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Edward Mountain MSP  
Convener  
Net Zero, Energy and Transport Committee  
The Scottish Parliament  
Edinburgh  
EH99 1SP

20<sup>th</sup> April 2023

Dear Edward,

The Scottish Government welcomes the thorough and wide ranging Inquiry taken forward by the Committee on 'The role of local government and its cross-sectoral partners in financing and delivering a net-zero Scotland' over 2022, and the subsequent report and recommendations published. We recognise the significant work that was undertaken to produce this report and we want to thank the large number of contributors who provided written evidence and/or appeared before the Committee to give evidence in person.

Local authorities are already rising to the challenge of the climate crisis and we will continue to work closely with them. Through development with COSLA and SOLACE we hope to agree a New Deal for Local Government which will accelerate our progress towards becoming a net-zero nation. Significant progress has been made to date by local authorities, as demonstrated by the 44.6% fall in area-based emissions in Scotland (compared to 43.2% across the UK)<sup>1</sup>.

The Scottish Government is committed to working with COSLA and SOLACE to agree a New Deal for Local Government in Scotland with the aim of providing greater flexibility over local funding, with clear accountability for delivery on shared priorities and outcomes such as Net Zero.

Whilst good progress has been made, we recognise that there is still a long way to go. The Inquiry has raised many issues that we had already identified through our engagement with local authorities, COSLA and the Sustainable Scotland Network. In some cases we have already taken action to better support local authorities, for example:

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<sup>1</sup> *area-based emissions figures, published by the UK Government in 2022, provides end-user carbon dioxide emissions between 2005 and 2020*

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- The Heat Network Support Unit, launched in September 2022, has been designed to address challenges local authorities face whilst developing heat networks. The Unit identifies prospective heat network projects; supports the development of heat network projects across Scotland, through advice and grant funding for the pre-capital stages; and builds capacity and expertise across the public sector to develop and run successful heat networks.
- Through the EV Infrastructure Fund, we are encouraging a partnership approach between local authorities and the private sector in owning and operating electric vehicle charge points. To support local authorities with the expansion of the public EV charging network, we are also providing funding to help them develop business cases for investment, as well as providing them with a range of tools and support through the Scottish Futures Trust and Energy Saving Trust.
- We have provided additional funding through the Green Growth Accelerator programme this year to help every Local Authority develop their pipeline of low carbon infrastructure projects. Local authorities have been provided with flexibility on what the funding can be used for and the type of low carbon projects that can be developed.
- Annual funding of £2.4 million has been provided to local authorities to enable them to discharge their duty to publish Local Heat and Energy Efficiency Strategies (LHEES) and Delivery Plans. LHEES will set out the long-term plan for decarbonising heat in buildings and improving their energy efficiency across an entire local authority area.

Following the recommendations from the Inquiry, we are also taking new action. As announced at the debate held on the 14<sup>th</sup> March, we will be allocating £4.3 million to expand the Scottish Government's Climate Action Hub programme in 2023/24. This funding will allow the network to expand to around 20 regions communities across the country and build upon the important progress that has been made to date.

We are also pleased to confirm that we are taking forward plans with local government partners to establish a Climate Intelligence Service for local authorities this year. We are also in discussion with COSLA and the Scottish Cities Alliance about the development of a framework between national and local government to agree shared actions and approaches to delivering net zero, enabling better alignment between national and local targets and to jointly address the challenges and barriers to delivery.

We have set out the Scottish Government response to the Committee's specific recommendations below and we believe that this demonstrates that we have given serious consideration to all the issues raised by the Inquiry. However, action from Scottish Government alone will be insufficient and we very much look forward to building a more collaborative approach to delivering net zero between national and local government and across the public sector.

**MAIRI MCALLAN MSP**

**JOE FITZPATRICK MSP**

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## Annex A

### Scottish Government response to 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.**

We welcomed Audit Scotland's report in September on councils' approach to addressing climate change and value their ongoing support to help public bodies in Scotland respond to the global climate emergency.

Scottish Government funds the Sustainable Scotland Network (SSN) in partnership with local authorities and other public bodies. SSN is Scotland's well-established and highly-trusted public sector network on climate change and sustainability. SSN provides an effective and efficient facility for collaboration and capacity building to tackle the barriers and opportunities of action on climate change, while also delivering on the co-benefits of public health, economic development, well-being, and a just transition.

SSN work closely with the Improvement Service to support local authorities and provide a range of opportunities for the sharing of good practice. Local authorities are well represented on the SSN Steering Group and a dedicated LA Forum meets quarterly. SSN provide guidance, resources and tools on their website to provide practical support. The recently published Climate Emergency Leaders Checklist is intended to enable senior leaders assess their organisation's maturity and capability in tackling the climate and nature emergencies.

Since 2015-16, local authorities have been required to report annually on their corporate emissions, emission reduction projects, targets, procurement and adaptation activities through the Public Bodies Climate Change Duties report. Strengthened reporting requirements were introduced by the Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Amendment Order 2020. It is part of the new duties for public bodies to declare, where applicable, targets for zero direct emissions and targets for reducing indirect emissions. Bodies must also state how they will publish, or otherwise make available, progress towards achieving such emissions reduction targets. These strengthened duties applied from reporting year 2021-22 onwards.

