

## **Annex A – NZET Committee programme of evidence sessions**

### **31 August**

The Committee took [evidence](#) from the Climate Change Committee (CCC), hearing from—

- The Right Honourable Lord Deben, Chairman CCC;
- Chris Stark, Chief Executive CCC; and
- Professor Keith Bell, Scottish Representative, CCC.

### **7 September**

The Committee took [evidence](#) from former Just Transition Commission members, hearing from—

- Professor Jim Skea, Former Chair of the Just Transition Commission and Professor of Sustainable Energy, Centre for Environmental Policy; and
- Dave Moxham, Former Member of the Just Transition Commission and Deputy General Secretary, Scottish Trades Union Congress.

### **14 September**

The Committee took [evidence](#) from the Scottish Government, hearing from—

- Michael Matheson, Cabinet Secretary for Net Zero, Energy and Transport; and
- Kersti Berge, Director of Energy and Climate Change, Scottish Government.

### **16 September**

The Committee took [evidence](#) from the UK Government, hearing from—

- The Right Honourable Alok Sharma, COP26 President-Designate;
- Lee McDonough, Director General for Net Zero Strategy and International; and
- Peter Hill, COP26 Chief Executive Officer, UK Government.

### **21 September**

The Committee took [evidence](#) from the Scottish National Investment Bank and Scotland's Enterprise Agencies, hearing from—

- Eilidh Mactaggart, Chief Executive and Willie Watt, Chair, Scottish National Investment Bank;
- Audrey MacIver, Director of Energy and Low Carbon, Highlands and Islands Enterprise;
- Martin Valenti, Director of Net Zero and Claire Renton, Head of Area Operations, South of Scotland Enterprise; and
- Andy McDonald, Head of Low Carbon Transition and Ewan Mearns, Team Leader, Strategy, Scottish Enterprise.

### **28 September**

The Committee took [evidence](#) from citizen stakeholders and key agencies, hearing from—

- Susie Townsend, Head of Secretariat, Jocelyn Richard, Assembly Member and Katie Reid, Children's Voices Programme Manager, Scotland's Climate Assembly;
- Liam Fowley, Scottish Youth Parliament's Transport, Environment and Rural Affairs Committee;

- Terry A'Hearn, Chief Executive, Scottish Environment Protection Agency;
- Iain Gulland, Chief Executive, Zero Waste Scotland; and
- Nick Halfhide, Director of Nature and Climate Change, NatureScot.

## **5 October**

The Committee took [evidence](#) from Ofgem, and representatives from key organisations and sectoral experts (energy, infrastructure and transport), hearing from—

- Jonathan Brearley, Chief Executive, Harriet Harmon, Head of Transmission Charging Policy, Anna Rossington, Deputy Director, Retail Transition and Steve McMahon, Deputy Director, Electricity Distribution Networks & Cross Sector Policy, Ofgem;
- Brendan Callaghan, Interim Chief Executive Officer, Environmental Standards Scotland;
- Professor Karen Turner, Director of the Centre for Energy Policy, University of Strathclyde; and
- Tony Rose, former Director and Professor Iain Docherty, former Commissioner, Infrastructure Commission for Scotland.

## Key themes and questions from initial NZET evidence sessions

### Funding and achieving Net Zero

The Climate Change Committee told us that a conservative estimate of the costs of transitioning to net-zero by 2045 is less than 1% of Scotland's GDP over that period. They also told us that low carbon investment must scale up to £50 billion each year across the UK. The CCC's Chris Stark stated:

"The £50 billion figure is the total additional capex [capital expenditure] across the UK economy, and we expect about £5 billion of that investment to take place in Scotland."<sup>1</sup>

The CCC noted that most of that investment will come from the private sector. They did not have a figure for how much state support will be needed.

The Cabinet Secretary for Net Zero, Energy and Transport highlighted that "Of the measures that we will need to take to achieve our net zero ambitions, 60 per cent involve behaviour change".<sup>2</sup>

The Cabinet Secretary discussed the need for investment in skills and training and highlighted the key role of the New Jobs Green Academy. He also discussed investment in the north-east and Moray over the next 10 years by way of a £500m Just Transition Fund, alongside the creation of an energy transition zone:

"Regarding the just transition fund for the north-east and Moray, we have already begun engagement with the sector to look at priorities for the next 10 years as we support the transition. We have committed to taking that forward on a co-production basis. That is what we intend to do. That work has already begun. I cannot give you a specific date when it will be completed, but we do not want it to be open ended. We want to start making investment now."<sup>3</sup>

The Cabinet Secretary also noted that the Scottish Government had commissioned the Fraser of Allander Institute to consider how future Scottish budgets can more transparently outline the impact that decisions made in them have on progress towards a net-zero economy. The Scottish Budget already includes a [carbon assessment of portfolio spending](#) and the [carbon assessment of capital expenditure](#) ('taxonomy'), which sets out each portfolio's impact on emissions, categorising instances of capital expenditure as having either a "high", "medium" or "low" carbon impact.

However, these existing measures have a number of limitations. In particular, they are not granular enough to help Parliamentarians have an informed understanding of the likely impact individual policy decisions may have on carbon emissions. This limits Parliament's ability to scrutinise progress towards meeting emission reduction targets. The taxonomy of capital expenditure in recent years shows a [reduction in high carbon spend and an increase in low carbon spend](#). But it does not set out what the impact of this trend is – how much does high carbon spending actually increase emissions, and how much does low offset/ reduce them? – or whether this is sufficient to meet emissions reduction targets.

A key aspect missing from both measures is the ability to model the future impact of spending decisions, in particular possible second order impacts through behavioural

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<sup>1</sup> [Official report 31 August 2021 col.14](#)

<sup>2</sup> [Official report 14 September 2021 col. 12](#)

<sup>3</sup> 3 Official Report, 14 September 2021, cols. 14-15

changes which reduce or increase future emissions. [SPICe published a briefing on climate governance of the Scottish Budget](#) which provides more detail on the tools available and their limitations and gives some examples of international best practice.

