



OFFICIAL REPORT
AITHISG OIFIGEIL

Net Zero, Energy and Transport Committee

Tuesday 11 January 2022

Session 6



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NET ZERO, ENERGY AND TRANSPORT COMMITTEE

1st Meeting 2022, Session 6

CONVENER

*Dean Lockhart (Mid Scotland and Fife) (Con)

DEPUTY CONVENER

*Fiona Hyslop (Linlithgow) (SNP)

COMMITTEE MEMBERS

*Natalie Don (Renfrewshire North and West) (SNP)

*Jackie Dunbar (Aberdeen Donside) (SNP)

*Liam Kerr (North East Scotland) (Con)

*Monica Lennon (Central Scotland) (Lab)

*Mark Ruskell (Mid Scotland and Fife) (Green)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Councillor Susan Aitken (Glasgow City Council)

Councillor Margaret Davidson (Highland Council)

Simon Fieldhouse (Dumfries and Galloway Council)

Councillor Jenny Laing (Aberdeen City Council)

Councillor Adam McVey (City of Edinburgh Council)

CLERK TO THE COMMITTEE

Peter McGrath

LOCATION

Virtual Meeting

Scottish Parliament

Net Zero, Energy and Transport Committee

Tuesday 11 January 2022

[The Convener opened the meeting at 09:45]

Decision on Taking Business in Private

The Convener (Dean Lockhart): Good morning, and welcome to the first meeting in 2022 of the Net Zero, Energy and Transport Committee, which we are conducting remotely. I wish a happy new year to everyone and welcome Natalie Don back to the committee.

Agenda item 1 is consideration of whether to take agenda items 4 and 5 in private. Item 4 is consideration of today's evidence and item 5 is consideration of our work programme. Do members agree to take those items in private?

Members indicated agreement.

Role of Local Government in Delivering Net Zero

09:45

The Convener: We now welcome our first witnesses in our inquiry into the role of local government and its cross-sectoral partners in delivering a net zero Scotland. The committee launched the inquiry in December with a call for views that will close on 21 January. The inquiry is about the role of local government and its partners in helping to meet national net zero targets.

During later evidence sessions, the committee will hear from a range of cross-sectoral partner organisations that work with local authorities, but the committee agreed that it is important to begin by hearing from councils. Today, we will hear from a cross-section of councils that represent regions across Scotland. The first panel comprises the leaders of Scotland's three largest city councils.

I am pleased to welcome Councillor Susan Aitken from Glasgow City Council, Councillor Jenny Laing from Aberdeen City Council and Councillor Adam McVey from the City of Edinburgh Council. Thank you for accepting our invitation; it is good to see you. I believe that each of you will make a brief opening statement. For the sake of simplicity, we will go in alphabetical order—Aberdeen, then Edinburgh, followed by Glasgow.

Councillor Jenny Laing (Aberdeen City Council): As leader of Aberdeen City Council, I am delighted to have been asked to take part in today's committee meeting. It affords me the opportunity to provide some information about the part that our council and city are playing in helping Scotland and the United Kingdom to achieve their net zero targets, and it allows me to provide my views on the challenges and barriers that local government is currently facing in relation to the delivery of the net zero agenda.

Aberdeen City Council and Aberdeen as a whole recognise the cross-sector and interdependent climate challenges that we all face; we have stepped up to those challenges. Having been the host city for the UK oil and gas sector for more than half a century, and given that many of our citizens' lives and livelihoods are strongly linked to what happens offshore, Aberdeen has a unique economic and social imperative as an energy city to ensure that we make a just transition to net zero.

Capitalising on our significant influence as the local authority, the council has taken the lead. That has involved using our limited resources to co-ordinate partners and stakeholders in the

development and delivery of a place-based plan, as well as pushing ahead with the delivery of net zero projects within our organisation. I believe that the committee has had sight of our council climate change plan, which covers our assets and operations.