Statutory guidance to support public bodies in putting their climate change duties into practice was published in 2011, with additional interim guidance, Public Sector Leadership on the Global Climate Emergency, published in 2021. Further supplementary guidance and resources are available online on the SSN website.

Scottish Government will draft new and extended statutory guidance with a planned publishing date of March 2025. This new guidance will give equal weight to the three strands of the climate change duties (mitigation, adaptation and acting sustainably), will aim to support the delivery of an integrated approach to climate change and will include an emphasis on mainstreaming the response to climate change into decision-making. Pre-consultation stakeholder engagement activities are planned for 2023, hosted by SSN, and local authorities are represented on the guidance advisory group.

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Scottish Government is in discussion with COSLA, the Improvement Service and local authorities to explore what could be done to better support local decision making on delivering area-wide emissions reductions. The Climate Intelligence Service, which we plan to establish this year, will provide local authorities with the data, tools and skills to help ensure that they are on the right trajectory for net zero and to embed climate impact into local decision making.

## **2. This joint work should include:**

### **2.1. ensuring that Councils' strategic planning and major budgetary decisions are consistent with net zero goals and promoting climate change budgeting;**

The Scottish Government's policy towards local authorities' spending is to allow local authorities the financial freedom to operate independently. As such, the vast majority of funding is provided by means of the block grant. It is then the responsibility of individual local authorities to manage their own budgets and to allocate the total financial resources available to them, on the basis of local needs and priorities, having first fulfilled their statutory obligations and the jointly agreed set of national and local priorities.

While ring-fenced funding for net zero is an option, local government have repeatedly called for removal of ring-fencing in the settlement and a greater focus on trust and partnership working.

On that basis, the Scottish Government has committed to reviewing all ring-fenced funding to ensure that the removal of ring-fencing goes hand in hand with our shared priorities and outcomes, whilst ensuring maximum value for money. This provides scope for greater coordination between the Scottish Government and local government on spending in support of net zero ambitions.

The planned Climate Intelligence Service will better equip local authorities with taking planning and budgetary decisions that are consistent with net zero goals by providing data, tools, expert advice and skills for reducing area wide emissions.

### **2.2. ensuring that those within Council administrations who lead on climate change and net zero are embedded within senior leadership;**

Local authorities are independent corporate bodies with their own powers and responsibilities and are entirely separate from the Scottish Government. It is, therefore, up to each local authority how it manages its day-to-day business and decision making processes.

However, the Scottish Government is committed to continue working closely with local authorities – and the wider public sector - in tackling the global climate emergency and we support the recently established Public Sector Climate Leaders Group, which will aim to provide top-level public sector leadership to accelerate action on climate change.

### **2.3. promoting models of Council leadership on net zero;**

The Sustainable Scotland Network (SSN) and the Improvement Service work closely in sharing good practice with local authorities and encouraging leadership, for example through SSN's Local Authority Network.

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A new leadership group across the public sector (the Public Sector Climate Leaders Group) has been set up to explore more active and delivery-focused action on climate change, with representatives from COSLA, SOLACE, SSN, NHS Scotland, Universities and Colleges Scotland and the Scottish Government. The new leadership group is maintaining links with the Scottish Leaders Forum.

**2.4. 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.**

Section 44 of the Climate Change (Scotland) Act 2009 places duties on all public bodies, including local authorities, relating to climate change which entered into force on 1 January 2011.

The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015 has required local authorities to report annually on their corporate carbon emissions in compliance with their Section 44 duties since 2015-16.

Strengthened reporting requirements were introduced by the Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Amendment Order 2020. The updated legislation provides a consistent approach, and required that by November 2022 all local authorities, where applicable, report a target date for achieving zero direct emissions and targets for reducing indirect emissions. At time of writing, the full analysis of the reports submitted in November 2022 (for reporting year 2021-22) is not yet available; however, early analysis indicates an increase in the number of public bodies reporting net zero and other targets. It is expected that it will take time for the strengthened reporting requirements to bed in. Examples of good practice from the 2021-22 reporting round will be included in the analysis report, and will be used to help develop further guidance and resources.

Climate change reporting is intended to: increase accountability and transparency; drive action and incentivise change; and encourage the sharing of learning, best practice and innovative approaches in the public sector.

The Accounts Commission Audit Scotland Report, published on 8 September 2022, notes that there are no specific legal requirements for Councils to set area-wide emissions targets but that 17 Councils (53%) have set a specific area-wide target. Under the Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015 and Amendment Order 2020, wider targets that the Council may have set, including area-based targets, should be reported in the response to question 3d, 'Organisational targets' - within this table, bodies are asked to list all of their targets of relevance to their climate change duties, including target dates and progress towards such targets.

**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.**

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The Scottish Government is planning to bring forward a draft of the next Climate Change Plan before the end of 2023 to set clear asks and responsibilities for all of the main actors on delivering climate policy in support of our climate change targets. We will also bring forward draft Just Transition Plans at the same time.

Delivery plans for specific climate change sectors and policies will set out the roles of key delivery partners, including local authorities. This includes, for example, a route map for 20% reduction in car kms by 2030 and a waste route map (see recommendation 18).