No	Question	Response
1	<p>What work has the Scottish Government done to identify the balance between private/public sector investment which will be required to meet the net-zero targets, and how will this be reflected in the budget? Is the rate and pace of investment commensurate with the scale of the net zero challenge?</p>	<p>The Scottish Government recognises that public sector investment alone will not be enough to achieve a just transition to net zero. The scale of the challenge means that we need new, innovative and additional sources of socially responsible finance. The task of decarbonising will only be achievable if we take a “Team Scotland” approach across the Public /Private and Third Sectors to attract private finance. This challenge – as we have heard during COP26 – is shared by all countries.</p> <p>Scotland is already in a good position. Our <i>Global Capital Investment Plan – Investing with Purpose</i> published in March 2021 seeks to achieve alignment between Scotland’s investment needs and the supply of internationally mobile capital. We will co-ordinate the wider public and private sector landscapes to aggregate opportunities of scale that will be of interest to institutional investors. One of the ways we will do this is with our Green Investment Portfolio, which is already valued at £2 billion.</p> <p>The Scottish Government highlights a range of commercially assessed investment propositions to investors and showcases businesses in Scotland as world leaders in innovative green industries of the future. We aim to expand our Green Investment Portfolio even further and achieve our target of market-ready projects worth £3 billion by 2022.</p> <p>Scotland-based investment funds already manage 11% of the UK’s responsible investing market, compared to a 7% share of the conventional market, and we are building on that by proactively engaging with ethical investors and with sources of capital new to Scotland. Environmental, Social and Governance (ESG) assets now represent a third of all assets under management and is rapidly expanding. We will work in partnership with these businesses, investors and Scotland’s world class financial services industry who share our values.</p> <p>The Scottish Government has also committed to capitalising the Scottish National Investment Bank which opened in 2020 with £2 billion. The publicly owned Bank is the UK’s first mission oriented Bank and will focus on supporting Scotland’s just transition to net zero. As the Bank’s Chair has acknowledged on 10 November 2021 at a COP26 event in the Lighthouse, “<i>the Bank will need to crowd in private investment alongside the public capital that the Scottish Government is making available to the Bank</i>”.</p> <p>The Green Market Solutions Programme will focus on identifying and overcoming barriers to investment, aligning our suite of available incentives and designing market-creating financial and pricing solutions to unlock investment at scale.</p>

No	Question	Response
		<p>We will also deliver a 10 year National Strategy for Economic Transformation which will help put us on the path to meeting our 2030 climate targets, helping restore the natural environment, stimulate innovation, create jobs, improve wellbeing for all and further embed fair work standards across the economy. In line with our 100 days commitments we established an Advisory Council on Economic Transformation to shape the 10-year strategy with a remit to help build an economy that delivers greater, greener and fairer prosperity and enables Scotland to reach net zero.</p>
2	<p>The UK Climate Change Committee say that low carbon investment must scale up to £50 billion each year across the UK, with £5 billion of that investment to take place in Scotland. Does the Scottish Government agree with the CCC estimates?</p>	<p>The CCC's estimate of the investment required across Scotland to achieve net zero is a reasonable estimate of their own emissions reduction scenario. It is likely that it provides a broad indication of the cost of Scottish Government's own pathways set out in the Climate Change Plan update but the scenario modelled by the CCC is distinct; it follows a different, less aggressive, decarbonisation trajectory, not bound by our 75% target for 2030, and is likely to deploy a different set of emissions reduction strategies. As such the cost profile and totals are likely to be different.</p> <p>Any pathway estimate of the cost to transition to net zero are inherently uncertain given the timescales involved including reliance on many new technologies. Technologies, such as hydrogen and carbon capture, are still to be rolled out and have costs that are dependent on scale and innovation that is yet to be determined as well as other factors such as rate of uptake, behaviour factors and global progress. The method of transition is as significant a factor as the technologies used, as such bottom-up estimates of specific policies will give more specific estimates around government interventions but may not capture the wider social investments or where policies have yet to be defined.</p> <p>The CCC's estimate of £5 billion per year capital spend by 2030 may see significant changes as a result of many of the uncertainties over the next 10 years: technology options, costs, pace of transition, natural change and behaviours. The CCC include a range of scenarios to reflect the uncertainty in the pathways including widespread uptake of new technologies or slower adoption of new green technologies which estimates investment to range from £4 billion to £6 billion per year by 2030.</p> <p>The CCC's pathways UK context means that they do not account for Scotland's faster pace transition set out in our statutory targets and in the CCPu policies. The faster pace of our immediate transition is likely to increase Scotland's short-term costs but may also reduce our costs over the course of the whole transition. Further, there are many areas where evidence is still being developed or Scottish policy is being developed which might affect the costs in ways not anticipated by the assumptions used in the development of the CCC estimates.</p>

No	Question	Response
3	<p>In terms of increasing transparency of public financing for net zero, will additional information be included in the Budget to show (i) core budget (Revenue and Capital) in Portfolios and (ii) additional 'net-zero spend'?</p>	<p>Delivering a just transition to a net zero and climate resilient Scotland remains one of this Government's key priorities as reflected in the 2021-22 Programme for Government which included a number of new spending commitments to deliver on our statutory commitments.</p> <p>Through the Joint Budget Review, being undertaken jointly with the NZET Committee, we remain committed to delivering meaningful improvements to processes and transparency with respect to the consideration of climate change in the Scottish Budget. However, as previously communicated, the revised timescale for the Joint Budget Review concluding is Summer 2022, to allow the Fraser of Allander Institute time to undertake the research to support this Review.</p> <p>In addition to this, the Carbon Assessment of the Scottish Budget provides an estimate of the consumption-based carbon emissions associated with planned budget expenditure. Furthermore, we will continue delivering a Taxonomy Assessment of the Capital Budget, providing insights into the proportion of the capital budget allocated to low carbon investments.</p>
4	<p>If the Scottish Government considers that 60% of the measures needed to achieve net-zero emissions will involve behaviour change, is it confident that spending on public information and engagement on climate change in the 2022-23 budget will reflect this? How will the budget outline the actions that the Scottish Government plan to support communities across Scotland with behaviour change?</p>	<p>Our Public Engagement Strategy (PES) sets out our vision: for all of Scotland to understand the challenges we face and embrace their role in our transition to a net zero and climate ready Scotland. Our people-centred approach to climate change policy, moves from encouraging incremental changes in attitudes and behaviours, to supporting a society-wide transformation.</p> <p>As committed to in the Programme for Government will continue to run our #LetsDoNetZero campaign through the lifetime of this parliament, to highlight the benefits a net zero society can bring.</p> <p>Communities are uniquely-placed to play a critical role in shaping and driving forward climate action. We want to empower people to take action in their own communities and in their own lives.</p> <p>Encouraging transformational change across all of our communities and supporting them to be climate ready, which is vital in our just transition to net zero. This will encompass delivery of a network of climate action towns and a national network of climate action hubs, and to support locally based innovation to encourage and normalise net zero behaviours.</p> <p>This is part of a wider package of engagement activity taking place across the entire NZET portfolio.</p>
5	<p>Will the Scottish Government be providing more detail on how the £500 million Just Transition Fund will be deployed, including the profile of spend over the 10 years and details about interim goals that this funding should achieve? Where will it sit within the budget, where are funds being</p>	<p>The ten-year £500 million Just Transition Fund for the North East and Moray will accelerate the just transition of the region by supporting the role of Aberdeen and the wider North East as one of Scotland's centres of excellence for the transition to a net zero economy.</p> <p>As detailed in our response to the Just Transition Commission our approach to delivering a just transition will be based on the principle of co-design, ensuring that</p>