However, that is only a small part of the story, as Aberdeen City Council, in common with many other local authorities, has been working diligently on these matters for many years. We drew up Aberdeen's first sustainable energy action plan in 2015, and our city region deal, which was signed in 2016, also has energy transition at its heart. We also developed a hydrogen strategy in 2015 and have invested heavily in that emerging technology over the past decade.

In June 2020, we brought forward a net zero vision for Aberdeen, accompanied by a strategic infrastructure plan for energy transition, both of which are aligned to the national net zero targets. As part of that work, we established a net zero leadership board and delivery unit. It has a membership from across the private and public sectors and provides advice and direction on our place-based net zero approach. We are currently in the process of finalising a net zero Aberdeen route map for 2045.

I hope that that gives you an insight into what Aberdeen City Council is trying to do on the ground in relation to net zero targets. It has not been easy. Although councils have statutory climate duties to meet with our organisations, there are currently few statutory duties and little or no guidance, support or funding for councils to act on area-wide emissions. Councils are also expected to keep abreast of, engage with and respond to the extensive and fast-moving legislation, policies and consultation across a wide range of sectors and subjects related to climate change, with little or no support.

We all accept that, if we are to achieve our net zero goals, the level and pace of the action that is required is considerable, and Aberdeen City Council is keen to play its part. However, I argue that further development and delivery require national co-ordination and support, as well as finance, additional capacity, skills innovation and the foundations of robust data. I look forward to discussing that with the committee.

The Convener: Thank you, Jenny. That was a helpful overview. You raised some issues that I am sure we will explore further in questions.

Councillor Adam McVey (City of Edinburgh Council): I start by highlighting that, if we are to keep global temperatures to within a 1.5°C rise, the action that we take globally in the next nine years to 2030 must be quite dramatic. It will not be a linear process and our cities have to be the

leaders in that. Cities such as Edinburgh have to get to net zero within that timescale if the world is to keep temperature rises limited to that level.

Although dramatic action is needed, it is not easy. Members of the committee will know that in Edinburgh we are trying to take a host of actions that are not easy to deliver in areas including transport. We will see difficulties in how we develop the energy mix in relation to how we heat homes and decarbonise heat in our city.

However, the crucial thing that I want to get over is that when we put our climate strategy out for consultation, nearly 1,000 residents responded. It was a meaty consultation, so it was great to have that level of engagement, and 77 per cent of people supported the actions in it. The rest were split between those who felt that the strategy was going too far and those who felt that it was not going far enough. However, 85 per cent of people in Edinburgh supported the vision and the aim of reducing carbon emissions and getting to net zero by 2030.

Although the actions that are needed are dramatic—especially actions that Edinburgh and other councils are pursuing in terms of transport and, increasingly, decarbonisation of heat—the public and people in our communities understand the rationale for those actions. They understand why the world needs to change and they are up for that change. In Edinburgh, we have spent a lot of time trying to build the right mechanisms for public engagement and two-way conversations.

We have a climate commission, of which I am vice-chair, and which has an independent chair. The commission provides scrutiny not just of the council but cross-sectorally in Edinburgh. We also have a climate compact that has been signed by key industry leaders across the city. Our festivals, banks, universities and major parts of our economy, which are carbon emitters—we all are—have signed up to the compact. More waves of signatories keep coming; more companies are signing up and learning what specific actions are needed.

You will be pleased to hear that I will not go into enormous detail on our climate strategy; it includes about 100 actions. I am not sure whether members have read it—it was submitted with our written evidence. The two specific areas that we need to focus on are heat reduction and decarbonisation of heat, on which we will take a plethora of actions, as we will on transport.

Unfortunately, in a city such as Edinburgh the solutions are not particularly easy and do not respect the lifestyle to which people have become accustomed. We need to change how we live in our communities and cities if we are to get on to a properly renewable and sustainable footing. I re-

emphasise that, although the actions are dramatic, the people of Scotland—certainly the people of Edinburgh—fully support the direction of travel and the actions that are needed.