Our current Heat in Buildings Strategy underlined the key role that action by local authorities, through the delivery of LHEES, will play in decarbonising our building stock and the achievement of the Strategy's goals as a whole. We will continue to engage closely with local authority partners on the wider implementation of policy and programmes set out within the Strategy, and to discuss local authorities' role (and that of LHEES) in supporting these.

As part of the work in developing an enhanced framework for action with local government, the Scottish Government will explore co-producing a roadmap with local government partners, setting out the roles and responsibilities of local authorities in delivering net zero as part of the development of the next Climate Change Plan.

**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.**

Scottish Government and COSLA share an ambition to improve and strengthen the relationship between national and local government. The Resource Spending Review promised a New Deal for local government which will develop a deeper dialogue and debate, enabling both spheres of government to work together to achieve better outcomes for people and communities.

The New Deal for local government will be built around 2 pillars:

- A fiscal framework for local government, which is intended to establish agreed ways of working in the fiscal relationship, supporting greater transparency and accountability. We anticipate this will also include an agreed approach to assess new local taxes.
- A partnership agreement which provides the framework for policy specific agreements, based on a shared value-based overarching agreement on outcomes and accountability.

The Scottish Government is committed to working with COSLA and SOLACE to agree a New Deal for Local Government in Scotland with the aim of providing greater flexibility over local funding, with clear accountability for delivery on shared priorities and outcomes such as Net Zero.

**5. Amongst matters that must be addressed are:**

**5.1. 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.**

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**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;**

The Scottish Government recognises the financial challenges that local government and indeed the entire public sector are currently facing. In the most challenging budget settlement since devolution, the Scottish Government is providing nearly £13.5 billion in the 2023-24 Local Government Settlement. Following the flat-cash position set out in the Resource Spending Review, we have listened to councils and are now increasing the resources available to Local Government next year by over £793 million.

While ring-fenced funding for net zero is an option, local government have repeatedly called for wider removal of ring-fencing in the settlement and a greater focus on trust and partnership working. On that basis the Scottish Government has committed to reviewing all ring-fenced funding to ensure that the removal of ring-fencing goes hand in hand with our shared priorities and outcomes whilst ensuring maximum value for money.

It should also be noted that the annual local government settlement, including key policy initiatives, is discussed and negotiated each year with COSLA on behalf of all their local authority members.

**5.2. 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;**

Scottish Government has recognised the challenge with navigating the net zero funding landscape and we are working to simplify and streamline it through a funding alignment programme that commenced in 2022.

We also published a directory of climate change funding for public sector organisations in August 2022. This helps local authorities and other public bodies to identify funding to support their delivery of net zero. It highlights opportunities in a range of areas including transport, heat and waste and provides key contacts and links to information on accessing the funding. The directory is available on the Sustainable Scotland Network website and will be reviewed this year to ensure the information is up to date and to consider any improvements that can be made to make it easier for local authorities and other public bodies to navigate.

The Scottish Government is working hard to implement more of a partnership approach with local government across a number of funds. For example, with the EV Infrastructure Fund, we are encouraging a partnership approach between local authorities and the private sector in owning and operating electric vehicle charge points. We are also providing tools and support through the Scottish Futures Trust and Energy Savings Trust.

For the Bus Partnership Fund (BPF), funding for the delivery and development of further bus priority measures was awarded to Partnerships consisting of local authorities, bus operators and Regional Transport Partnerships to encourage joint development and delivery of projects

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relevant to the needs of services and passengers across their network. The Fund requires the Partnership to demonstrate integration with wider plans, including active travel. The business case process underpinning the appraisal of transport interventions is inherently place based responding to evidenced problems and opportunities within the Partnership area with input from stakeholders. The Fund also includes the requirement for the Partnership to demonstrate strength and commitment, including through 'match in kind' action to further improve bus services, and working towards a Bus Service Improvement Partnership model. We have provided guidance on this to Partnerships on this. It is right that we ensure that service and other improvements accompany the long term Transport Scotland BPF investment thereby demonstrating commitment to improve services and maximising the benefits for passengers, communities and businesses on the journey to net zero.

We have also enhanced the support available for local authorities to develop and fund heat network projects. Local authorities can now submit proposals to Scotland's Heat Network Fund throughout the year and are able to access expert advice and support for project development through our recently established Heat Network Support Unit (HNSU). The HNSU works with local authorities to develop prospective projects and provides support for the development and running of successful heat network projects.

In some case, a challenge fund approach may be most appropriate. Where the funding is very targeted and it is necessary to ensure that only the most impactful projects are supported within limited resources, a challenge fund approach can ensure best value for money.

For example, the low carbon Vacant and Derelict Land Investment Programme (VDLIP) is a discrete funding stream to help tackle the most persistent vacant and derelict land and especially to prioritise the reuse of sites that have been vacant and derelict since 2000 or earlier. These are Scotland's stuck sites and they are disproportionately in more deprived areas where they blight communities and limit opportunities. This programme delivers targeted investment in these places and communities. as part of a just transition to net zero. It complements the Place Based Investment Programme, which includes funding allocated to local authorities and ensures that all place-based investments are shaped by the needs and aspirations of local communities and accelerate our ambitions for place, 20-minute neighbourhoods, town centre action, community led regeneration and community wealth building.