No	Question	Response
	directed, and how will they be allocated?	<p>all partners are empowered to engage and that action is fair and co-ordinated.</p> <p>These principles of co-design and co-delivery will also inform the way we define the parameters for the Just Transition Fund, and help inform how the Fund is ultimately allocated. We will set out more detail on initial aims and approach for this Fund in the 2022-23 Budget, including making an initial allocation of £20 million. We will also set out more detail in our National Strategy for Economic Transformation, ahead of the Fund being aligned with our co-design and delivery of the Energy Strategy and Just Transition Plan.</p>
6	How will the Scottish Government ensure that Just Transition funding supports workers in acquiring the skills they will need to ensure that, as economic activity in carbon intensive industries reduces, they are able to quickly move into newer, greener fields of employment without facing a period of unemployment?	<p><u>TO NOTE</u> – This is not directly within the Cabinet Secretary for Net Zero, Energy and Transport’s area of responsibility. The response has been sought from the relevant business area and provided here.</p> <p>Published along the Climate Change Update, the Climate Emergency Skills Action Plan established our approach to supporting Scotland’s labour force as we transition to net zero. Among the Plan’s ambitions were: supporting upskilling to meet emerging green jobs requirements; aligning work based learning, FE and HE provision to meet the needs of the net zero transition; and facilitating behaviour change and helping employers capitalise on opportunities.</p> <p>As part of CESAP’s implementation, the Green Jobs Workforce Academy was launched enabling individuals of all backgrounds at any stage of their career to consider how their skills and experience may be relevant and to access upskilling/retraining opportunities. The Academy will also support the delivery of a skills guarantee for workers in carbon-intensive sectors, designed with industry stakeholders as part of our initial response to the Just Transition Commission.</p>
7	Will the forthcoming budget contain details on the amount of funding for the new Green Jobs Workforce Academy?	<p><u>TO NOTE</u> – This is not directly within the Cabinet Secretary for Net Zero, Energy and Transport’s area of responsibility. The response has been sought from the relevant business area and provided here.</p> <p>Within this year’s PfG we have a commitment to spend £200 million on adult upskilling and retraining over this parliamentary term, as part of a wider £500 million employability and skills commitment. Net zero is one policy priority that is likely to be a focus of future skills funding. The Green Jobs Workforce Academy is just one commitment in this space, with the overarching strategy provided by the Climate Emergency Skills Action Plan.</p>
8	The Committee would welcome a breakdown of spend for the £100 million Green Jobs fund announced in the recent Programme for Government, and asks whether any further details about future spending in this area will be outlined in the forthcoming budget?	<p><u>TO NOTE</u> – This is not directly within the Cabinet Secretary for Net Zero, Energy and Transport’s area of responsibility. The response has been sought from the relevant business area and provided here.</p> <p>For 2021-22, £14 million has been allocated to the Green Jobs Fund. This has been broken down into the following: Scottish Government – £4.4 million, Scottish</p>

No	Question	Response																																															
		<p>Enterprise - £8.4 million, Highlands and Islands Enterprise - £0.8 million and South of Scotland Enterprise - £0.4 million.</p> <p>The Budget for the following years is shown in the table below:</p> <table border="1"> <thead> <tr> <th rowspan="2">Government / Enterprise Agency</th> <th colspan="5">Annual budget (£m)</th> <th rowspan="2">Total</th> </tr> <tr> <th>2021-2022</th> <th>2022-2023</th> <th>2023-2024</th> <th>2024-2025</th> <th>2025-2026</th> </tr> </thead> <tbody> <tr> <td>Scottish Government</td> <td>4.4</td> <td>11.3</td> <td>10.2</td> <td>10.5</td> <td>13.6</td> <td>50</td> </tr> <tr> <td>Scottish Enterprise</td> <td>8.4</td> <td>10</td> <td>8.6</td> <td>6.2</td> <td>6.8</td> <td>40</td> </tr> <tr> <td>Highlands and Islands Enterprise</td> <td>0.8</td> <td>1.4</td> <td>1.4</td> <td>1.4</td> <td>1.4</td> <td>6.4</td> </tr> <tr> <td>South of Scotland Enterprise</td> <td>0.4</td> <td>0.8</td> <td>0.8</td> <td>0.8</td> <td>0.8</td> <td>3.6</td> </tr> <tr> <td></td> <td>14</td> <td>23.5</td> <td>21</td> <td>18.9</td> <td>22.6</td> <td>100</td> </tr> </tbody> </table> <p><b>All future budgets may be subject to change</b></p>	Government / Enterprise Agency	Annual budget (£m)					Total	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	Scottish Government	4.4	11.3	10.2	10.5	13.6	50	Scottish Enterprise	8.4	10	8.6	6.2	6.8	40	Highlands and Islands Enterprise	0.8	1.4	1.4	1.4	1.4	6.4	South of Scotland Enterprise	0.4	0.8	0.8	0.8	0.8	3.6		14	23.5	21	18.9	22.6	100
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9	The Committee would welcome an update on the commissioned work from the Fraser of Allander Institute.	<p>The Fraser of Allander Institute (FAI) research aims to deliver options for enhanced assessment of climate change policies' carbon impact as part of an evidenced-based and systematic policy making and budget process. This research has been commissioned to support the Joint Budget Review to improve the transparency with which climate change is considered in the Scottish Budget. The project's timescale is Autumn 2021 to Summer 2022.</p> <p>The project aims to deliver feasible and proportionate recommendations to improve scrutiny practices in the context of both the Carbon Taxonomy Assessment of the Capital Budget and the Carbon Assessment of the Budget.</p> <p>FAI are currently conducting baseline evidence-gathering from innovative budget-making practices in other countries and in other jurisdictions across the UK. In addition, it will look at current practices within the Scottish Government, considering two case-study policy areas including one in Transport and one in Energy and Climate change.</p> <p>The FAI presented interim findings to the NZET and F&amp;PA Committees on 30 November 2021.</p>																																															

### Adaptation funding and finance

The Committee heard from NatureScot who highlighted climate change adaptation as an area of work that is critical in thinking about net zero. NatureScot set out the need to ensure the resilience of Scotland's landscapes and habitats in future so that carbon stored in nature is at less risk of being re-emitted due to, for example, more weather extremes, pests and diseases, and long-term climate change trends.<sup>4</sup> The Climate Change Committee has highlighted this risk as one of eight "highest priorities" for immediate adaptation.<sup>5</sup>

The Committee also heard that nature can provide essential support to wider socio-economic adaptation that underpins net zero, for example through habitats reducing flooding of built infrastructure, or green infrastructure improving the health and resilience of local

