse not better without effective intervention.^{cxxxix}
127. Another issue that was repeatedly raised was grid capacity. The transition to net zero will require more electricity (from renewable sources) to be loaded onto the National Grid but this is putting the grid under increasing strain. In Orkney, we heard that the Council's ambitions to expand its renewables sector, and to be an exporter of electricity are, for the time being, effectively stymied unless its grid connection to the mainland can be expanded. But this is not just a concern of island Councils. We heard of projects on the mainland having to be delayed or scaled back because of

^{cxxxv} Green hydrogen is hydrogen made from water electrolysis. If the electricity for the electrolysis itself comes from green energy (as in Orkney) then the process has virtually no carbon footprint.

^{cxxxvi} Official Report, NZET Committee, 24 May 2022, col 17 and 19 (Scottish Renewables, Energy Networks Association)

^{cxxxvii} Official Report, NZET Committee, 24 May 2022, col 40 (Scottish Renewables); Solar Energy Scotland, written submission

^{cxxxviii} Official Report, NZET Committee, 24 May 2022, cols 17-20 (Scottish Renewables; Energy Networks Association and Scottish Power Energy Networks)

^{cxxxix} Written submission

capacity issues.^{cxl} Overall, stakeholders said that the grid was simply not configured for the net zero journey.^{cxli}

128. Lack of grid capacity may also call into question the viability of small-scale community-based renewables projects where the business case is part-built around selling surplus electricity to the grid. We heard that there can already be frustration in rural communities that they do not see sufficient direct benefit from having locally generated energy.^{cxlii}
129. Regulation of the National Grid is a matter reserved to the UK Government and Parliament. The Committee notes that this summer Ofgem, the national energy regulator, published a "5-year vision" for Great Britain's energy distribution networks, undertaking, between 2023 and 2028, to "boost grid capacity, improve customer service and resilience to prevent power outages, and prepare the way for increases in the generation of cheaper, greener, home-grown energy to bring down bills in the long-term".^{cxliii} At around the same time National Grid plc announced a £54 billion upgrade to allow more power from offshore wind to enter the Grid.^{cxliiv}

- 130. The Committee is concerned by evidence of churn, repetition and delay leaving applications for renewables projects stranded in the planning system for years at a time, and the chilling effect this can have on future investment. As part of the implementation programme for the fourth National Planning Framework (NPF4), we ask the Scottish Government to consider setting up a short-life working group on renewable energy within the planning system, including representatives of local government, the planning profession and industry, to examine how to better expedite and rebalance the process.**
- 131. The Committee asks the Scottish Government to respond to concerns raised during this inquiry that limitations on grid capacity are increasingly putting planning applications for renewable projects at risk. We also ask what dialogue it has had on this matter with regulators and with the UK Government about ensuring that the Grid increases its capacity in anticipation of increased need, in order to enable a smooth energy transition.**

cxl Official Report, 24 May 2022, col 29; 20 Sept 2022, col 45 (Witness speaking on behalf of both North Ayrshire Council and SOLACE)

cxli Official Report, NZET Committee, 25 Jan, col 17 (Phoenix Group); 24 May 2022, cols 22-23 and 26 (Scottish Renewables; Energy Networks Association); COSLA, written submission

cxlii Official Report, NZET Committee, 11 Jan 2022, col 49 (Highland Council)

cxliii [Ofgem reveals landmark five-year programme to deliver reliable, sustainable energy at the lowest cost to consumers](#)

cxliiv [National Grid reveals £54bn wind power network upgrade plan](#)

Heat in buildings and housing stock

132. The built environment is one of the areas where rapid change is most needed in order to achieve the 2030 and 2045 targets. Most homes and offices are still heated by fossil fuels, whilst Scotland's housing stock is amongst the oldest, on average, in the developed world meaning that our homes are often not well insulated. Achieving net zero will mean:
- Decarbonising heat in most homes and office buildings by replacing oil or gas boilers with low or zero-carbon alternatives;
 - Improving the insulation quality of most existing stock;
 - Ensuring that all new-builds are built to good insulation standards, heated from renewable sources and future-proofed for further technological development.
133. Another important element will be ensuring accurate measurement of embodied carbon:^{cxlv} carbon emissions associated with materials and construction processes throughout a building's whole life-cycle. Accurately measuring embodied carbon enables informed decisions about the best course of action in specific cases, which may for example mean "recycling" or "upcycling" an older property rather than replacing it outright.^{cxlvi}
134. As set out in its Heat in Buildings Strategy,^{cxlvii} the Scottish Government aims:
- to reduce emissions from buildings by 70% compared to 2020 levels by 2030;
 - to have practically all existing homes achieve an Energy Performance Certificate (EPC) rating of C or above by 2033. This means bringing around 1.4 million existing homes into this category or higher;
 - for at least 124,000 homes to receive low-carbon heating systems by 2026, and 1.2 million homes and 50,000 non-domestic buildings by 2030;
 - to have no gas or oil boilers to be permitted in newbuilds from April 2024 onwards.^{cxlviii}
135. The discussion on how best to achieve decarbonised heat with our current mix of domestic and industrial building stock is ongoing.^{cxlix} At present, it is air-source heat pumps or storage heaters that are most likely to be used in newbuild properties in Scotland, potentially supplemented by solar panels and batteries. Ground-source (geothermal) heat-pumps or hydrogen-fuelled boilers are other potentially viable technologies, but are currently considered less affordable and practicable.
136. The most optimal replacement technology for most older properties is currently less
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cxlv Royal Institute of Chartered Surveyors Scotland, written submission

cxlvi Historic Environment Scotland, written evidence; Built Environment Forum Scotland, written submission

cxlvii [Heat in Buildings Strategy - achieving net zero emissions in Scotland's buildings](#)

cxlviii [New Build Heat Standard: consultation - part two Published 28 July 2022](#)

cxlix See, e.g.: [UKERC - The pathway to net zero heating in the UK \(October 2020\)](#)

clear. District heating (also known as heat networks), where heating is provided to several properties from a single source, may be part of the mix, especially in urban areas.^{cl} The Heat Networks (Scotland) Act 2021 aims to accelerate the deployment of district heating through the introduction of a regulatory system aimed at boosting consumer and investor confidence.