**5.3. 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;**

We agree that that the bulk of funding for net zero projects will have to come from private and institutional investors in order to achieve the scale required. This principle is at the heart of the National Strategy for Economic Transformation. Local government are key stakeholders in NSET and, in particular, the delivery of the New Market Opportunities programme.

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By way of example, the Private Investment in Natural Capital programme, delivering on the Scottish Government's commitment to establishing a values-led, high-integrity market for responsible private investment in natural capital, engages with local authorities through its workstream on community benefits. We look forward to working with local authorities to understand the challenges and take advantage of the opportunities in securing greater investment in natural capital.

**5.4. 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;**

We recognise the potential value in the proposal from the Scottish Cities Alliance for a 'Climate Intelligence Service', aimed at building the capacity of local authorities for area-wide emissions reduction. This service will help ensure that Local authorities are well placed to take climate informed decisions about future investments and service delivery. The Scottish Government is in advanced discussions with COSLA about funding to establish the service this year.

The responses to Draft National Planning Framework 4 (NPF4) called for a resource and skills strategy to be prepared. We will work with Partners in Planning (Home | Partners in Planning) to develop a skills strategy which will identify the specialist skills required to address the requirements of NPF4, and the wider skills required to ensure we have planners with the expertise to deliver on our ambitions for Scotland.

The new public energy agency's remit will be to work in partnership with key stakeholders, including local authorities, to provide strategic leadership and co-ordination to accelerate both the pace and scale of heat and energy retrofit across domestic, non-domestic and public sector buildings in Scotland.

The Scottish National Investment Bank engages widely with local authorities across Scotland, including on prospective investment opportunities involving local authorities.

**5.5. 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.**

Sustainability is core to public procurement in Scotland. Under national procurement legislation, contracts may not be awarded on the basis of lowest price or lowest cost only. In addition, the sustainable procurement duty in the Procurement Reform (Scotland) Act 2014

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(the Act) requires public bodies to consider how they can use their procurement activity to improve the economic, social and environmental wellbeing of the authority's area, and act in a way to secure improvements identified.

In 2019 we established the cross-sectoral Climate and Procurement Forum. The Forum enables us to work collaboratively across the public sector, including with local government, to provide leadership and direction to address climate through procurement.

We do not envisage including provisions relating to public procurement in the Circular Economy Bill as existing regulations under section 82A of the Climate Change (Scotland) Act 2009 could enhance circular economic opportunities in relation to the procurement of goods, works or services and bring forward appropriate regulations.

**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.**

The Fiscal Framework for Local Government is seeking to embed collaboration between Scottish Government and local government, and facilitate opportunities for greater local fiscal empowerment in the future.

Discussions on the Fiscal Framework for local government have made significant progress on new processes and safeguards for Local Government Fiscal Flexibilities. This process facilitates partnering to explore new fiscal levers to raise revenue, as well as a means to review existing local taxes and levers in order to optimise all sources of local funding. Discussions on the Fiscal Framework are still ongoing, and are happening at pace.

The Transport (Scotland) Act 2019 introduced a discretionary power for local authorities to implement workplace parking licencing (WPL) schemes. It will be for local authorities to decide whether they wish to implement WPL locally and to shape proposals to suit local circumstances. Any revenue raised by WPL must be used to support the objectives of local transport strategies, which can support greener transport choices and affordable public transport. Achieving the 2030 target of 75% emissions cut will require significant changes to travel behaviours, and WPL can help local authorities support this, alongside other local initiatives such as road space reallocation, parking measures and bus prioritisation. The Transport Act 2001 established the power for local government to establish road user charging schemes, although we are now looking at the most appropriate way to review the existing powers conferred on local authorities in the Act to ensure they are fit for purpose for use in the future. We will also work with all local authorities to support equitable measures which discourage car use to accompany greater investment in public transport and active travel for a fairer and greener transport system.

We remain committed to exploring the introduction of an infrastructure levy under powers in the Planning (Scotland) Act 2019. However, in light of competing priorities, challenging economic circumstances and ongoing resourcing pressures we have paused work on this in

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the short term. The longer term timetable for this piece of work will be kept under review and informed by wider Scottish Government priorities.

It would be for local authorities to determine how to prioritise and spend income generated through a future infrastructure levy.

**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.**

The role of the Scottish National Investment Bank is to offer patient capital to help catalyse and crowd in private investment into companies and projects which align with the Bank's mission framework, including its net zero mission.

The Bank team continue to engage widely with local authorities across Scotland. The Bank will continue to consider opportunities for collaboration, including prospective investment opportunities which have local authority involvement but are not classified to the public sector. The Scottish Government will continue to support the Bank to be an exceptional thought leader that provides insights to markets, policy makers and regulators, through an extensive programme of outreach and engagement, collaboration with stakeholders, and a series of regular publications and insight reports.

The Scottish Futures Trust's (SFT) aims and priorities are set out in its Corporate Plan and annual Business Plan. During 2023, SFT will be developing its Corporate Plan for 2024-2029 which will be agreed with Scottish Ministers. This will set out the organisation's priorities for the next five years, from April 2024, including how SFT will continue to support all parts of the public sector to realise Ministers' ambitions for the transition to net zero.