<sup>4</sup> [Official report 28 September col. 36](#)

<sup>5</sup> [This is highlighted in the submission by NatureScot to the committee on 7 October 2021 - Submission](#)



communities. We are aware that this links strongly to work done by one of our predecessor committees (the Environment, Climate Change and Land Reform Committee) in session 5 on 'preventative spending'.<sup>6</sup>

No	Question	Response
10	<p>Given that net-zero cannot be achieved without strong parallel action on climate change adaptation, how might we expect to see broader budgeting for adaptation, and funding for specific adaptation programmes evolve in the coming years to ensure maximum resilience?</p>	<p>In order to build our resilience to the locked in impacts of global climate change, our 2019 Climate Change Adaptation Programme sets out over 170 policies and proposals.</p> <p>We have committed an extra £150 million over this Parliament to manage risks from flooding (in addition to continuing to provide £42 million annually to local authorities), with a further £12 million for coastal change adaptation.</p> <p>However, we accept that more needs to be done to build resilience as part of a just transition to being a net zero nation.</p> <p>We are seeking further Scotland-specific advice from the CCC on their June 2021 Climate Change Risk Assessment (CCRA) (expected early 2022).</p> <p>Boosting Resilience and Adaptation is a key component of the “Enabling Net Zero Emissions and Environmental Sustainability” theme of our recently published Infrastructure Investment Plan. The plan sets out a range of policies and proposals aimed at delivering Net Zero and Sustainability – many of which will assist with adaptation.</p> <p>The Infrastructure Commission for Scotland recommended that “By 2023, Scottish Government should establish a clear implementation plan to address critical natural and build infrastructure climate resilience and adaptation.” We accepted this recommendation in full and committed in the IIP to embed policies set out in the Climate Ready Scotland: Scottish Climate Change Adaptation Programme across government.</p> <p>We will be developing Scotland’s next full climate change adaptation programme, building on the findings of the National Climate Resilience Summit and in response to the updated risk assessment, for publication in 2024 and the further CCC advice requested by Scottish Ministers.</p> <p>We are currently focussed on delivering the existing adaptation programme and the Global Climate Emergency Programme Board is leading a new project on climate resilience as part of its wider work programme. This involves a lead Directorate or Board for each of the latest CCRA risks. It is anticipated that this approach will best</p>

<sup>6</sup> [See, for example, the Environment, Climate Change and Land Reform Committee’s Pre Budget Report Draft 2020/21 published 14 October 2019](#)

No	Question	Response
		<p>ensure the mainstreaming of future adaptation action as part of the development of future programmes and budgets to promote action as early as possible in order to minimise the costs of delayed action to address priority risks.</p> <p>The Board's lead role at official level will also support the new Cabinet Sub-Committee's work on adaptation including any budget and finance discussions.</p>

## Circular economy

The Committee heard from Zero Waste Scotland about the importance of scaling up efforts to tackle food waste, both at household level and throughout supply chains. The Committee heard that food waste in Scotland has almost three times the impact on climate change as plastics.

The Committee also notes that there are ambitious 2025 targets approaching in the area of waste and circular economy – such as the food waste reduction target of 33%, the 70% recycling target, and the target (and legal requirement) to ban landfill of biodegradable municipal waste by 2025. The deadlines for these targets are no longer far away, and it is concerning to note that progress in recycling rates has slowed in recent years. The Committee therefore considers it important that the forthcoming Scottish budget should support necessary progress in these areas.

Zero Waste Scotland has hitherto had access to significant European Regional Development and Structural funding which has been distributed to over 240 businesses to support the transition to a more circular economy. The Committee heard that this funding will end in December 2022, and there is currently no agreed follow-on programme, which is a concern.

The Committee also heard that in the run-up to implementation of the Deposit Return Scheme there may be economic opportunities for investment in reprocessing infrastructure in Scotland.

Zero Waste Scotland told the Committee that for every £1 that it invests in businesses, another £3 or £4 comes in from the private sector. The Committee heard that there is a growing appetite from the private sector to support circular economy businesses.<sup>7</sup>

No	Question	Response
11	Can the Scottish Government update the Committee on whether EU funding distributed by Zero Waste Scotland will be replaced, and on how circular economy funding can be best structured to leverage in further private investment?	The UKG has failed to provide clarity regarding the operation of the UK Shared Prosperity Fund (UKSPF) or how the Scottish Government will be involved in its development and governance. With only 6 months until it is rolled out, stakeholders are still in the dark about how the UKSPF will operate in practice. Presently, Zero Waste Scotland (ZWS) is undertaking research into options to replace the Circular Economy Investment Fund ("CEIF") and how ZWS can support wider CE business investment through

<sup>7</sup> Official Report, 28 September 2021, col. 47

No	Question	Response
		<p>the totality of its support, partnerships and funding including leveraging private sector investment.</p> <p>Over the last EU multiyear financial framework (MFF 2014-2020), ZWS had £34 million of European Regional Development Fund funding approved. Current programmes in CEIF run until December 2022; and the Resource Efficiency programmes run to June 2023. Looking ahead to the latest MFF 2021-2027, the EU have committed to increased funding for the circular economy through continuing ERDF funding, and the <a href="#">LIFE programme</a>, the EU's funding instrument for the environment and climate action created in 1992 (current LIFE funding period 2021-2027 has a budget of €5.4 billion).</p>
12	Is the Scottish Government looking at new fiscal measures to enhance local government capacity to take positive action to promote a circular economy?	<p>Local government have a key role to play in promoting a circular economy, alongside Scottish Government and other stakeholders. We have committed to working with local government, industry and environmental groups to develop a route map to deliver our existing waste and recycling targets and drive progress beyond 2025, building on action already in train. As part of this work, we have committed to consider the role of fiscal incentives, that may include both devolved and local taxes, alongside consideration of other measures that may be needed to accelerate future progress. Initial stakeholder engagement to inform the development of the route map is underway, led by Zero Waste Scotland.</p>
13	When will the Circular Economy Bill be introduced?	<p>The current Programme for Government outlines our commitment to introducing a Circular Economy Bill this Parliamentary session. Legislative plans will be set out in future Programmes for Government.</p>
14	Does the Scottish Government agree that significant increased investment may be needed in the forthcoming budget to enable sufficient progress towards 2025 waste and recycling targets – for example to meet food waste targets and ensure the 2025 ban on landfilling biodegradable municipal waste are met?	<p>Substantial investment will be needed to meet waste and recycling targets. Some of this will be directly supported by the public sector, a good example being our continuing commitment to the £70 million Recycling Improvement Fund, of which the first £7 million was awarded on 17 November with support provided by Zero Waste Scotland on communications and business innovation. However, consistent with the polluter pays principle, producers themselves will be expected directly or indirectly to fund substantial investment in infrastructure to support the circular economy. A good example of this being Extended Producer Responsibility schemes, of which the Deposit Return Scheme is the most visible example. The work on the waste Route Map we committed to within the Programme for Government will bring these together to consider the combined impact of these investments and any further action required to accelerate progress to meet our ambitious waste reduction, recycling and climate change targets.</p>
15	What can be done in the forthcoming budget to maximise economic and circular economy	<p>We recognise that the circular economy is a significant economic opportunity as well as an</p>