137. Our visits again provided an opportunity to observe good practice in decarbonising the built environment across Scotland:
- In Stirling, we saw how Scottish Water Horizons and the council had collaborated on developing a large-scale district heating network, harnessing energy from the Forthside wastewater treatment works. The energy that would otherwise have been wasted now provides low-carbon heating for a local stadium, leisure centre and secondary school and for premises used by voluntary organisations;
 - In Orkney and Dundee we saw how the council was working with local developers to enshrine a "fabric first" approach in affordable new-build housing, with features like excellent insulation qualities and sustainable approaches to heating such as heat pumps, solar panels and battery storage.
138. However, most of the evidence we received on heat in buildings indicated that on current trends it will be a struggle to meet the 2030 and 2045 targets. Homes for Scotland and Scottish Renewables were amongst those to suggest that current targets were unrealistic and may have to be reconsidered, with the latter noting that the Scottish Government's targets currently require 285 homes to have replacement heating installed every day between now and 2045. They queried whether this was a realistic target.^{cli} The Climate Change Committee's 2022 Progress Report for Scotland, published in December, warns that:
- ” Scotland has ambitions to decarbonise buildings much faster than the UK as a whole. However, despite substantial funding commitments and good progress on enabling measures such as local energy and heat network planning, there are not yet adequate policies in place to deliver low-carbon heat and energy efficiency improvements at the required rate.^{clii}
139. The issue of a skills and human resources deficit at council level was also raised in the context of heat in buildings, for instance in relation to the enforcement of building regulations in newbuilds or in ensuring that schemes in planning applications are consistent with a "fabric first" approach to housing.^{cliii} Serious doubts about the viability and realism of the Scottish Government's current targets in relation to rural housing, especially older rural housing were raised by councils covering rural areas.^{cliv} As with the drive to increase renewables, we also heard concerns a restricted grid capacity may affect the switch from gas or oil boilers to electric-powered heat pumps.^{clv}

cl Official Report, NZET Committee, 11 Jan 2022, col 16 (City of Edinburgh Council); col 46 (Dumfries & Galloway Council)

cli Official Report, NZET Committee, 24 May 2022, cols 15 and 17; 14 June 2022, col 14

clii [Scottish Emissions Targets: first five-yearly review \(page 11\)](#)

cliii Official Report, NZET Committee, 25 Jan 2022, col 21 (CBI Scotland); 14 June 2022, col 17 (Homes For Scotland)

140. The following were identified as areas where Scottish Government intervention would be needed to make real progress in heat decarbonisation:
141. *Need for a detailed roadmap:* stakeholders considered that the Scottish Government needed to move beyond the high-level vision set out in its Heat in Buildings Strategy by setting out a practical plan for delivery, including local government's role.^{clvi} Councils are not currently clear exactly what role the Scottish Government wants them to play as part of the national drive for decarbonised heat and better insulation in private homes and commercial properties, and are looking for further guidance and leadership.^{clvii}
142. *Funding:* stakeholders also indicated that current funding streams for decarbonising buildings were insufficient or were too short-term to enable councils (or others) to plan ahead.^{clviii}
143. *Skills shortfall:* as noted earlier in this report, there were views that there was not yet a sufficient supply of contractors with the necessary skills to meet the high turnover targets for heat installation set by the Scottish Government;^{clix}
144. *Local Heat and Energy Efficiency Strategies:* LHEESs, introduced by legislation in 2021, were welcomed as a crucial building block for a successful decarbonisation strategy.^{clix} However, we heard concerns that local authorities might lack sufficient expertise or resources to deliver these successfully and that further support such as mentoring should be considered.^{clxi}
145. *Neighbourhood-based approaches:* we heard expert views that an area-by-area approach to decarbonising heating in private homes was likely to be the only approach realistically capable of delivering the change at scale the Scottish Government's targets envisaged, and the approach most likely to attract private

cliv Official Report, NZET Committee, 11 Jan 2022, cols 44-46 (Highland and Dumfries & Galloway Councils)

clv Official Report, NZET Committee, 14 June 2022, col 15 (Homes for Scotland); Midlothian Council, written submission

clvi Official Report, 25 January 2022, cols 20-21 (Federation of Small Businesses); 29 Mar 2022, col 13 (Construction Industry Training Board); 17 May 2022 (Energy Savings Trust)

clvii COSLA, written submission

clviii Official Report, NZET Committee, 17 May 2022, cols 16-17 (Existing Homes Alliance)

clix Official Report, NZET Committee, 11 Jan 2022, cols 13 and 14 (Aberdeen and Edinburgh City Councils); 29 Mar 2022, col 5 (Scottish and Northern Ireland Plumbing Employers' Federation) and col 10 (Construction Industry Training Board)

clx UK Energy Research Council, written submission

clxi Official Report, NZET Committee, 17 May 2022, col 3 (UK Energy Research Council) 24 May 2022, col 17 (Scottish Renewables); Aberdeenshire Council, written submission; Existing Homes Alliance, written submission

investment.^{clxii} We heard that, to this end, LHEESs should not just be technical documents conveying data but working paper proposing area-based solutions.^{clxiii}

146. *National Public Energy Agency*; the Scottish Government has committed to setting up a National Public Agency by 2025. There were calls for the Scottish Government to clarify its role in relation to heat decarbonisation and retrofitting and the sort of assistance it could be expected to offer Councils and others.^{clxiv}
147. *District heating*: There were also calls for the new Agency to be empowered to play a strategic and coordinating role on district heating, especially given that an efficient heat network might involve the crossing of Council boundaries.^{clxv} We heard that a potential barrier for Councils installing district heating systems is that this attracts non-domestic rates.^{clxvi} We also noted evidence from Freiburg that district heating systems, whilst still part of the city's heating mix, were increasingly seen as a more obsolete option. They can be expensive to install and run, with gas the main fuel. The city now prefers more decentralised options where possible, sourced from renewable energy.^{clxvii}
148. *Practical issues around retrofit*: retrofitting older housing stock at scale will be necessary to meet our net zero targets. In so doing, it will also help address fuel poverty, particularly in rural and island areas. But stakeholders agreed that there are particular challenges around retrofitting. It can be intrusive, and we note evidence from councils and others that they do not generally consider retrofitting an option where there is a sitting tenant.^{clxviii} Costs are also potentially high: Historic Environment Scotland quoted an estimate of an average £20,000 per property, based on information from private finance.^{clxix} The Existing Homes Alliance proposed a "national retrofitting agency" to ensure consistency of standards in what is still a developing process where best practice is still evolving.^{clxx} Retrofitting was also raised as one area where there is already a major skills "bottleneck".^{clxxi}
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clxii Official Report, NZET Committee, 21 June 2022, col 7 (Green Finance Institute); Existing Homes Alliance Scotland, written submission

clxiii Official Report, NZET Committee, 17 May 2022, cols 6-7 (UK Energy Research Council)

clxiv Existing Homes Alliance, written submission; UK Energy Research Centre, written submission; Official Report, NZET Committee, 24 May 2022, col 43 (Scottish Renewables, Energy Networks Association)

clxv Official Report, NZET Committee, 17 May 2022, col 15 (UK Energy Research Council)

clxvi Official Report, NZET Committee, 11 Jan 2022, col 10 (Glasgow City Council)

clxvii Official Report, NZET Committee, 31 May 2022, col 4-5

clxviii Official Report, 14 June 2022, col 4 (Places for People)

clxix Official Report, 17 May 2022, col 8

clxx Official Report, 17 May 2022, col 22

clxxi Official Report, NZET Committee, 25 Jan 2022, col 54 (Scottish Financial Enterprise), 17

149. We noted evidence provided of Councils seeking to make interventions to improve the energy performance of listed properties or properties in conservation areas (including council housing) and of HES raising objections that prevented the planned work. This was cited as an instance of net zero policies in conflict with other policies.^{clxxii} However, HES sought to reassure us that there will almost always be a solution that enables improvements to be carried out, and that they are happy to work with Councils to find them.^{clxxiii} The Committee is grateful to HES for hosting, while the inquiry was running, a visit to Holyrood Park Lodge, a B-listed building close to the Parliament, which added to our understanding of how it is possible to retrofit historic properties, to provide for a better energy performance.