**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.**

The Scottish Government continues to work closely with both the UK Government and Councils.

In late 2022 we expanded our carbon management guidance for projects and programmes within City Region and Growth Deals. The document provides guidance for Project Owners on assessing and managing carbon emissions. This approach may be considered as an emerging form of 'Net Zero Test', whereby the effect of a project, policy or programme on climate change mitigation can be assessed using a proportionate, consistent, and tiered approach.

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In addition, all Deal projects funded by the Scottish Government must accord with Scotland's net zero trajectory, and all business cases are developed and reviewed in line with HM Treasury Green Book guidance including how carbon is evaluated and costed.

**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:**

See response to 5.4. We continue to work closely with the High Level Group on Planning Performance, to hear about the impact of the fee increases implemented in 2022 on authorities' resources and to explore how planning fees can move towards full cost recovery, to more accurately cover the cost of handling applications.

The proposed Climate Intelligence Service would improve local authorities' access to climate data and tools to support better informed decisions, including planning decisions.

**9.1. 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;**

We are currently partnering with Heads of Planning Scotland, the Royal Town Planning Institute (RTPI) and the planning schools to implement the recommendations of the Future Planners report, which include introducing a planning apprenticeship scheme. The Scottish Government is supporting RTPI Scotland to promote a case for creating an apprenticeship via the relevant skills organisations.

**9.2. 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.**

We are currently partnering with Heads of Planning Scotland, the RTPI and the planning schools to implement the recommendations of the Future Planners report. We will factor this point into onward work with the RTPI and HoPS on the pipeline of new planners.

**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.**

We are currently carrying out a substantial review of permitted development rights (PDR) as part of the wider planning reform programme. The review is being taken forward on a phased basis, with each phase focusing on new and extended PDR for specific types of development. We actively engage with a range of stakeholders, including the planning profession, as part of the review process.

The stakeholder update issued jointly by the Chief Planner and Minister for Public Finance, Planning and Community Wealth in October 2022 confirmed that, in light of the current cost and climate crises, the next phase of the review (Phase 3) will focus on PDR for domestic and

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non-domestic renewable energy equipment and infrastructure. We are currently developing proposals for change, with a view to launching a public consultation in the Spring. (Stakeholder Update: <https://www.gov.scot/publications/chief-planner-letter-stakeholder-update-october-2022/>).

**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.**

At this point we do not intend to bring forward a short-life working group on renewable energy. National Planning Framework 4 (NPF4) is now adopted and re-sets the approach to renewable energy in the planning system. In December an increase in fees for applications made under the Electricity Act was also implemented with the voluntary contribution provided to authorities maintained at 50%.

As set out in responses to other recommendations, we continue to work closely with the High Level Group on Planning Performance, to hear about the impact of the fee increases implemented in 2022 on authorities' resources.

The responses to Draft NPF4 called for a resource and skills strategy to be prepared. We will work with [Partners in Planning](#) to develop a skills strategy which will identify the specialist skills required to address the requirements of NPF4, and the wider skills required to ensure we have planners with the expertise to deliver on our ambitions for Scotland.

**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.**

The Scottish Government is aware of the concerns in relation to grid capacity and we have been clear with the UK Government and the regulator Ofgem on the need for significant network investment for some time. This investment is key to enabling the deployment of more renewable assets which will be key, not only for meeting Scottish Government ambitions, but also to meet the UK Government ambition to decarbonise the UK's electricity system by 2035. The Scottish Government meets regularly with OfGem and the UK Government to discuss these points.

**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.**

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Local Government is a key partner in developing and delivering the Heat in Buildings programme. In the Heat in Buildings Strategy, the Scottish Government committed to work with COSLA to strengthen and integrate governance arrangements on heat and energy efficiency, to ensure effective delivery over the long term.

A liaison role was created in 2022 to provide capacity within COSLA to engage across the Heat in Buildings programme and embed a partnership approach. An objective of this role was to establish a governance structure for Local Government oversight of the Heat in Buildings programme.

The Heat in Buildings Local Government Oversight Group has been established to provide a forum for dialog between relevant Scottish Government and COSLA officials on the Heat in Buildings programme and wider heat transition. The group aims to identify and pursue opportunities for alignment and complementarity between Local and Scottish Government policy and programmes to maximise positive outcomes from the heat transition.

The Scottish Government is also bringing forward regulations requiring local authorities to carry out heat network zoning in their areas. This will identify areas which are considered particularly suitable for the development of heat networks, helping developers identify key locations for investment in new heat networks which will contribute to the decarbonisation of heating. Detailed guidance has been produced and a local authority cost strategy is also being prepared to support this work.

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

**14.1. 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;**

Through our Heat in Buildings Strategy we have committed to make £1.8 billion funding available over this parliamentary session to support energy efficiency and the deployment of zero emissions heat in our buildings. This includes £300 million for Scotland's Heat Network Fund, £200m for the Social Housing Net Zero Heat Fund and £200 million for the Green Public Sector Estate Decarbonisation Scheme. These funding programmes are open to applications throughout the year to ensure there is accessible and flexible funding available to support the development of a strategic pipeline of projects.