No	Question	Response
	benefits resulting from the forthcoming Deposit Return Scheme e.g. investment in reprocessing infrastructure?	<p>important contribution to tackling climate change. The Deposit Return Scheme will drive investment in: developing new products that reduce reliance on drink containers; investment in collection and sorting infrastructure to support physical and online returns; and also reprocessing, which will benefit from greater quantity and quality of recycle. As a producer, responsibility scheme investment will be driven predominantly from the private sector to meet their obligations.</p> <p>We are actively working with potential investors in plastic reprocessing capacity in Scotland. From an Inward Investment delivery perspective, our partners at Scottish Enterprise / Scottish Development International will continue to engage with and support relevant potential investors to help meet our climate change ambitions.</p>

## Biodiversity and natural infrastructure

The Committee asked the Cabinet Secretary about opportunities to mainstream the protection of biodiversity in government, as the Scottish Government seeks to do with climate action (e.g. in funding and governance). The Cabinet Secretary told us that the challenge is to make the biodiversity emergency as front and centre in the ongoing debate as climate change, and to be prioritised through legislation, in policy across different sectors, and in everyday practice. The Committee is interested to see how this can be reflected in future budgets.

The Scottish Government has committed to ensure that every local authority will have a Nature Network of new, locally driven projects to improve ecological connectivity across Scotland. NatureScot told us that models for both local Nature Networks and Regional Land Use Partnerships remain in development, and that clarity is needed in some key areas; for instance, identifying which species or habitats we might need to target within a particular land use partnership, and what public and private funding will be available to do so.

No	Question	Response
16	How will the Programme for Government commitment for a Nature Network in every local authority be reflected in the forthcoming budget? And what is the expected funding mechanism for them?	The creation of nature networks across Scotland is a key instrument for delivering our wider biodiversity objectives. Scoping work on how we will support this is ongoing, but we anticipate funding being provided to local authorities (to support them in the development of local biodiversity action plans as potentially to support delivery) as well as via the Nature Restoration Fund which was announced at COP26. Funding to public bodies (National Parks and Green Action Trust) will also support the delivery of this commitment.
17	Given that the Scottish Government agrees that protection of biodiversity needs to be more mainstreamed, how does the Scottish Government propose to do this in future budgeting?	We will be delivering a new biodiversity strategy in Autumn next year which will set the framework for how we will halt biodiversity loss by 2030 and reverse declines by 2045. This will include consideration of how we mainstream biodiversity across the work of government, including budget issues, as well as agriculture,

No	Question	Response
		forestry, local authorities, and education. We have recently announced that we will provide at least £55 million of funding over the next five years through the Nature Restoration Fund to fund projects which will address the biodiversity and climate crises.

## SEPA cyberattack and public sector cybersecurity

The Committee heard that the cyberattack on SEPA during the festive period of 2020 was very significant and required SEPA to prioritise its work in terms of environmental risks, critical services e.g. flood alerts, and legal obligations.<sup>8</sup>

SEPA also told the Committee that it is soon expecting to publish material from commissioned reviews (subject to some material being confidential, relating to the associated criminal investigation), and is working with the Scottish Government and the Scottish Business Resilience Centre to ensure that lessons are learned.

No	Question	Response
18	Does the Scottish Government consider that further investment in cyber-security is necessary in light of the cyberattack on SEPA? How will the forthcoming budget reflect this?	The Scottish Government recognises cyber resilience as an important element in any organisations' business practice. Working in close partnership with Police Scotland and the National Cyber Security Centre, we have been driving forward cyber resilience improvements by delivering a programme of awareness raising, exercising and training across the public, private and third sectors. We have amplified, at pace, the important lessons identified from the SEPA incident across our public sector bodies. The Cyber Resilience Work Programme led by the Scottish Government is continuously shaped by the ever-changing cyber threat and lessons identified from cyber incidents, both within Scotland and globally. Every organisation needs to consider lessons from incidents, such as the SEPA one, and take risk-based decisions as to the cyber security requirements for their own organisation. We cannot comment at this stage on the forthcoming budget.

## Scottish National Investment Bank and Enterprise Agencies

The Committee explored the work and funding arrangements of the Scottish National Investment Bank (the Bank) and Scotland's three Enterprise Agencies. Willie Watt, Chair of the Bank, provided this overview:

"We offer both debt and equity and we can invest from as low as £1 million to as high as £50 million in green projects, green businesses and the greening of business, which is slightly different. The Scottish Government has said that it will capitalise the bank for £2 billion over 10 years. We have been active since our launch and have announced seven investments that total £120 million. In the first quarter of this financial year, we have made investment

<sup>8</sup> [SEPA provided more detail on the cyber-attack in a follow up submission - Submission from Scottish Environmental Protection Agency](#)

commitments of £62 million, of which £50 million has been drawn, so we are on track to invest the commitment of £200 million that was made in the Scottish budget for 2021-22.”<sup>9</sup>

We were interested in understanding how the Bank makes investment decisions and whether there were any sectors they would not support. They clarified that they would not invest in the extraction of oil and gas as this would not be compatible with the net-zero mission, but that they would be open to investing in companies and technologies which support the transition away from fossil fuel extraction.

We also questioned the Bank as to its practice of sometimes investing in managed funds, such as the Gresham Forestry Fund, which involve paying a fee to the fund manager, rather than investing in individual enterprises in that sector. The Bank noted that given the specialised nature and expertise required to allocate certain funds, in some circumstances “it is better to pay the fund management fee rather than hire an internal team to do the work.”<sup>10</sup>

We asked the Enterprise Agencies how they coordinate their work on the transition to net zero. All three highlighted the importance of the strategic direction set through the Ministerial Guidance letters each year, and their positive working relationship.<sup>11</sup>

We also asked the enterprise agencies how they could ensure that their work stimulated the growth of a Scottish supply chain in order to deliver green jobs. Scottish Enterprise noted that: “Many commentators talk about the 2020s as being the decisive decade, so we need to focus urgently on early action.”<sup>12</sup>