We have discussed the matter in forums and have partnered not only with key partners in the economy but with the Edinburgh Climate Change Institute, which is driving much of what is happening, and with our umbrella voluntary organisation representative body, the Edinburgh Voluntary Organisations Council—EVOG—to try to build the right kind of citizen engagement across the board with our communities. Through partnership and dialogue, we are building a lot of support for the tangible actions that will lead to progress.

The Convener: Thanks very much, Adam. That was another helpful overview.

Councillor Susan Aitken (Glasgow City Council): Thank you for the invitation to talk to the committee this morning. It is very good timing, not only because it is the first committee meeting of 2022 but because it is two months since the 26th UN climate change conference of the parties. As the president of COP26, Alok Sharma, said, that conference was the start of what needs to be a decade of action. The past two months have given us a little bit of time to take stock and reflect on what was, I hope, a concentration of minds in this space. It is a new space for everyone, to a certain degree.

Although there has been work on climate action nationally and locally for a number of years, the pace and the urgency of the change that needs to take place in the next decade will be a big step up. I echo Councillor McVey in emphasising that none of what is to be done is optional—we must do it. There are also the pace of change and the financing behind it to consider, and we need to ensure that our structures and systems are prepared to meet the change, with a just transition to net zero being the organising principle behind everything that we do at every level of government. It will be a big step up for all of us.

As the host city of COP26, one of Glasgow's responsibilities was to give a voice and a platform to cities and local leaders on the climate agenda. There was a genuinely global exchange of information, ideas and policy solutions. There was also a real sense of solidarity among local government and municipalities globally. There is—regardless of geography, political stripe or the character of the authority that might be leading on the agenda—a shared recognition that the change that is required on the ground to reach net zero will be delivered at the local level.

Local authorities and, in the crucial next decade, cities in particular, will be the delivery vehicles for

action towards net zero. National Governments will not be able to meet their targets if they do not first support and get behind local government and give local government the confidence that we need to deliver net zero. In particular, we need to front load action in cities, which is clearly where most of the emissions are and, therefore, where the greatest gains will be made from reducing emissions.

National targets will not be achieved without recognition that local delivery will make the difference. Net zero will be achieved in places and with people. What city and local authority leaderships do every single day is take practical actions and find solutions in order to influence and improve places and the lives of citizens.

Our democratic mandate also gives us the convening power that is required to mobilise partnerships and collaborations, which will be absolutely essential. We will not deliver on the agenda without collaboration across the public sector with business and industry, with—crucially—communities, with academia and with civil society. They must all play their part in delivering the practical solutions to the specific challenges around net zero.

I will not go into a huge amount of detail now about the specifics of what we are doing in Glasgow. I hope that there will be an opportunity for that to emerge in response to questions.

10:00

Our climate emergency action plan, with a commitment to reach net zero by 2030, has also been submitted in evidence and is extensive and substantial. I hope that committee members have had a chance to look at it. It is clearly not just a council climate emergency plan but a city plan. It is supported by the Sustainable Glasgow partnership, which I chair. It has delivery hubs below the strategic board, which are focused on co-ordinating and implementing practical action to get to net zero.

We are currently consulting on our Glasgow green deal, which is out with communities and citizens in a call for ideas. It will provide an overarching plan to make net zero the organising principle of everything that we do—not just the local authority but all our partners throughout the city. I hope that we will have an opportunity to discuss that in more detail as time goes on. The committee might be interested in seeing it at some point in the future.

The Convener: Those opening statements provide a good overview for questions, which we now move on to.

At the previous committee meeting, the United Kingdom Climate Change Committee shared concerns about whether local government has the necessary resources, capacity, budget, expertise and powers to deliver everything that is required in the context of net zero, especially in the context of recent budgets, in which there has been a real-terms decline in the local government settlement. Witnesses' opening statements addressed some of those concerns, so I think that each witness recognises them. It would be helpful for the committee to understand in what areas councils face the gravest challenges. Are the challenges in resources, capacity, budget, powers or expertise? How do councils intend to address the challenges? What additional help might they need from the Scottish Government to help them to address the challenges that they face in the transition to net zero?