150. **Decarbonising heat in buildings is one of the areas of net zero policy where a detailed Scottish Government implementation plan is most urgently needed: one that, in particular, sets out the role the Scottish Government expects local government to play and any additional resources or powers that will be made available to them.**

151. **Focussing on the role of local government, issues that an implementation plan must address include:**

1. **Funding: we reiterate that there is a need for a revamp of funding streams potentially available to Councils to be more accessible and less short-term, and to incentivise a place-based approach to heat decarbonisation, rather than a fragmentary one;**
2. **Local heat and energy efficiency strategies and area-based approaches: the introduction of LHEESs is welcome. An implementation plan should address how LHEESs will be used to help implement the area-based approach that will be necessary if there is to be real progress on heat decarbonisation. It should set out the resource Councils will be provided with to ensure LHEESs are comprehensive and useful, and clarify councils' role in relation to district heating networks.**
3. ***Attracting investment:* the challenge of attracting private investment may also be mitigated by adopting area-based approaches, offering the potential to scale up investment opportunities. Building on its green investment portfolio, the Scottish Government must work on a strategy to attract private investment and set out how local government is to be involved in this. We reiterate that local government will require assistance with coordination, scaling up investment opportunities; assignation of risk, etc;**
4. ***Rural and island aspect:* the Scottish Government must set out what specific assistance will be available to councils with a large component**

May cols 4 and 6 (Historic Environment Scotland)

clxxii Official Report, 11 Jan, col 13 (Aberdeen City Council)

clxxiii Official Report, 17 May 2022, cols 13 and 25-26

of rural housing and to island councils where there are additional challenges in relation both to decarbonised heat and retrofitting and where some national targets do not currently appear realistic;

- 5. National Public Energy Agency: the new Agency should be empowered and resourced to play a strategic and coordinating role in heat decarbonisation with Local Authorities. This should include promoting best practice, guidance and skills development in retrofitting older properties, where challenges remain considerable. The adequacy and enforcement of building regulations on heating and insulation should be within its remit.**

Transport and active travel

152. Transport is another sector where some of the largest falls in greenhouse gas emissions will be needed in the coming years. The Scottish Government's goal is to reduce emissions from the transport sector by around 53% by 2030, against a 2019 baseline. As part of this, the Scottish Government's National Transport Strategy aims to:

- reduce the need to travel unsustainably, and encourage active travel (walking and cycling);
- provide a sustainable transport system that contributes to zero emissions;
- Create better connectivity with sustainable, smart, cleaner transport options.

Specific aims include:

- reducing kilometres travelled by car by 20% by 2030 (from a 2019 baseline);
- making a majority of Scotland's bus fleet zero emission by 2024.

153. On visits, we again saw the innovative work Councils are carrying out to implement these and other national transport policies. Initiatives in Orkney and Aberdeen to move the Council fleet onto hydrogen power have already been mentioned. In Stirling and Dundee, we saw how Councils had partnered with business and accessed challenge funding to provide EV charging points, sustainably powered by solar panels and batteries. Dundee in particular is aiming to be a national leader in the provision of on-street EV charging points, reflecting the demographics of a densely-packed city where 50% of households do not have driveways. This is an example of how Councils can add value to national net zero policies by implementing them in a way that reflects local needs and priorities.

154. In its December 2022 Scotland progress report, the Climate Change Committee stated that "plans to decarbonise transport in Scotland are falling behind". It said that the aim to reduce car kilometres by 20% was "laudable" but that "current plans lack a full strategy with sufficient levers to deter car use." This view was broadly

reflected in evidence to the inquiry:

- As in other areas of policy, COSLA said current funding for sustainable transport (both capital and revenue) was not adequate and that there had to be a move away from one-year funding allocation;^{clxxiv}
- COSLA said that another key challenge for Councils lay in embedding positive behaviour change.^{clxxv} City Councils told us they needed more levers to be able to make the transformational changes to inner-city travel that net zero demanded and encourage more people to leave their cars behind. Amongst their suggestions were for the simplification of the traffic regulation order process and for more local control over the operation of low-emission zones;^{clxxvi}
- We heard views from rural Councils that decarbonising road freight would require Scotland to develop a more comprehensive hydrogen infrastructure, and that a twin-track approach to decarbonising road vehicles, utilising both EVs and hydrogen power, would work better in rural communities than an EV-only approach;^{clxxvii}
- All Councils are represented on Regional Transport Partnerships; statutory bodies with a role of strengthening the planning and delivery of transport on a regional basis so that it better serves the needs of people and businesses. However, there were views that public transport provision across Council boundaries could be disjointed, and that this was another factor making it harder to deliver on the 20% target;^{clxxviii} We heard that RTPs could help encourage a modal shift to public transport by increasing the number of integrated transport hubs.^{clxxix} However, the Society of Chief Officers of Transportation in Scotland (SCOTS), which represents Councils' transport officers, told us that RTPs rarely had sufficient capital funds to fund major strategic interventions and, in most cases, would be dependent on central government agreeing to finance the work;^{clxxx}
- SCOTS also said that more certainty of funding streams was crucial to enable Councils to make full use of the tools in the box they had to reduce car use and encourage active travel.^{clxxxi}

clxxiv Written submission

clxxv Written submission and second written submission

clxxvi Official Report, NZET Committee, 11 Jan 2022, cols 9 and 21-23 (Aberdeen, Edinburgh and Glasgow City Councils)

clxxvii Official Report, NZET Committee, 11 Jan 2022, cols 52-54 (Highland and Dumfries and Galloway Councils)

clxxviii NatureScot, written evidence, MSM Ltd, written evidence

clxxix Official Report, NZET Committee, 3 May 2022 cols 12-13 (SCOTS and Passenger Transport Association)

clxxx Official Report, NZET Committee, 3 May 2022, col 12-13

clxxxi Official Report, NZET Committee, 3 May 2022, col 23

155. In relation to the encouragement of active travel, we received evidence pointing to areas where policy implementation was felt to be falling short in its local implementation:
- Councils and other stakeholders said current funding streams for active travel did not match the ambition of national policy goals,^{clxxxii} and we also noted views that the requirement for Councils to provide matched capital funding was unhelpful;^{clxxxiii}
 - The RTPI told us that vehicle movement continued to be prioritised over the "place function" of urban streets, discouraging pedestrians and cyclists,^{clxxxiv}
 - Sustrans, the leading third sector organisation in Scotland promoting active travel said guidance on active travel to Local Authorities has not been revised since 2014 and is increasingly outdated.^{clxxxv}
156. Since June 2022, Councils have had the power to run bus services in their area, but there was little in Councils' evidence to the inquiry to indicate they anticipated making use of this power in the foreseeable future.^{clxxxvi} We pursued the issue further in our pre-budget scrutiny of the 2023-24 national budget where we asked the Scottish Government to comment on COSLA's view that Local Authorities would be unable to use the power without additional resources.^{clxxxvii} The Scottish Government replied that:
- ” The Transport (Scotland) Act 2019 powers for franchising and bus service improvement partnerships will be laid before Parliament in late 2023. Local transport authorities (LTAs) will need to prepare a business case to determine the most financially sustainable solution, which will be supported through the Community Bus Fund. The annual budget has allocated funding to the Community Bus Fund.^{clxxxviii}
157. Decarbonising transport also means supporting a modal shift away from vehicles that run on fossil fuels. The Scottish Government aims to "phase out the need to buy new petrol and diesel cars and vans" by 2030,^{clxxxix} a goal that the Climate Change Committee has described as "ambitious".