No	Question	Response
19	Is the Scottish Government confident that the Bank is on schedule to allocate investment funding within the timescale the Scottish Government anticipated when it allocated the funding?	<p><u>TO NOTE</u> – This is not directly within the Cabinet Secretary for Net Zero, Energy and Transport’s area of responsibility. The response has been sought from the relevant business area and provided here.</p> <p>The Bank makes decisions about investments independently of the Scottish Government and Ministers. It consistently provides assurance that it expects to apply the £200 million budget that has been allocated to it this financial year.</p> <p>The Bank and the Scottish Government are in discussion about future budget requirements and investment plans. The commitment to provide £1 billion as capital for investment in this Parliament remains. The Bank continues to build its investment pipeline in line with its investment strategy and Missions, seeking out a mix of opportunities to maximise investment and impact of all available future capital.</p>
20	Is the Scottish Government satisfied that the Bank’s approach to allocating some funds through indirect investment is compatible with the core mission it was allocated when it was set up? Would the Scottish Government	<p><u>TO NOTE</u> – This is not directly within the Cabinet Secretary for Net Zero, Energy and Transport’s area of responsibility. The response has been sought from the relevant business area and provided here.</p>

<sup>9</sup> [Official Report, 21 September 2021, cols. 2-3](#)

<sup>10</sup> Official Report, 21 September 2021, col. 9

<sup>11</sup> [Follow up evidence by the enterprise agencies to the committee on 19 October provided further detail](#)

<sup>12</sup> Official Report, 21 September 2021, col. 25



No	Question	Response
	prefer the Bank to make direct investments in priority areas whenever practicable?	<p>All the Bank's investments so far have targeted one or more of the three missions set for the Bank. The majority of these investments have had Net Zero as the primary mission, reflecting the importance placed on addressing climate change.</p> <p>The way the Bank invests, whether directly or indirectly through funds, is part of the Bank's investment independence and is a matter for the Bank's Board to determine. It can be efficient and practical for the Bank to invest indirectly through funds to achieve outcomes and objectives are aligned with the Bank's missions and purpose. This can sit alongside direct investments made and managed by the Bank.</p>
21	How will the Scottish Government ensure that funding across the enterprise agencies is being deployed in a joined up way, to ensure the most effective support for the transition to a net-zero and nature-friendly economy?	<p><u>TO NOTE</u> – This is not directly within the Cabinet Secretary for Net Zero, Energy and Transport's area of responsibility. The response has been sought from the relevant business area and provided here.</p> <ul style="list-style-type: none"> <li>• We are currently developing a new National Strategy for Economic Transformation which will, amongst other things, consider how our economy will be transformed over the next 10 years to support our transition to net zero and realise the economic opportunities that flow from this mission.</li> <li>• The enterprise agencies are helping to shape that strategy and will have a key role in working together, and with other bodies from all sectors of the economy, to ensure that it is delivered effectively.</li> <li>• Through its sponsorship mechanisms, Scottish Government will set out and assess progress against clear expectations about the role that the enterprise agencies will play, both individually and collectively, in supporting the transition to net zero.</li> <li>• Cross-agency work in support of the transition to a net-zero and nature-friendly economy is focussed on: <ul style="list-style-type: none"> <li>○ delivery of strategic programmes addressing net zero economic opportunities, such as decarbonised heat and the hydrogen economy;</li> <li>○ pursuing strategic infrastructure investments and supply chain development in offshore renewables, including floating wind and marine energy;</li> <li>○ incentivising greater commitment and action by Scotland's business base; and</li> <li>○ understanding priorities for improving natural capital and biodiversity, for example peatland restoration.</li> </ul> </li> <li>• £50 million from the Scottish Government's new Green Jobs Fund has been allocated for</li> </ul>

No	Question	Response
		<p>delivery by the enterprise agencies to support businesses and their supply chains to create green employment through investment in equipment, premises, research and development. Scottish Government has worked with the agencies to define the types of jobs that will be supported and to determine the evaluation process.</p>
22	<p>How does the Scottish Government measure what impact interventions by our three enterprise agencies are making on progress to net zero?</p>	<p><b>TO NOTE</b> – This is not directly within the Cabinet Secretary for Net Zero, Energy and Transport’s area of responsibility. The response has been sought from the relevant business area and provided here.</p> <ul style="list-style-type: none"> <li>• The enterprise agencies’ annual business plans for 2021-22, which were approved by Scottish Government Ministers, set out their commitment and approach to working with businesses and communities to deliver a just transition to net zero. As in previous years, they will report on progress in their annual report and accounts.</li> <li>• The agencies are working together on alignment of their performance measurement frameworks. They have agreed to jointly commission work to develop a methodology to quantify carbon-related emissions at a business plan level. This will provide baseline information and enable the agencies to set targets to reduce emissions going forward.</li> <li>• Evaluation of spend by the agencies from the Scottish Government’s Green Jobs Fund is being undertaken by the Low Carbon Economy Unit, using a budget tracker to record the amount spent by each agency and the number of green jobs created.</li> <li>• The agencies are required to demonstrate their contribution to delivering Scotland’s target of being a net zero nation by 2045 in their annual climate change duties report.</li> </ul>

## Decarbonising heat in buildings

The Committee heard from Professor Jim Skea, the former chair of the Just Transition Commission, that “some aspects of the transition to net zero need to be paid for, and the way in which those costs are distributed will be incredibly important”.<sup>13</sup> The issue of who bears the costs and where the burden falls cuts to the heart of how a just transition is achieved.

We heard that decarbonising heat in the owner-occupied sector, and finding ways to pay for it, will be difficult. Professor Skea stated:

“We have said that if people can pay for it, they should pay, but there are differences there and it will be good to work out how we get the incentives to work fairly. My view is that mechanisms such as grants or very low interest loans are potentially the way to encourage

<sup>13</sup> [Official Report, 7 September 2021, col. 5](#)

owner-occupiers to switch over, where you do not have the kind of regulatory levers that are in place for social housing or the private rented sector. The owner-occupied sector will be the toughest to move because you will be expecting people to reach into their own pockets to some extent to finance the transition.”<sup>14</sup>

Dave Moxham, a former member of the Just Transition Commission, also stated: “We are not even in the right ball park at the moment when it comes to the levels of public investment that we need. It is easier to say it than it is to suddenly magic up the type of investment that we will require. We need to start from the position that we need massively increased public investment.”<sup>15</sup>

The Scottish Government has recently published its [Heat in Buildings Strategy](#) which states that emissions from heat in buildings must fall by 68% between 2020 and 2030 if Scotland is to be on target in meeting overall emissions reduction targets. The Strategy recognises the scale of the challenge and takes a fabric-first approach i.e. that “energy efficiency measures are a critical precursor to deployment of many zero emissions [heat] systems”, the aim is therefore that a “large majority of buildings should achieve a good level of energy efficiency” by 2030.<sup>16</sup>

The Strategy sets out that the vast majority of the 170,000 off-gas homes that currently use high emissions fossil fuels, as well as at least 1 million homes currently using mains gas must convert to zero emissions heating, as does the equivalent of 50,000 of Scotland’s non-domestic properties. Therefore, the pace of installation of zero emissions heating systems needs ramped up significantly; from around 3,000 to 25,000 per annum by 2026, peaking at over 200,000 new systems annually by the end of this decade.