Councillor Laing: In my opening remarks, I commented on various aspects that we need to address. You rightly pointed out that budgets for local government have declined over a number of years; it is difficult for us. I agree with my colleagues that councils, particularly in our seven cities, should drive delivery of net zero, but we need finance with which to do that.

Aberdeen City Council has invested heavily in hydrogen technology, but can go only so far on that without additional help from the national Government. We have considered how we can take an innovative approach to levering in finance from the private sector. We have done that to good effect in the joint venture that we recently set up with BP on our hydrogen hub. That is about ensuring that we get inward investment from the private sector as well as aid through Government grant.

Adam McVey touched on the fact that energy in our residential and commercial buildings will be key to reaching our net zero targets. Glasgow and Aberdeen have been considering demonstrator projects on retrofitting, but our focus and that of the Government is social housing. Aberdeen has 22,000 council homes; we have an eye-watering target of £1 billion for retrofitting our housing stock. What about the private sector? Where is the focus on how we help our private residents to make the changes?

I agree with colleagues that the public want to play their part in meeting the net zero targets, but they do not have at their disposal the means to make changes, especially as the technology is not yet at the stage at which it is comparable with conventional means of heating, fuelling vehicles and various other aspects.

We need to invest not only in technology, but in skills and training in our own organisations. To be frank, I say that more and more is being put on

local councils. The Government wants us—quite rightly—to play our part, but our organisations do not have the capacity to step up to the plate without further investment being made and greater capacity being built into councils in order that they can move forward with that agenda. There are serious difficulties when our budgets are being cut—we are looking at ways in which we can streamline our organisations, but that results in lack of capacity at the local level to progress schemes and policies that are required if we are to meet our net zero targets.

A prime example of that is the money that was announced in the budget for the just transition for the north-east. The money—£20 million—was put on the table, which has raised expectations in communities and among businesses and stakeholders, but there is no detail and there has been no communication with local authorities about what the money can be spent on and how it can be used. There is a lack of co-ordination between local government and the national Government that will hamper us, and there is a lack of understanding at national Government level of the costs that are connected with delivering on the net zero agenda.

Until we have the right communication between the levels of government, we will be very hard pushed to deliver on the agenda that we are all striving to fulfil—in particular, in relation to the timescales that we are talking about.

The Convener: Thank you, Jenny—you touched on a number of areas that I know other committee members want to explore in more detail. I will bring in Adam McVey on the same question, to be followed by Susan Aitken.

Councillor McVey: I do not want to make it sound like a Brian Cox drama, but for local authorities it is about money and power. The committee needs to be mindful about where the arrows are going, and the solutions that are being crafted and identified at a local level need to be supported. Not every project that the City of Edinburgh Council, or any other council, might develop in partnership or as a stand-alone project will be able to wash its own face—to cover its own costs and build itself in that way—but it will need financial backing. We sometimes see Government support for projects that are crafted and imagined at Government level, but at that stage the arrows are going in the wrong direction. We need to have finance available from the Government to support things that are off the radar of the Government and which are built and developed at a local council level, because that is where the relationships and partnerships, and the skills to deliver the project, are.

The city deal that we signed in 2017 has been really useful. We started by looking at skills in two

main areas: data-driven innovation and technology, and construction. We knew that there was a huge pent-up demand for construction projects, and inward investment to deliver them, in the city. We managed to use some of the construction money in the space of green skills, and we looked at how we use some of that money to build the skills pipeline in order to build the infrastructure that we need at city level and do things such as retrofitting on a bigger scale. Again, that is an example of where the money has been very helpful but the solutions have been crafted locally, which is important.

In terms of powers, a major consideration in Edinburgh—and in other cities, I suspect—is that, when we look at the pie chart of our carbon emissions, we see that transport and heat are huge slices of the pie. In order to decarbonise transport, we will need to look at things such as last-mile delivery and decarbonising haulage, which will need to be taken up at national level. We need to support the haulage industry to decarbonise and provide financial help to enable some of the last-mile delivery solutions that we need in our city. It is also about decarbonising public transport, which is about moving to electric and hydrogen buses and zero on-street emission sources such as trams, making sure that there is no prejudice against projects that will deliver mass transit in cities such as Edinburgh at zero carbon.