clxxxii South Ayrshire Council, written submission; Stirling Council, written submission; Paths for All, written submission; Sustrans, written submission

clxxxiii Comhairle nan Eilean Siar, written submission. The Committee heard similar views on the Dundee visit

clxxxiv Written submission. See also written submission from the Community Transport Association.

clxxxv Written submission

clxxxvi Edinburgh and the three Lothian Councils already co-own the main providers of local bus services in their area, and this precedes this law change. No such arrangements are in place elsewhere in Scotland

clxxxvii [BBC News website: Councils given powers to run own bus services](#)

clxxxviii [Response from Cabinet Secretary NZET to NZET Convener, 21 December 2022](#)

clxxxix [Transport Scotland - Mission Zero for transport](#)

158. The vast majority of non-emitting or low emitting vehicles currently on Scotland's roads are electric. Assuming this continues, this requires much expanded charging infrastructure. Extrapolating from UK estimates set out by the Climate Change Committee, Transport Scotland has estimated that meeting these targets will create a need for around 30,000 EV charging points across the country by 2030. A 2022 Scottish Government Vision Statement on the Future of Public Electric Vehicle Charging makes £60m available for new infrastructure pilots and projects to support "an affordable, reliable and well-maintained network of charge points across Scotland". It aims to double the size of the public charging network to at least 6,000 electric vehicle charging points over the next 4 years.
159. The Committee made national budgetary provision for EV charging points one of the main themes of our November 2022 pre-budgetary letter to the Scottish Government. We commented that:
- ” ... evidence gathered during the inquiry has highlighted the importance of two related issues: effective Council procurement policies, and the application of economies of scale to the rollout of facilities. This raises the question of whether coordination at a national level is needed to ensure opportunities are maximised.
160. We posed two specific questions:
- whether the Scottish Government is satisfied the £60m of funding in the EV Infrastructure Fund will deliver targets for charger installations in the next four years and how the Scottish Government is budgeting to meet longer term EV charger installation targets;
 - how the Scottish Government is budgeting in the longer term to ensure delivery of the 30,000 public electric vehicle charging points the Climate Change Committee considers will be required in Scotland.
161. The Scottish Government's response clarified that the 30,000 figure was an extrapolation from an estimate of the Climate Change Committee, rather than a formal target and that no national target had yet been set, as it was as much about "having the right chargers in the right places" as a particular number. In this connection, the Committee notes from our visits that there appears to be far greater demand for fast chargers. The response added that the draft Vision Statement "clearly signals our approach to strongly facilitate private sector investment" alongside the £60 million of public funding that had been provided.^{cxc}
162. We discussed with transport stakeholders whether, as the CBI Scotland had suggested, the installation of EV chargers should be treated as a class of permitted development under planning law to expedite rollout.^{cxc} They said that care would be needed in relation to the design and positioning of chargers; to avoid clutter and, in particular, avoid challenges to people with disabilities and mobility issues.^{cxcii}

^{cxc} [Response from Cabinet Secretary NZET to NZET Convener, 21 December 2022](#)

^{cxc} Official Report, NZET Committee, 25 Jan 2022, col 21 (CBI Scotland)

^{cxcii} Official Report, NZET Committee, 3 May 2022, cols 21-22 (SCOTS)

163. **The Committee supports a stronger Regional Transport Partnership model to help enable positive behavioural change. RTPs should be empowered and resourced to be lead decision-takers on achieving a more joined up and strategic approach to public transport and active travel at regional level: one reflective of actual travel or commuting patterns, which do not stop at Council boundaries, and to achieve better integration on transport policy between member Local Authorities. This in return requires RTPs to be higher profile, more transparent and more responsive organisations, with clearer processes for public engagement.**
164. **We ask the Scottish Government whether a step change in the number of Council-run bus services is part of its vision for a decarbonised transport sector, with 20% fewer kilometres of road mile use per annum. If so, we ask the Scottish Government, further to our recent exchange of correspondence on this matter (in relation to the Scottish budget 2023-24) what further changes would be needed to enable Councils to make use of the new power.**
165. **The roll-out of charging points for electric vehicles at pace is a vital element of the transition to net zero and the Committee has been impressed by pioneering approaches some Councils are taking. We ask the Scottish Government to work with COSLA to champion best practice in EV charging point roll-out across all Councils as an integral element in a place-based approach to spatial planning. This should include work to assess consumer preference (for instance, what level of demand there is for slow versus fast chargers).**

Recycling and the circular economy

166. The Scottish Government aims by 2025:
- To reduce total waste arising in Scotland by 15% against 2011 levels;
 - To ban all biodegradable waste going to landfill;
 - To reduce food waste by 33% against 2013 levels
 - To recycle 70% of remaining waste
 - To send no more than 5% of remaining waste to landfill.^{cxciiii}
167. COSLA, SOLACE, Zero Waste Scotland and the Scottish Government have jointly agreed a voluntary Code of Practice on Household Recycling in Scotland, the primary objective of which is to maximise the recycling of high-quality materials. These and other measures have helped drive down the percentage of waste going to landfill across all Council areas, but the Scottish Government's aim is to make further progress.

cxciiii <https://www.gov.scot/policies/managing-waste/>

168. The Scottish Government has also consulted on a proposed circular economy bill, which is expected to be introduced this year. This is likely to impose new statutory duties in relation to re-use and recycling on Local Authorities and give greater legal backing to a principle of "responsible consumption" that may, for instance, affect local government procurement. COSLA has commented on the need for a "stable legislative basis so that Councils can implement effective solutions".^{cxci}

169. Our visits helped us gain insight into the local application of net zero policy: in this case, the variety of work being done at Council and community level reduce waste and promote recycling and upcycling. For instance, in Stirling:

- We witnessed the work of the young staff and volunteers at Transition Stirling's Community Food Project, which collaborates with local supermarkets to ensure that food does not go to waste. It is a project run with net zero goals firmly in mind but is also about about social justice and addressing food poverty;
- we also visited the Reuse Hub: a retail space for upcycled, second-hand and repaired goods, with "maker spaces" at the back to for creatives. Almost everything we saw for sale had been saved from landfill. The philosophy at the Hub is to normalise re-use and upcycling and associate it in locals' minds with good quality, distinctive products.

It is clear from a number of written submissions that much good work is going on in Councils across Scotland, within limited resources, to promote recycling and reuse, often through such grassroots and largely voluntary partnerships.^{cxci}

170. At the same time, the visits also illustrated some of the challenges and compromises Councils and their local partners face in this area. In Orkney, we had a discussion with Council officials on the massive challenge of raising recycling rates to national target levels in a small islands community with no integrated waste management facility. The Council wanted to be far more ambitious but, barring a significant outside intervention, had had to set more modest goals for the time being.

171. This and other evidence underlined that, having made initial progress in contributing to an improved culture of re-use and recycling, the next phase is likely to be tougher for Councils unless additional resource is made available or new approaches are taken.