The Strategy commits to “at least £1.8 billion investment” [from public funding] through to 2026; increased funding in 2021 “for home energy programmes and measures to reduce poor energy efficiency as a driver of fuel poverty” and “£200 million for heat and energy efficiency projects in social housing” through to 2026.<sup>17</sup> A Green Heat Finance Taskforce is expected to be established by end 2021.

No	Question	Response
23	<p>The proposed £1.8 billion investment is intended to “kick-start” the proposals in the Heat in Buildings Strategy (for both energy efficiency and zero carbon heating). It is noted that the total costs are estimated to be in the region of £33 billion, so how does the Scottish Government plan to leverage private finance to achieve the total level of insulation and decarbonised heat?</p>	<p>The Scottish Government is establishing a Green Heat Finance Taskforce by the end of 2021. The Taskforce will explore and identify innovative financing mechanisms to maximise private sector investment and find new products and financing mechanisms to help individuals and organisations make their properties warmer, greener and more efficient.</p> <p>The Taskforce will make recommendations by September 2023 to support the scaled growth in private capital needed and, where possible, pilot innovative solutions to attract investment in order that there is a clear and identified range of financial support mechanisms available to support building owners to meet proposed regulatory obligations.</p>

<sup>14</sup> Official Report, 7 September 2021, col. 15

<sup>15</sup> Official Report, 7 September 2021, col. 15

<sup>16</sup> <https://www.gov.scot/publications/heat-buildings-strategy-achieving-net-zero-emissions-scotlands-buildings/documents/> p.15

<sup>17</sup> <https://www.gov.scot/publications/heat-buildings-strategy-achieving-net-zero-emissions-scotlands-buildings/documents/> p.7

No	Question	Response
24	What does the proposed £200 million for energy efficiency projects in social housing deliver in terms of housing units insulated and heating decarbonised?	<p>In the second half of 2020, we launched the Social Housing Net Zero Heat Fund, to support social housing landlords across Scotland to take forward projects to deploy zero emissions heat, improve energy efficiency and reduce fuel poverty.</p> <p>We will continue to operate the Social Housing Net Zero Heat Fund until 2026, investing in a sector already leading the way in considering how it will change how it heats and uses energy in its homes. We will work closely with the social housing sector to deliver best value from this investment.</p>
25	What new initiatives and funds will be put in place to support decarbonising heat in the owner-occupied sector?	<p>The Home Energy Scotland loan scheme provides up to £15,000 for energy efficiency measures and up to £17,500 for renewables measures (maximum of two). Homeowners are eligible for interest free loans as well as 75% cashback up to £7,000 for renewable heat measures, and an enhanced 40% cashback for energy efficiency measures up to £6,000. As set out in the PfG we increased the budget for these schemes to £21 million. In 2022-23, we will replace our current cashback with a new grant based offer.</p> <p>As set out in our PfG, we will establish a new dedicated National Public Energy Agency to provide the leadership and coordination required to accelerate delivery of transformational change, across all building types, in the decarbonisation of heat in Scotland. This Agency will play a key part in determining how we will support domestic homeowners in the future.</p>
26	Will new initiatives and funds support improved energy efficiency and new heating technologies in one easily accessible package? Is support and advice to homeowners built into this package?	<p>Home Energy Scotland provides free and impartial advice on improving home energy efficiency and making changes to domestic energy systems.</p> <p>As set out in our PfG, we will establish a new dedicated National Public Energy Agency to provide the leadership and coordination required to accelerate delivery of transformational change in the decarbonisation of heat in Scotland. A key function of the Agency will be to provide a wide range of advice, easily accessible to the public to support them in the changes needed in their transition journey.</p> <p>The Scottish Government has made the decision to opt out of the forthcoming UK Government Boiler Upgrade Scheme, in favour of enhancing our existing schemes. This will ensure a straightforward consumer journey through support available in Scotland, which stakeholders have told us is essential for encouraging deployment of low and zero emissions heat. Focussing support through Scottish delivery schemes will also allow us to</p>

No	Question	Response
		tailor support budgets to the particular needs and requirements of Scotland's communities.
27	What is the expected annual take-up of this fund/loan? How is its uptake being monitored and evaluated?	Details of the number and value of loans, as well as other financial information is routinely collected and monitored as part of our current schemes. The number of completed applications – uptake - for HES Loans in 2020-21 fell to around 900 due to COVID-19 restrictions. However, we expect to see a continued increase in applications and will evaluate the impact of changes to schemes upon uptake, including planned increases in funding and the launch of a new grant based offer.

## Transport

Transforming our transport and, in particular encouraging greater use of public transport, cycling, and transport by foot, was identified as critical to decarbonising the sector. Available and attractive public transport was viewed as a key feature of a wellbeing economy (as well as a crucial part of the journey to net zero) and poor public transport connections as a block to progress. Concerns in relation to the coherence and balance of spend within the transport budget were raised – for example, is current budgeting consistent with long-term policies to reduce demand for travel by car and encourage sustainable and active travel?

Professor Iain Docherty questioned whether the split in Scottish Government financial support between rail and bus was appropriate, as substantially more is invested in rail services – yet four times more trips are made by bus than rail annually.<sup>18</sup>

Many witnesses asked for greater investment in public transport, walking and cycling infrastructure and service provision, including Liam Fowley (Scottish Youth Parliament) and Jocelyn Richard (Scotland's Climate Assembly).<sup>19</sup>

The Infrastructure Commission for Scotland recommended that no new additional road capacity for private car travel be added to the network. Witnesses raised concerns about a significant rebound in the use of cars following the end of the last lockdown, which could undermine the wider effort on decarbonisation in Scotland and risked being a missed opportunity to embed long-term change as a positive legacy of the Covid crisis.

Professor Docherty highlighted that public transport patronage was still well below pre-pandemic levels and that there would likely be a need for additional ongoing financial support for the next 12-24 months.<sup>20</sup>

No	Question	Response
28	What process does the Scottish Government use to decide on the balance of investment between different modes of travel? In particular, how does it determine that the balance of investment in bus and rail is appropriate and properly reflects both the	The National Transport Strategy establishes the sustainable travel hierarchy as a guiding principle, embedded in all of our policy and investment decision-making, to promote walking, wheeling, cycling, public transport, and bike, car and ride sharing, over single-occupancy car use.