There is an elephant in the room that is cheap and easy, although not particularly easy on a door-to-door level—we need to walk and cycle more in a city context. However, in order to redesign streets, councils have to go through a traffic regulation order process if there is opposition, which, let us be honest, there sometimes is. That process is long and archaic, and it has to change. The east-west cycleway route in Edinburgh is a scheme that will bring huge benefits for cycling and huge improvements to the walking environment. It was approved before I became council leader, more than four and a half years ago, but we are only now getting to the point where shovels are going into the ground to build it, because of the very drawn-out traffic regulation order process.

Councils have to be able to change the public realm more easily. Of course we have to consult and engage with businesses and communities, but we need to be able to change the landscape and infrastructure of our cities more quickly and effectively if we are to see the necessary drops in carbon emissions associated with the transport that we have. Despite the benefits of electric vehicles, cities such as Edinburgh will not be able to reach net zero by 2030 with a model that simply moves from a city congested with private cars that run on petrol to one congested with private cars that are electric. That will not wash. We need to

fundamentally change the mix, and the traffic regulation order process needs to empower councils to work more quickly and deliver change more cheaply by stripping out the unnecessary bureaucracy and allowing us to drive forward change for the benefit of our communities.

The Convener: Thank you, Adam. I know that Mark Ruskell will want to explore the transport issues that you raise. Let me bring in Susan Aitken on the same question about the challenges that you face.

Councillor Aitken: I will try not to repeat what colleagues have said. I agree with a lot of it. Adam McVey spoke very well about how it works in the context of transport and changing public space but, more broadly, we would say that regulatory and legislative approaches need to be aligned if the delivery of net zero is to happen as quickly and with as few barriers as possible. That has to come from the national level down to local government, because local government does not, by and large, have control over that.

Another example is renewable heat networks—district heating systems—which currently carry a non-domestic rates charge. That makes them very difficult for registered social landlords to pursue, for example, and can stand in the way of them happening. The Government needs to address that. It comes back to the point about looking systemically at everything that we do and making net zero the organising principle in all of it.

Resource is an issue, particularly capacity in local government. In Glasgow, we quickly found that we were lacking particular skills. Ahead of COP26, our inward investment and economic development team was tasked with coming up with a net zero investment plan for the city—our “Greenprint for Investment”—which is far ahead in the UK. We recognised that we needed to do that because of COP26. That was a fantastic, award-winning team, but it recognised early doors that it was lacking a particular skill set around the green economy and green financing. In Glasgow, we recruited a green economy manager, who is part of the team. Not all local authorities, particularly smaller local authorities, will necessarily have the ability to do that, but they will need those skills too. We will all need those skills, or access to a shared resource of skills across local government.

10:15

We will have to project manage some major interventions. In terms of financing, we need to be able to engage with the private sector at a level and scale that has never been done before in local government, either in Scotland or globally.

There is a lot of fast-moving technology that we need to get our heads around, and there are

proofs of concept and other pieces of work to be done that have not necessarily been the bread and butter of local authorities in the past and which, by and large, we are not resourced to do. If national targets both in Scotland and in the UK are to be delivered, local government will have to be empowered and given the capacity to do that.

I caution against thinking that our getting to and delivering net zero is only about local authority budgets or even national Government financing. There is no way that net zero will be delivered from that. It is about bringing in the trillions and trillions of dollars of finance that is out there in the world. One of the big themes of discussion at COP26 was about aligning all that in order to deliver net zero. It is also about growing the capacity of local government, particularly in cities, to get that financing into our projects, and deliver them.