172. One of the Scottish Government's key aims in this area is to promote greater consistency in recycling across Council areas.^{cxci} In 2020, household recycling rates varied across Local Authorities from 18% to 58% in 2020. It has commented that:

” The local authorities with lower recycling rates tend to manage the largest national shares of household waste. We are therefore prioritising measures to embed best practice and drive local improvements to achieve consistently high recycling rates across Scotland.^{cxci}

^{cxci} Written submission

^{cxci} e.g. Zero Waste Scotland, written submission; Circular Communities Scotland, written submission

^{cxci} The written submission of Zero Waste Scotland also discussed the importance of

173. Whilst it is right to share best practice, one key lesson from our evidence-taking is that achieving more consistently low rates is likely to require differentiated strategies based on local need:
- City Councils told us they are looking for assistance on how to achieve better recycling rates amongst flat dwellers with no cars, in places where it is hard to site a recycling centre. They have identified this demographic as one of recycling's harder-to-reach groups;^{cxcviii}
 - rural and island Councils like Orkney (discussed above), Dumfries and Galloway and Highland^{cxci} are looking for solutions to the problem of often having to export waste, including potentially recyclable waste or waste that could be made into fuel. The problem is one of a lack of economies of scale, and of finance, to enable key infrastructure, and this is especially acute in more rural Councils.^{cc}

COSLA called for policy to reflect a "sensible equilibrium" between national consistency and services tailored to local needs.^{cci}

174. The Committee saw how key infrastructure, can enable place-based, joined-up working on net zero on our visit to Aberdeen where we inspected the the city's new anaerobic digestion plant. Through it, the Council and community can now marry up waste disposal and sustainable energy objectives.
175. In Aberdeen, we also discussed with local representatives the city's proposals for an energy from waste incinerator. They saw this as necessary infrastructure and a "final link in the waste management chain". The visit came shortly after the publication of a Scottish Government- commissioned review which COSLA interpreted as effectively recommending a ban on incineration.^{ccii} COSLA described this as "an example of contradictory policy direction" saying that "there are currently no viable alternatives in place that would allow the timely meeting of the landfill ban".^{cciii}

176. The Committee shares the Scottish Government's ambitions to achieve lower and more consistent recycling rates across Scotland's Local Authority areas, in line with net zero targets. Whilst this will involve the sharing of best practice to promote consistency, it also requires an approach tailored to local needs, particularly in rural and island

achieving increased consistency in strategic net zero-aligned planning for waste management and the delivery of waste management services by councils

^{cxcvii} [Delivering Scotland's circular economy - proposed Circular Economy Bill: consultation.](#)

^{cxcviii} Official Report, NZET Committee, 11 Jan 2022, cols 38-39 (Edinburgh and Glasgow City Councils

^{cxci} Official Report, NZET Committee, 11 Jan 2022, cols 50 and 51

^{cc} COSLA, written submission

^{cci} Written submission

^{ccii} [Stop, Sort, Burn, Bury - incineration in the waste hierarchy: independent review](#)

^{cciii} Written submission

communities. The Committee asks the Scottish Government to work with COSLA and with Zero Waste Scotland to further refine its national waste strategy in a way that reflects those twin approaches.

177. **In meeting more stringent waste targets, key infrastructure is likely to be of increased importance, as well as contributing to a holistic and place-based approach, utilising opportunities to achieve positive synergies between waste management and other net zero goals. Councils are likely to require financial and expert help in getting such projects off the ground. The Committee asks the Scottish Government what plans it has to support the strategic provision of such infrastructure across Scotland and, in particular, to ensure that smaller, rural and island Councils are not left behind.**

Natural infrastructure

178. The natural environment, our green and blue infrastructure is a key tool for addressing the climate crisis. In the right place, environmental interventions such as peatland restoration, soil management, and tree planting can be used to sequester carbon from the atmosphere and reduce emissions. Natural infrastructure can be used both for climate change mitigation (i.e. preventing or sequestering emissions) or climate change adaptation (i.e. minimising its effects and helping communities adapt to the effects of climate change). In addressing the climate crisis, nature-based solutions can also potentially address another crisis: the crisis of habitat and biodiversity loss.
179. Nature-based solutions to climate change are a major theme in the Scottish Government's Climate Change Plan and in a number of policies of the Scottish Government and public agencies. The importance of using the planning system to address both the climate and biodiversity crises by way of nature-based solutions - at both a national and local level - has also been given additional emphasis in the new NPF4, and this was welcomed by stakeholders.
180. As public bodies, Councils have duties in relation to climate change mitigation, and climate change adaptation (as well as biodiversity):
- On mitigation, Local Authorities must act in a way best calculated to contribute to the delivery of the climate change targets;
 - On adaptation, the Scottish Government must lay a programme before the Scottish Parliament setting out proposals and policies to meet Scotland's climate change adaptation objectives. Public bodies are required to, in exercising their functions, to act in the way best calculated to help deliver any climate change adaptation programme laid before the Parliament.
181. We sought views on nature-based solutions in our call for views and held a panel session with representatives of a city and island Council (Edinburgh and Comhairle nan Eilean Siar), Scottish Water, the Scottish Environment Protection Agency and NatureScot. Written evidence from Councils and others discussed a number of

instances of interventions to restore or work with the natural environment that had been successful and consistent with net zero goals. However, the general tenor of evidence was that our green and blue infrastructure were at present being under-used in the journey to net zero. The following were they key themes to emerge from this evidence-gathering:

182. *The importance of our natural infrastructure:* an estimated £15 billion-worth of assets are protected by our natural coastal systems alone, but many of these would be at risk from rising sea levels.^{cciv}
183. *Under-exploited potential:* We heard that the potential for nature-based solutions to net zero are huge but that the potential is not being realised. Once again, we heard that a shortage of relevant skills in the local government sector was a factor: for instance a lack of landscape architects.^{ccv} We heard of "a lack of imagination" that can lead decision-makers to reach for structural interventions ("grey infrastructure") as a solution when nature-based interventions are likely to be cheaper, less disruptive, and more likely to promote a "virtuous cycle" of benefits (including improved biodiversity) in the longer term.^{ccvi}
184. *Funding from the Scottish Government and agencies:* this was raised as another barrier. We heard that accessing additional funding streams for environmental projects was often more complicated and time-consuming than it needed to be, and that funding streams are not always well aligned, so as to enable them to work effectively together. Overall, we heard that funding available to Councils should be re-prioritised to incentivise nature-based solutions, in line with the ambitions of NPF4, and with a recognition that solutions of this type - while potentially cheaper in the long term than more engineered solutions - could be complex and interdisciplinary, especially at the early planning stage, and that upfront funding to support that early planning could make a huge difference.^{ccvii} In this connection, one proposal was for a "Susgreens": a nature-based equivalent to Sustrans, the independent body that administers much of the funding for active travel in Scotland.^{ccviii}
185. *Availability of protective measures:* We heard that planning and related legislation to protect the environment from the wrong sort of intervention can be cumbersome and slow-moving and that the means to enforce are often not realistically at hand for Council officers. One specific recommendation was to reform the legislation on tree preservation orders. Another proposal was for a nature-based equivalent of a Conservation Area designation, to give better protection to natural infrastructure,