<sup>18</sup> [Official Report, 5 October 2021, col. 43](#)

<sup>19</sup> Official Report, 28 September 2021

<sup>20</sup> Official Report, 5 October 2021, col. 32

No	Question	Response
	<p>current balance of use and Scottish Government policies on future use?</p>	<p>We will continue to invest in active, public, and shared transport solutions which provide real journey options and can be adapted to suit all locations, needs, and lifestyles.</p> <p>We are undertaking the second Strategic Transport Projects Review (STPR2) which will lay out the balance of future transport investment for the next 20+ years. The STPR2 process is underpinned by the National Transport Strategy 2 priorities. We are also updating the Scottish Transport Appraisal Guidance (which is the basis of transport investment decisions in Scotland, founded on HM Treasury Green Book) to reflect the new NTS2 priorities.</p> <p>Phase 1 of STPR2 was published in February 2021, which set the priorities for the next 5 years, aligned with the Infrastructure Investment Plan.</p> <p>The balance of investment between different modes is partly informed by the nature of infrastructure and the responsibility for its maintenance and operation of systems or services. Over half of the expenditure on rail contributes to the maintenance and enhancement of the network whereas bus services are (generally) privately owned and operated. Transport Scotland is responsible for the trunk road network. The funding required for the operation, maintenance and renewal of the rail infrastructure is determined by the Office of Rail and Road. Transport Scotland Asset Management determines the investment required in the trunk road network. Investment in enhancement and improvement projects is determined according to the priorities identified in the investment decision process outlined above.</p> <p>Scotland's bus, rail and light rail systems are operated in different forms and this is reflected in Scottish Government's role in providing financial support to the different modes.</p>
29	<p>Will the 2022-23 budget support the creation of additional road capacity for private car use, contrary to the recommendations of the Infrastructure Commission for Scotland?</p>	<p>Whilst the 2022-23 budget will fund progress on the completion of existing programmed schemes, future schemes will not be driven by the creation of additional road capacity but rather by other priorities such as increasing safety or local environmental quality. This is driven by the Sustainable Investment Hierarchy within NTS2. NTS2 is also clear that we will not build infrastructure to cater for forecast unconstrained increases in traffic volumes.</p> <p>Our existing programme of trunk road improvements is specifically designed to</p>



No	Question	Response
		<p>improve safety, enhance resilience and support sustainable inclusive growth.</p> <p>We need to balance the extensive changes required to meet a target of net-zero greenhouse gas emissions with our duty to ensure that Scotland has high quality infrastructure to meet the needs of all our residents, businesses and visitors.</p> <p>That is why we are continuing work on our programme of trunk road improvement schemes to improve resilience, safety and deliver sustainable inclusive growth for the people of Scotland.</p> <p>Future investment in our transport network will be set out in STPR2 and will align with the sustainable mode and investment hierarchies.</p> <p>The trunk road network is one of the largest and most visible community assets for which the Scottish Government is responsible. Maintaining it to a good standard is fundamental to the economic, social and environmental well-being of Scotland.</p>
30	<p>What plans (if any) does the Scottish Government have to continue to provide pandemic related financial support to bus and train operators over the next 12-24 months, as patronage levels recover? Is the Scottish Government actively monitoring whether new travel patterns are emerging that may require different types of financial support for public transport providers in the longer-term?</p>	<p>The impact of Covid-19 on travel demand and resultant demand for public transport has had a significant impact on public transport fare box revenue. To date support of over £1 billion has been provided to support public transport operators during the pandemic to ensure that services remained in place for those who depend on them.</p> <p>We are taking forward the work required to prepare measures to enable a safe and confident return to public transport that not only supports Covid-19 recovery but also ensures there is a viable and sustainable public transport system for the future.</p> <p>We anticipate continued pressure on farebox revenue and the potential need for additional financial support, especially in rail, as we recover from the pandemic. We will prioritise our spending according to the projected net expenditure that we expect we will require to subsidise.</p>
31	<p>How will the forthcoming budget capture the opportunity lockdown has provided to do transport differently and to capitalise on new patterns of behaviour that reduce transport's carbon footprint, such as front-loading investment in active travel?</p>	<p>We will continue our work to look at actions and communications aligned to wider Scottish Government public health messaging that will take into account the potential scenarios for travel demand and demand for public transport over the coming months, and the likely phasing of actions and communications activities required to support Covid-19 recovery and the Strategic Framework.</p> <p>Covid-19 crisis is unprecedented and has had a significant impact on travel demand. Future demand for transport will depend on people and</p>

No	Question	Response
		<p>businesses' behaviour and choices after the pandemic. There remains great uncertainty around whether temporary changes in travel demand will be sustained. We recognise that and will focus our plans according to anticipated opportunities that our projections identify.</p> <p>We recognise that public transport patronage remains below pre-pandemic levels while car use has rebounded. The route map will look to lock in positive trends whilst adapting to the new challenges and changes brought about by the pandemic.</p> <p>We are also developing our analysis to assess the policy challenges and options for the future of public transport. This work is being taken forward as part of our Fair Fares Review to ensure a sustainable and integrated approach to public transport fares, looking at the range of discounts and concessionary schemes which are available on all modes including bus, rail and ferry and will look at both cost and availability of services.</p> <p>Our £500 million investment over five years announced in PfG 2020 for active travel infrastructure, access to bikes and behavioural change schemes shows a sustained commitment to active travel and will help promote mode-shift. Our £50 million for 'Active Freeways' will see development of the strategic active travel network to provide segregated routes on main travel corridors and major trip attractors. Furthermore, the historic Bute House agreement sets out our commitment to at least £320 million or 10% of the transport budget to be spent on active travel by 2024-25. The budget for 2022-23 provides a step towards that commitment.</p> <p>Taken together, this will transform active travel in Scotland, further encouraging the increased demand which was demonstrated during lockdown when we supported temporary active travel infrastructure with over £39 million for Spaces for People. Some of the funding will go towards making this temporary infrastructure permanent through due process and consultation with local people. In addition, we recently announced £1 million for the continuation of the Scottish Cycle Repair fund also introduced during lockdown. Finally, we will continue to level up on our push to decarbonise transport with a shift to active travel through schemes such as Free Bikes for Schoolchildren Who Cannot Afford One, where we have already invested £2.5 million for ten pilots to test the best ways to roll out the initiative across Scotland.</p>
32	Does the Scottish Government intend to provide financial or technical support to local	We will introduce a Community Bus Fund to help support services in local communities and

No	Question	Response
	authorities wishing to establish municipal bus companies under the Transport (Scotland) Act 2019?	enable local transport authorities to look at delivering bus services in their areas. The Fund will support local transport authorities to explore the full range of options set out in the 2019 Act. The details of how the fund will work will be developed with partners including local authorities and regional transport partnerships.