To give a bit of context, Glasgow has been very involved in discussions around the issue, but I emphasise that it is a new space for all cities. We have done some work in partnership with Bristol. Chatham house rules apply, but we had discussions with major organisations such as the World Bank and the World Economic Forum, and with philanthropic organisations such as Bloomberg Philanthropies. We also had discussions with some of the big funders, including pensions funds and global banks, which have their hands on those trillions and trillions of dollars. It was clear that they are not used to investing in municipalities. The private partnerships tend not to operate at city level, apart from in relation to the world's megacities. Cities that are medium sized in global terms, such as Glasgow, tend not to be in that space.

One of the biggest financial deals that have ever been done by a local authority in the UK was our equal pay deal in 2018, which was £0.5 billion. Jenny and Adam talked about retrofitting, which is one of the most important things that we can do to get a big gain in emissions reduction. Across the Glasgow city region, around 450,000 homes require to be retrofitted, and the cost is calculated to be £11 billion. Therefore, it is a space that we have never been anywhere near before. We are not talking about hundreds of thousands, or even tens of millions—it is tens of billions of pounds.

The UK cities climate investment commission emerged from the work that we did with Bristol, and involves the 10 UK core cities—the 10 biggest cities outside London, of which Glasgow is one—and the London boroughs. The calculation is that to get us all, collectively, to net zero over the next decade will cost £200 billion. That is the kind of space that we are talking about; it is not about local government budgets.

National Government and local government have to work in partnership, but of course the Scottish Government is hamstrung on how much it can do, because it does not have the full range of fiscal levers.

The UK Government is therefore crucial and needs to stand behind local government. We need to be able to reassure citizens that net zero is not going to be delivered at the expense of their public services. We need to guarantee that public services will be protected and that it will not be local authority budgets that deliver the major interventions and huge infrastructure projects that will be needed, whether we are talking about heat, transport or the reconfiguration of public spaces.

My final point on financing is that we all need to understand that we should not talk about paying for net zero. This is about cash-flowing net zero; it is an investment. Investment in net zero is not a money-saving thing in the context of local budgets or even national Government budgets, but in the longer term it will be transformational, in that it will transform how we resource society and public services. The benefits that investment in net zero will deliver will far outweigh the costs, whether we are talking about improved health, a more sustainable and green economy and the jobs that that brings or a range of other areas. The UK cities climate investment commission reckons that for every pound that is invested in delivering net zero, £9 or £10 in benefits for society and the economy will be delivered.

That is the space that we all need to be in as we think about how we resource the approach, front-load investment in capacity and empower people, so that action is delivered where it can take place most quickly and most effectively, which is at local authority level.

The Convener: I want to explore briefly an area that you have all touched on. The heat in buildings strategy, which the Scottish Government announced a couple of months ago, will be led by local authorities. As you know, it includes a target to make at least 1 million homes in Scotland energy efficient by converting them to zero-emissions heating. The Scottish Government has estimated that that will cost £33 billion and has committed £1.8 billion over the next five years.

I have a few questions about that. I appreciate that this is a big area, but as we are up against the clock, I would appreciate it if you could keep your answers brief and focused. What percentage of properties in your areas will you be able to convert by 2030? How will that be financed? Have you agreed the required financing with the Scottish Government?

I will take your responses in the same order as before, starting with Jenny Laing—as I said, I am

sorry, but as we are up against time and have a huge amount of ground to cover, I must ask you please to keep your answers focused.

Councillor Laing: As I said, we have looked at retrofit demonstrator projects to try to get an estimate of the costs. We have unique challenges in Aberdeen, because a vast number of properties were built with granite; it is not easy to make such buildings energy efficient. We also have a large number of high-rise buildings under local authority control in the city. You might have seen the recent news about Historic Environment Scotland's listing of some of those buildings, which will cause us challenges.

As I said, we are looking at £1 billion to retrofit our council housing stock and make it energy efficient. We have to do that through our housing revenue account at the moment. Pots of money become available, but they often have short timescales attached to them, and we need to appoint contractors to do various other things.