cciv Official Report NZET Committee, 21 June 2022, col 38 (NatureScot)

ccv Official Report, NZET Committee, 21 June 2022, col 35 (City of Edinburgh Council); Woodland Trust, written submission

ccvi Official Report, NZET Committee, 21 June 2022, col 52 (Comhairle nan Eilean Siar)

ccvii Official Report, 21 June 2022, cols 35 (City of Edinburgh Council) and 52 (Comhairle nan Eilean Siar)

ccviii Official Report, NZET Committee, 21 June col 35 (City of Edinburgh Council), col 54 (NatureScot)

especially in areas prone to development.^{ccix}

186. *Carbon sequestration*: measures such as tree planting and peatland restoration will be a necessary component of the net zero transition. A presentation during our visit to Stirling underlined this by setting out the extent to which the Council's own plans for achieving net zero by 2045, on an area-based measure, will require a massively ambitious programme of tree planting within the Council's own boundaries.^{ccx} Smaller urban Councils are likely to have to consider alternative options. We note the views of the Accounts Commission in its recent report and evidence to this inquiry that one of the main areas in which Councils are currently falling short in their net zero strategic planning is in relation to sequestration and adaptation.^{ccxi}
187. Concerns about the growing market in carbon credits, and some of the outcomes carbon offsetting were leading to, particularly in rural areas, were raised at times during this inquiry. It was concerning to hear views from financial experts and representatives of rural Councils and communities that offsetting is too cheap, that the system is "dysfunctional", evincing market failure, and that locals often feel alienated from it, seeing no benefit accrue to the community.^{ccxii} The inquiry has put down a marker on this issue, which we hope to revisit in more depth in future scrutiny of legislation on land reform this session.

188. **The Committee is concerned by expert views that nature-based solutions to climate change are an under-exploited resource at present. Again, a lack of resources and specialist expertise at individual Council level have been pinpointed as the main reasons. The Committee asks the Scottish Government:**

- 1. whether it agrees that a local government-facing climate intelligence service, including specific expertise in environmental management, would help Local Authorities make more effective use of nature-based interventions;**
- 2. to respond to concerns that relevant funding streams are insufficiently strategic and are too resource-intensive to access;**
- 3. to respond to expert views that key legislation in this area requires amendment in order to be effective, or may be hard to enforce (tree preservation orders being one example provided), and that local authorities would benefit from being apply a nature-based equivalent of a Conservation Area designation to land vulnerable to development**

ccix Official Report, NZET Committee, 21 June 2022, col 36 (City of Edinburgh Council); Woodland Trust Scotland, written submission

ccx Also discussed in Stirling Council's written submission

ccxi Official Report, NZET Committee, 20 Sept 2022, cols 19-20

ccxii Official Report, NZET Committee, 11 Jan 2022, cols 47-48 (Highland Council) 18 Jan, col 50; (Community Land Scotland); 25 Jan, col 52 (abrdn); Community Land Scotland, written submission

that would be better used as part of a nature-based solution to climate change.

- 189. The Committee asks the Scottish Government to work with COSLA to address concerns of the Accounts Commission that Councils are not making adequate provision for adaptation and mitigation measures in their strategic net zero planning.**

Net zero, local government and communities

190. One of the issues that this inquiry has underlined is the crucial importance that local communities will play in the journey to net zero. This came across particularly strongly in our visits, for example:
- Meeting Aberdeen Community Energy, comprising residents of the local housing development, who pioneered Scotland's first urban hydro-power scheme;
 - the work of Transition Stirling's predominantly volunteer staff, running Stirling Community Food and the Reuse Hub;
 - Meeting THAW, a charity in Orkney working to address fuel poverty in the local authority area with one of the worst rates of fuel poverty in Scotland.
191. In Dundee, we had a presentation from, and discussion with, representatives of diverse group of community bodies taking part in the city's - and the wider areas- journey to net zero. The discussion touched on the role of art, active, travel, recycling, nature and other matters. It was an important reminder of two matters:
- Most community groups working in the broad area of "net zero" are in practice making a two-for-one contribution: they are delivering carbon savings as an additional benefit of projects about food, money-saving, cycling, community cohesion, mental or physical health, etc. In so doing, they can generate the success stories, inspiration and positivity that can instigate and maintain support for climate action;
 - Small-scale net zero-themed community projects will never be an alternative to the large-scale investment and intervention we need to decarbonise housing, energy or public transport, but they are complementary to it. They humanise the overall journey to net zero and secure public buy-in. In that respect, they are equally necessary.
192. The journey to net zero will also benefit from an engaged citizenry in a broader sense. The Cabinet Secretary for Net Zero, Energy and Transport told us that:
- ” About 60 per cent of the actions that have to be taken to achieve net zero involve some form of behaviour change. If you are looking to achieve that scale and level of behaviour change, you have to take communities with you. You have to do it in partnership. There will be some local authorities that are better at that than others.^{ccxiii}
193. We heard from other stakeholders who agreed it was vital that net zero was not perceived as something that was "done" to communities but that there was dialogue, in a form that citizens could relate to.^{ccxiv} The inquiry included an evidence session with a representative of Freiburg Council in Germany, a city recognised internationally as a pioneer in green municipal policies and an exemplar

of best practice in that area. We wanted to hear more about the secrets of its success. One of these, we learned, was that it has citizens who are well-informed about climate change and the choices that need to be made, are self-confident, have high expectations of the Council, and are at times impatient for change.^{ccxv}

194. Most evidence to the inquiry indicated that Scottish citizens *are* engaged in the discussion on climate change, and are broadly supportive of the net zero journey, but some evidence called for a national communications campaign to inform the public about the scale of the changes that lie ahead and the choices available. This applied particularly in relation to the decarbonisation of heat in households.^{ccxvi}
195. One of the most important ways in which citizens and grassroots groups can contribute to a successful transition to net zero is by being invited to participate in dialogue about place-based approaches. A place-based approach will fail without the active participation of local communities. Community participation is also likely to be crucial to the success of future approaches to the decarbonising of the built environment that are area-based.^{ccxvii}
196. For communities to take part in these sort of conversations or, going further, to take on projects of their own, at least two conditions must be met. First they must see that there is a benefit for them in doing so. Secondly, they must feel sufficiently empowered and knowledgeable to take the key decisions required for the project to proceed and be sustained over the longer term.^{ccxviii} We saw how these two elements came together, for example in our visit to Orkney, where we heard how community councils on islands such as Rousay had embarked on projects that had culminated in their now being practically self-sufficient in renewable electricity. Supportive local partners such as Community Energy Scotland had been vital in helping make this work a success.
197. We asked for views during the inquiry on how effective Councils were in creating those conditions for effective engagement with local communities and voluntary groups. In written evidence, all the councils who responded to our call for views set out instances of working together with community groups to achieve positive outcomes, whilst the Accounts Commission told us that community engagement was one of the strengths of the local government sector in Scotland.^{ccxix}
198. This was not everyone's view. Other written submissions referred to local authority support for community groups being inconsistent or fragmented.^{ccxx} In an evidence session with umbrella bodies for community groups with a particular interest in climate change and net zero, we heard views that:
- Councils tend to take a short-termist, financially driven view of proposals from community groups and fail to take account of the broader picture and of longer-

ccxiv Improvement Service, written submission; COSLA, second written submission

ccxv Official Report, NZET Committee, 31 May 2022, cols 5-6

ccxvi Chartered Housing Institute, written submission

ccxvii Scottish Power, written submission

ccxviii Official Report, NZET Committee, 24 May 2022, col 46 (Scottish Renewables)

ccxix Official Report, NZET Committee, 20 sept 2022, cols 22-23

term benefits of the proposal;^{ccxxi}

- There is a problem of culture and mindset at Councils and a preference for top-down solutions, with Councils often reluctant to see community groups as equal partners in proposed community-based projects.^{ccxxii}