**14.2. 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.**

The Scottish Government is working to embed Local Heat and Energy Efficiency Strategies (LHEES) and area based approaches across its heat decarbonisation programme. We are working with wider stakeholders to align current and future delivery and funding programmes with LHEES to support a strategic approach to the decarbonisation of heat reflecting local contexts and tailoring support to specific needs of communities.

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To support this strategic approach the Scottish Government is providing local authorities with £2.4 million per annum to develop and deliver their LHEES. Further we are engaging with local authorities to ensure they are aware of the resource available to support delivery of their LHEES.

Section 47 of the Heat Networks (Scotland) Act places a duty on local authorities to carry out a review to consider whether one or more areas in its area is likely to be particularly suitable for the construction and operation of a heat network. In carrying out a review under Section 47, a local authority must have regard to the matters mentioned in Section 48. The LHEES Methodology sets out an approach to support local authorities to discharge this duty. The designation of a heat network zone (as described in Section 48 of the Heat Networks (Scotland) Act) is being considered separately by the Scottish Government.

**14.3. 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;**

The Scottish Government already has a series of strategies and plans to attract private investment, foremost the National Strategy for Economic Transformation and the Global Capital Investment Plan in which local government is a key stakeholder. We believe that the priority now is to develop a pipeline of investible net zero propositions ready for exploitation.

Currently, we are working with the Scottish Cities Alliance, a partnership between Scottish Government and Scotland's eight cities, to promote Scotland's economic potential. We are in the early stages of investigating the possibility of utilising the services of a third party organisation to help enable this ambition.

**14.4. 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;**

Alongside the rural uplift already implemented in the Home Energy Scotland (HES) grant and loan scheme and Scotland's Heat Network Fund, we have asked the HES advice service to highlight the support available to rural households.

This will likely include increasing local promotional activity in rural areas as well as highlighting information with greatest relevance to these households.

**14.5. 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.**

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The new Energy Agency's remit will be to work in partnership with key stakeholders to provide strategic leadership and co-ordination to accelerate both the pace and scale of heat and energy retrofit across domestic, non-domestic and public sector buildings in Scotland, this is in line with the report's recommendation.

In terms of enforcement, early scoping work is currently underway to consider where enforcement duties relating to any planned legislation relating to heat and energy efficiency might best sit and what role the Agency may have in enabling compliance. The Scottish Government will engage with local authorities on this in the coming months.

**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.**

Regional Transport Partnerships (RTPs) are uniquely placed to develop and lead on regional transport strategies for effective travel improvement and thus a pro-active approach to being leaders in their regions is welcomed. RTPs are fundamental to helping deliver the National Transport Strategy (NTS) and each have developed, or are currently progressing, their Regional Transport Strategies which aim to align with the priorities and outcomes of the NTS. RTPs can add value bringing together local authorities with the prioritisation of cross boundary work where appropriate. The Bus Partnership Fund is an example of this with RTPs taking an active role in Partnerships. RTPs should pursue funding from their local authorities, and other available resources, with consideration to prioritisation cross-modal integration, and co-ordination of projects which span multiple local authority areas.

**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.**

As set out in our draft route map, bus and wider public transport are key to achieving our ambitions to reduce car kilometres by 20% by 2030. The ability to run their own bus services is an important option for local authorities in responding to their own transport challenges but it is only one of a range of flexible tools we are providing, allowing local authorities to determine what is best for their local areas. Who owns bus companies is not as important as how good the services are and our ambitions for decarbonisation and growth of the bus sector apply regardless of service ownership model.

**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**

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**assess consumer preference (for instance, what level of demand there is for slow versus fast chargers).**

The Scottish Government is working constructively with COSLA and local authorities as part of the approach to growing Scotland's public charging network, aligned with the draft vision and focused upon leveraging private investment.

This is supported by the EV Infrastructure Fund that aims to leverage £60m of public and private investment to double the size of the public charging network to 6,000 charge points by 2026. As part of this approach, the Scottish Government is making funding available to all of Scotland's local authorities to support the development of charge point infrastructure expansion plans that will be aligned with local needs and integrated within the wider sustainable transport system.

**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.**

We have consulted on both a Waste Route Map and Circular Economy Bill to support Scotland's transition to a zero waste and circular economy. The Waste Route Map sets out how we intend to deliver our system-wide, comprehensive vision for Scotland's circular economy. It is a strategic plan to help deliver Scotland's transition to a zero waste and circular economy, to significantly increase reuse and recycling rates, and to modernise and improve waste and recycling services.

The Waste Route Map consultation proposed a service co-design process with households, COSLA, local authorities and service operators, to design modern, efficient and affordable waste, recycling and reuse service standards. The Scottish Government sees these reforms, and particularly any move to mandatory systems of collection, as closely linked to forthcoming changes in Packaging Extended Producer Responsibility and its funding model, and the implementation of Scotland's Deposit Return Scheme.

We will continue to work constructively with local authorities and COSLA as these policies are developed, drawing upon the wealth of local government experience and expertise, considering both best practice and the individual needs of different local authorities - for example, understanding what works best for different contexts, like dense urban areas, rural areas, and islands communities. The Route Map will be published later this year and a Circular Economy Bill will be brought forward before summer recess.

**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.**

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Infrastructure is critical to delivering modernised waste management services, and a step change in Scotland's recycling performance at both national and local levels. Through the £70 million Recycling Improvement Fund (RIF), the Scottish Government is making one of the biggest investments in a generation to modernise recycling.