199. Panellists also said that the groups they represented received practically no financial support from local government, although they acknowledged that councils were in a difficult financial situation^{ccxxiii} and resources were again mentioned in other evidence as a crucial determinant of success or failure in community engagement. RTPI Scotland noted that "proactive, collaborative and meaningful" engagement was "highly resource intensive". The RTPI and others identified the preparation of local place plans, produced under planning legislation, as a key opportunity for community engagement but said there would need to be designated funding in place for this opportunity to be realised.^{ccxxiv}

200. We recommend that, in their joint work on effective net zero strategic planning (as recommended above), the Scottish Government and COSLA promote models of community engagement on climate change and net zero, building on the good work some councils are doing, including examples mentioned in this report. This should also include promoting good practice in relation to community engagement on Local Heat and Energy Efficiency Strategies. The effective engagement of communities and community groups, drawing on their local knowledge, is vital to embed a place-based approach to climate change and net zero at local level.

201. We recognise the financial strain Councils are under but consider that this joint work should also include auditing the human and financial resources Councils are making available for climate change-related community engagement and support, and agreeing on minimum standards.

202. We have seen for ourselves during this inquiry, how challenge funds from the Scottish Government or public agencies have helped seed climate change-related local projects that have empowered and strengthened communities. However, community groups have the same overall concerns as Councils about challenge funding:

- **complicated application processes;**

^{ccxx} Circular Communities Scotland, written submission; Community Transport Association, written submission; Sustrans, written submission

^{ccxxi} Official Report, NZET Committee, 18 Jan 2022 col 35 (Community Land Scotland). This was also raised in some written submissions, e.g from Strontian Community School Building Ltd

^{ccxxii} Official Report, NZET Committee, 18 Jan 2022 col 37 (Scottish Communities Climate Action Network); Community Land Scotland, written submission

^{ccxxiii} Official Report, NZET Committee, 18 Jan 2022, col 34 (Scottish Communities Climate Action Network)

^{ccxxiv} RTPI Scotland, written submission; Built Environment Forum, written submission

- **the short-term nature of most awards;**
- **funding streams that are too narrowly focussed and do not align with a place-based approach to net zero.**

Fewer, larger, more flexible and longer-profiled challenge funds would benefit Councils and community groups alike.

203. **We ask the Scottish Government to clarify what role it envisages local place plans can play in ensuring communities and community groups have a meaningful say in net zero-focussed planning and place-making, now that LPPs have become part of the planning system. What is the Scottish Government's response to expert evidence that additional resource will be needed to ensure that community engagement at the preparation stage of LPPs is meaningful, so that it can draw fully on the knowledge, views and enthusiasm of the local community?**

Annexe A - Oral evidence

You can read Minutes of the Committee's meetings at the Scottish Parliament website: [Net Zero, Energy and Transport Committee - Meetings](#)

Meetings at which evidence was taken

- [11 January 2022](#) - Oral evidence - Local authority representatives
- [18 January 2022](#) - Oral evidence - Sustainable Scotland Network
- [18 January 2022](#) - Oral evidence - Community representatives
- [25 January 2022](#) - Oral evidence - Industry and finance
- [22 March 2022](#) - Oral evidence - Planning
- [22 March 2022](#) - Oral evidence - Skills and vocational training
- [29 March 2022](#) - Oral evidence - Applied skills
- [3 May 2022](#) - Oral evidence - Transport
- [17 May 2022](#) - Oral evidence - Heat in buildings
- [24 May 2022](#) - Oral evidence - Renewable energy
- [31 May 2022](#) - Oral evidence - International practice
- [14 June 2022](#) - Oral evidence - Housebuilding
- [21 June 2022](#) - Oral evidence - Co-financing
- [21 June 2022](#) - Oral evidence - Natural environment
- [20 September 2022](#) - Oral evidence - Local authority governance
- [20 September 2022](#) - Oral evidence - Local authority leaders
- [27 September 2022](#) - Oral evidence - Scottish Government

Annexe B - Written evidence

The Committee ran a [call for views](#) which closed on 26 January 2022.

The Committee received the following responses:

- Aberdeenshire Council - [Read response](#)
- Accounts Commission - [Read response](#)
- Argyll and Bute Council - [Read response](#)
- Association of British Insurers - [Read response](#)
- British Standards Institution - [Read response](#)
- Built Environment Forum Scotland - [Read response](#)
- Convention of Scottish Local Authorities (COSLA) - [Read response](#)
- Chartered Institute of Housing Scotland - [Read response](#)
- Christine Priestley - [Read response](#)
- Circular Communities Scotland - [Read response](#)
- City of Edinburgh Council - [Read response](#)
- Climate Emergency Response Group - [Read response](#)
- Colleges Scotland - [Read response](#)
- Comhairle nan Eilean Siar - [Read response](#)
- Community Land Scotland - [Read response](#)
- Community Transport Association (CTA) - [Read response](#)
- Construction Industry Training Board (CITB) Scotland - [Read response](#)
- Daniel James-Watling - [Read response](#)
- David Thomas - [Read response](#)
- Davy Orr - [Read response](#)
- East Lothian Council - [Read response](#)
- Energy Saving Trust - [Read response](#)
- Existing Homes Alliance Scotland - [Read response](#)
- Green Door (Lancaster) Ltd - [Read response](#)
- Heads of Planning Scotland (HOPS) - [Read response](#)

- Historic Environment Scotland - [Read response](#)
- Homes for Scotland - [Read response](#)
- Improvement Service - [Read response](#)
- Ishbel Shand - [Read response](#)
- Janice Thomas - [Read response](#)
- John Gailey - [Read response](#)
- Joint Enterprise Agency Response - [Read response](#)
- Keep Scotland Beautiful - [Read response](#)
- L-A Mulholland - [Read response](#)
- Lin Sanderson - [Read response](#)
- MSM Ltd - [Read response](#)
- Midlothian Council - [Read response](#)
- NatureScot - [Read response](#)
- Neil Morrison - [Read response](#)
- Paths for All - [Read response](#)
- RTPi Scotland - [Read response](#)
- RWE - [Read response](#)
- Royal Institution of Chartered Surveyors (RICS) - [Read response](#)
- Scottish National Investment Bank - [Read response](#)
- Scottish Power - [Read response](#)
- Scottish Renewables - [Read response](#)
- Scottish Trades Union Congress (STUC) - [Read response](#)
- Scottish Water - [Read response](#)
- Selene Gentili - [Read response](#)
- Shetland Islands Council - [Read response](#)
- Solar Energy Scotland - [Read response](#)
- South Ayrshire Council - [Read response](#)
- Stephen Kerr MSP - [Read response](#)
- Stirling Council - [Read response](#)