Through the Fund, we continue to support rural and island local authorities and communities to increase the quality and quantity of recycling. Examples include £784,458 for Comhairle nan Eilean Siar, allowing the council to redesign kerbside collection services to increase the quality of material collected, and to extend services to areas where kerbside recycling collections are not currently available; and in North Ayrshire, £74,535 to support Household Waste Recycling Centre improvements (including Brodick, Isle of Arran).

Alongside the proposed actions outlined in our Waste Route Map consultation to support improvements to recycling and waste services in rural and island communities (as set out in our response to recommendation 18), this investment will drive progress to meet our waste and recycling targets and deliver a circular economy in Scotland.

Expert help for local authorities is available through Zero Waste Scotland. They provide expertise and support to local authorities, both in the development of applications to the RIF and more generally concerning the modernisation and delivery of waste management services.

As we move towards a circular economy, we must ensure that how we manage our unavoidable and unrecyclable waste in Scotland aligns with our greenhouse gas emission reduction targets. The Review recommended that Scottish Government and local authorities should work with industry to develop a strategic approach to planning and deploying waste collection, reprocessing and management facilities.

Our Route Map consultation set out a proposal to develop a Residual Waste Plan by 2024, which aims to set the strategic direction for the management of residual waste to 2045 and to bring this area in line with net zero targets. We are committed to ending the practice of landfilling biodegradable municipal waste in Scotland by 2025, in line with Committee on Climate Change recommendations. Through Zero Waste Scotland, we are working closely with local authorities to support those that do not currently have solutions to the forthcoming ban. This includes facilitating collaborative procurement and providing technical, procurement and legal support for local authorities.

**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.**

Nature-based solutions (NbS) are playing an increasing role in addressing climate change. Our understanding of the value of NbS and where it can provide multiple benefits is developing. Where place-based approaches to climate adaptation are emerging we are seeing more use of NbS.

NbS strengths lie in their ability to deliver co-benefits and are most likely to be successful where they can provide improvements to a range of issues, such as carbon sequestration and biodiversity enhancement through native woodland creation, or reduction of carbon emissions and improvements in water management through peatland restoration.

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This requires collaboration and a move away from considering specific challenges, such as managing flood risk, in isolation. We encourage the use of blue / green infrastructure, where appropriate and consider that uptake of NbS in local authorities can be enhanced further by building confidence, budgets and statutory drivers that encourage investment in NbS as comparatively “new” solutions to climate change challenges.

The National Planning Framework supports the protection and management of our important natural assets in a sustainable, regenerative way so they can continue to provide essential benefits and services including through the use of nature-based solutions. For instance, the flood risk and water management policy 22 supports wider use of natural flood risk management approaches and opportunities for blue-green infrastructure that can help reduce flooding and improve the water environment.

### **The Committee asks the Scottish Government:**

#### **20.1. 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;**

There needs to be a wider recognition and greater integration of the connections between climate and nature and the role that nature plays in addressing both climate adaptation and mitigation.

We are examining the potential to integrate outcomes for nature in a Climate Intelligence Service, which could realise multiple benefits ranging from flood prevention, food security, biodiversity loss, improved health and wellbeing, as well as addressing carbon capture and emissions. Local authorities are well placed to create the local- and community-based partnerships that are needed to implement local actions for both climate and nature.

#### **20.2. to respond to concerns that relevant funding streams are insufficiently strategic and are too resource-intensive to access;**

The funding streams are focused on addressing specific Scottish Government priorities for nature restoration, however many of the projects under these funding programmes will also benefit climate emissions.

The Nature Restoration Fund has committed nearly half of the funding available directly through local authorities in its first two years. We are committed to the delivery of Nature Networks (a key aspect of the new Scottish Biodiversity Strategy) and we are looking at ways of supporting local authorities in delivering better co-ordination across different policy areas.

Alongside the Biodiversity Strategy, NPF4 will provide increased strategic direction in this regard. We are also exploring how best to support local authority access to funding to deliver the wider benefits mentioned previously. We recognise that these approaches will help local authorities to meet their statutory obligations under the Biodiversity Duty, as well as the Climate Duty.

Please see response to 5.2 on the issue of the wider climate change funding landscape.

#### **20.3. 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**

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**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.**

Local authorities can select and designate Local Nature Reserves, and Local Conservation Areas, and are responsible for their management. A priority action within the Scottish Biodiversity Strategy (SBS) is the development of nature networks in each Local Authority area, to ensure ecological connectivity across existing and new protected areas, including Local Nature reserves Nature Networks are embedded within NPF4 to ensure that connectivity is considered under the planning system.

NPF4 sets out that Local Development Plans will identify and protect locally, regionally, nationally and internationally important natural assets on land and along coasts whilst also identifying through their Spatial Strategies how to better connect nature rich areas. In this regard, there may be scope for local authorities to improve the implementation of existing legislation.

**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.**

The Scottish Government welcomes the independent scrutiny of the Accounts Commission and Audit Scotland and Environmental Standards Scotland and is committed to continue working closely with COSLA, SOLACE, Scottish Cities Alliance, individual local authorities and the Improvement Service in tackling the global climate emergency. Local authorities are independent corporate bodies with their own powers and responsibilities and it is up to each local authority how it manages its strategic planning.