- Stop Climate Chaos Scotland - [Read response](#)
- Strontian Community School Building Ltd - [Read response](#)
- Susan Smith - [Read response](#)
- Sustrans - [Read response](#)
- UK Energy Research Centre - [Read response](#)
- University of Strathclyde, David Charles - [Read response](#)
- West Dunbartonshire Council - [Read response](#)
- Woodland Trust Scotland - [Read response](#)
- Zero Waste Scotland - [Read response](#)

After closure of the call for views, the Committee also received submissions of written evidence from:

- [Cllr Susan Aitken, Glasgow City Council](#), 7 February 2022
- [Colleges Scotland](#), 28 March 2022
- [Confederation of Passenger Transport \(CPT\) Scotland](#), 28 April 2022
- [Convention of Scottish Local Authorities \(COSLA\)](#), 7 September 2022
- [Historic Environment Scotland](#), 12 May 2022
- [Louise Marix Evans](#), 7 September 2022
- [Louise Marix Evans](#) - supplementary evidence, 19 December 2022
- [Open University Scotland](#), 25 April 2022
- [Orkney Research & Innovation Campus \(ORIC\)](#), 22 August 2022
- [Places for People Scotland](#), 22 June 2022
- [Professor Janette Webb, UK Energy Research Centre \(UKERC\)](#), 17 May 2022
- [Scottish Financial Enterprise](#), 31 January 2022
- [Scottish Environment Protection Agency \(SEPA\)](#), 12 August 2022
- [Scottish Futures Trust](#), 31 May 2022
- [Scottish Retail Consortium](#), 15 June 2022
- [Skills Development Scotland](#), 20 April 2022
- [Skills Development Scotland](#) - 'developing a definition of green jobs', 11 November 2022
- [Universities Scotland](#), 22 April 2022

Annexe C - Outline of Committee visits

Annexe C – Visits

Committee Members made visits to four Council areas:

- Stirling
- Aberdeen
- Orkney
- Dundee.

Outline itineraries for the visits are included below.

Stirling, 23 May 2022

Committee Members Attendees: Dean Lockhart; Fiona Hyslop.

Time	Activity	Details
10:30 – 11:20	Meeting 1: Castleview Low Carbon Hub	Tour with Stirling Council officials and Forth Electrical Services (FES Group)
11:35 – 12:35	Meeting 2: Forthside Way wastewater treatment works	Tour of wastewater treatment works and district heating facility with Scottish Water Horizons
12:45 – 13:55	Meeting 3: Old Viewforth, Stirling Council	Informal presentation and working lunch with Stirling Council. Presentation by Council and FES Group on “Overview of visited projects and a local authority response to the challenges of the just transition towards net zero.”
14:00 – 14:50	Meeting 4: Transition Stirling at Wellgreen Lane	Introduction to the Stirling Community Food project and the Tool Sharing Library
15:00 – 15:45	Meeting 5: Stirling Reuse Hub	Introduction to Stirling Reuse Hub and tour by Transition Stirling.

Aberdeen, 30 May 2022

Committee Members Attendees: Jackie Dunbar; Fiona Hyslop; Liam Kerr; Monica Lennon.

Time	Activity	Details
10:00 – 11:00	Meeting 1: Aberdeen Community Energy	Visit to the Donside Hydro Scheme
11:15 – 12:00	Meeting 2: Visit to the AD plant/Events Complex Aberdeen	Visit to the anaerobic digestion (AD) gas to grid plant which provides power for the Events Complex Aberdeen (and hydrogen production for the city's fleet of hydrogen buses)
12:10 – 12:50	Meeting 3: TECA Energy Centre	Visit to the Energy Centre at TECA
13:00 – 15:00	Meeting 4: Hilton Hotel TECA	Working lunch and meeting with officials from across the Council to discuss hydrogen strategy and future ambitions. Net Zero / H2 Aberdeen presentations
15:45 – 16:30	Meeting 5: Aberdeen City Hydrogen Energy Storage (ACHES)	Tour and introduction about the ACHES site.

Orkney, 5-6 June 2022

Committee Members Attendees: Jackie Dunbar; Liam Kerr; Monica Lennon; Mark Ruskell.

Sunday 5 June	Activity	Details
19:30	Working dinner hosted by Members of the Committee	Dinner with local experts and civic leaders involved with visits that Members will undertake the following day.

Monday 6 June	Activity	Details
09:00 – 09:30	Meeting 1: Islands Centre for Net Zero, Orkney Research and Innovation Campus (ORIC), Stromness	Presentation by Islands Centre for Net Zero
09:30 – 10:30	Meeting 2: European Marine Energy Centre (EMEC), Stromness	Welcome and presentation on marine energy generation work by EMEC
10:30 – 12:00	Site visit	Site visit to Burgar Hill wind farm
12:00 – 12:15	Site visit	Site visit to Surf'n'Turf BIG HIT hydrogen refuelling station in Kirkwall
12:15 – 12:45	Meeting 3: New build housing development, outskirts of Kirkwall	Site visit to new build housing development by Orkney Builders Ltd, on outskirts of Kirkwall. Discussion of challenges around decarbonising houses, and solutions to energy efficiency in islands context
13:45 – 14:45	Meeting 4: Kirkwall Harbour visit, meeting with Orkney Islands Council Harbour Authority officials	Overview of wider inter-island ferry context, challenges of decarbonising ferries, then ferry viewing at harbour
14:50 – 15:15	Meeting 5: Tackling Household Affordable Warmth (THAW) Orkney	Presentation by volunteers at THAW Orkney on energy efficiency and fuel poverty
15:45 – 16:30	Meeting 6: Business Gateway Orkney	Meeting with Orkney Islands Council officials for informal presentations on low-carbon waste and renewable energy generation.

Dundee, 5 September 2022

Committee Members Attendees: Jackie Dunbar; Liam Kerr; Mark Ruskell.

Net Zero, Energy and Transport Committee

The role of local government and its cross-sectoral partners in financing and delivering a net-zero Scotland, 1st Report, 2023 (Session 6)

Time	Activity	Details
10:00 – 10:55	Meeting 1: Dundee City Council, City Chambers	Meeting with Dundee City Council, including introduction and presentation on Dundee Climate Leadership Group and net zero ambitions for the Local Authority
10:55 – 11:25	Site visit	Site visit to Princes St EV charging hub, accompanied by Council officials
11:25 – 13:10	Meeting 2: Michelin Scotland Innovation Parc (MSIP)	Welcome and introduction by MSIP, followed by site tour, working lunch and informal Q&A discussion focused on skills and training in relation to net zero
13:40 – 14:45	Meeting 3: Hillcrest Homes modular housing development at Victoria Dock, City Quay	Welcome and introduction by Hillcrest Homes followed by tour of modular housing site in construction, focusing on decarbonising housing and energy efficiency of homes
15:00 – 16:30	Meeting 4: Meeting with local community representatives and Dundee Climate Leadership Group at V&A Dundee (auditorium)	Welcome and introduction by V&A staff, then short presentations by representatives of Dundee's community climate and creative networks, followed by Q&A discussion facilitated by Members of the Committee.