The Scottish Government-funded Adaptation Scotland Programme continues to support Scotland's public sector (including local authorities), communities and businesses to adapt to the impacts of climate change.

Alongside delivering our current Adaptation Programme, Scottish Government is developing a new programme for publication 2024 in response to the updated risk assessment from the Climate Change Committee. Throughout 2023 we will work with local authorities, public bodies, communities, the private sector and other stakeholders to develop enhanced approaches to building Scotland's resilience to climate change.

All 32 Scottish local authorities signed Scotland's Climate Change Declaration in 2007. The Scottish Government strengthened the legislative framework for public bodies' climate change reporting in November 2020 and along with Sustainable Scotland Network (SSN) published non-statutory guidance in October 2021 on Public Sector Leadership on the Global Climate Emergency.

We are planning to update statutory guidance on public bodies' climate change duties will be developed in parallel with the new Climate Change Plan and new Adaptation Programme with a planned publication date of March 2025. This will include further guidance on best practice in setting and reporting climate change targets.

Examples of mitigation and adaptation plans by local authorities include: Glasgow City Council which is targeting area-wide net zero by 2030 and are tackling adaptation through the Climate

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Ready Clyde partnership; City of Edinburgh Council which is targeting area-wide net zero by 2030 alongside the Edinburgh Adapts initiative; Dundee City Council's Climate Action Plan which targets area-wide net zero by 2045 combined with adaptation; and Aberdeen City Council which targets area-wide net zero by 2045 alongside the Aberdeen Adapts initiative.

**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.**

The Scottish Government agrees with the need for community engagement across investment decisions that impact on the places people live. The Scottish Government is happy to explore options for showcasing examples of existing good practice with COSLA.

The climate action towns project, delivered by Architecture and Design Scotland, is exploring how to build capacity and fully engage communities in designing and shaping local place plans, ensuring local risks are taken into account as well as exploring how climate solutions are not just key to delivery of net zero but also to wider concerns such as energy and food security and reducing poverty.

The two pathfinder climate action hubs are collaborating with their local authorities, supporting strategic and coordinated action. The Highlands and Islands (Orkney and Shetland) Climate Action Hub has been working closely with the three local authorities to build awareness of the climate emergency and the capacity of groups enabling them to better shape local planning. The NESCAN Hub (Aberdeen and Aberdeenshire) has recently run a series of climate assemblies in Aberdeen, linking in with Local Authority objectives and is working to link the identified actions into local place-based plans to reduce rather than increase burden.

Following the success of these two pathfinder climate action hubs, we have announced £4.3 million will be allocated to expand the Scottish Government's Climate Action Hub programme in 2023/24. The funding will allow the network to expand to around 20 regions across the country.

The Scottish Government's approach to place based community led regeneration seeks to build and embed community empowerment in to everyday life. As well as voting on projects delivered through participatory budgeting (PB) approaches, people in communities are empowered to shape the way local services and activities are identified, designed and delivered and empowered to have an active role in decision making on wider strategic place based investment. The Empowering Communities Programme delivers community led place based services that address intertwined issues of poverty, disadvantage, inequality and just transition. Across regeneration funds, climate and net zero are built in to each project that seeks to deliver more preventative approaches to addressing poverty over short, medium and longer term.

**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**

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**making available for climate change-related community engagement and support, and agreeing on minimum standards.**

As noted in the response to 5.1, the Scottish Government recognises the financial challenges that local government and indeed the entire public sector are currently facing. In 2023-24 the Scottish Government is providing nearly £13.5 billion in the Local Government Settlement, an increase of £793 million, which represents a real terms increase of £376 million or 3 per cent.

The Scottish Government is working with COSLA to agree a New Deal for Local Government in Scotland, aiming to balance greater flexibility over local financial arrangements with improved accountability for delivering outcomes.

We also remain committed to concluding the Local Governance Review with COSLA to ensure communities have greater control and influence over decisions that affect those most.

**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.**

Scottish Government recognises the challenges of short term funding and current funding mechanisms and is committed to exploring ways of aligning funding where possible. Please see response to 5.2 on the issue of the wider climate change funding landscape.

**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?**

Local Place Plans (LPPs) are a means by which communities can set out aspirations for development in their area, and are an important tool in strengthening the voice of communities in the planning of their areas, including in response to the climate emergency and biodiversity crises. They will have weight in the planning system as registered LPPs are to be taken into account by planning authorities in the preparation of the relevant local development plan, which in turn forms the basis of decision making on planning applications.

The Business and Regulatory Impact Assessment that supported the 2018 Planning Bill considered LPPs. The estimated costs for preparing a plan were anticipated to be covered by grants, support in kind and volunteer input. It also anticipated efficiencies being created through linking LPPs to locality planning and other engagement activity. It noted that process

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minimisation and local variation were anticipated. The National Planning Framework 4 Delivery programme highlights that we will finalise the 'How to Guidance' for LPPs, provision of the guidance is intended to reduce the financial requirements for the preparation of LPPs. Resources to support communities will be developed and made available including through the [ourplace.scot](https://www.ourplace.scot) website.

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