I think that I have touched on the skills base. Given what we see in the contracting world, whether in the construction industry or among the engineers and various other professionals who are connected with projects, we do not feel that the skills base is currently there. I think that we are going to be very much up against the clock in providing that by 2030. I am not aware of any extensive discussions that we have had with the Scottish Government or officials about that, other than some of the demonstrator projects that we have done ourselves, and I note that similar work has been carried out in Glasgow. However, what we are doing is a drop in the ocean compared with what is required. The private sector coming in will be key.

We might also have to look at how we deal with energy efficiency in our own homes moving forward. At the moment, we all generally own the assets—we buy the systems, whether that is boilers or whatever—but, given the emerging technology and the costs that are related to that, we might have to look at setting up a different system. It might be that the installers provide the equipment and the energy supply, and we pay for that on a rental basis instead of owning those systems. At the moment, the technology is not moving fast enough to bring costs down to a comfortable level that the vast majority of the public can afford, when it is weighed up against more conventional means of heating. There has to be co-ordination in a number of areas, and not just of the financial aspects, to achieve what we are striving for.

The Convener: It sounds like a huge challenge to meet those 2030 targets.

Adam, I ask you the same questions.

Councillor McVey: I will try not to repeat everything that I said before. Edinburgh has run some projects in partnership, but it depends on where the building is. We have similar challenges to Councillor Laing. We have world heritage sites—our old town is an obvious challenge, as is the new town. I am speaking to you from a granite home in Leith. There are significant challenges with the built environment.

During COP, we had a carbon centre, which took the city through a lot of the projects that are happening already and some of the actions that will be needed. Some of that is financially viable on its own terms, but a lot of it is not. It very much depends on what the building is and what the interventions are. Obviously, the more expensive the intervention, the better in terms reducing carbon emissions, so the trade-off hits a balance point at which a project is not financially viable in its own right. The public purse will have to pick up the tab for some of the hard-to-reach bits of that.

The council is convening a heat and energy partnership, which pulls together the council, the national health service, the University of Edinburgh, Scottish Water, Scottish Gas and the Edinburgh and South East Scotland City Region Deal. We are building that partnership in order to build the right kind of solutions. I think that the timeline for our heat and energy master plan falls within the next few years; it should be published in 2022-23, when we can start the work properly. When that plan is finalised and fully fledged, it will give us a very strong indication of what needs to be funded through public intervention and what can be funded through private intervention.

To echo a point that Councillor Laing made, the skills element is a crucial barrier to doing the stuff that stacks up financially in its own right. The sector has to change fundamentally. The gas boiler engineers will have to shift over and be able to transfer their enormous skills to other things that we will need. Similarly, we will need a lot more people doing a lot more interventions on roofs and windows with regard to insulation to drive things forward.

The skills element is the real barrier to the stuff that makes sense in its own right. To echo Susan Aitken's answer to a previous question, in a city such as Edinburgh, there is money to deliver a lot of that without public intervention. The public focus has to be on the stuff that does not stack up and where there will need to be partnership, wraparound support and finance.

The Convener: I put the same questions to Susan Aitken, with a reminder that we are slightly up against the clock. I apologise for that.

10:30

Councillor Aitken: I will keep it brief.

As I said in my previous answer, we have already done extensive feasibility work on retrofitting buildings in the Glasgow city region. That is for all housing stock. As Jenny Laing alluded to, we have done some pilots on how we would technically achieve the retrofit to Passivhaus standard, which is really as good as it gets, of our pre-1919 sandstone tenement stock. That is a brilliant urban housing model, but those buildings leak heat like nobody's business. That is where we have our biggest technical challenge; there is also a heritage challenge.

Obviously, at the same time as the retrofitting, we need to shift people on to renewable heat sources. There is no point in retrofitting homes if folk are still using gas boilers and, vice versa, there is no point in putting people on to heat pumps using the River Clyde if half the heat disappears out of leaky roofs and windows. Therefore, all that work has to happen simultaneously.

The Scottish Government has talked about a figure of around £30 billion for a million homes, and Glasgow city region is nearly half of that and a third of the cost. Therefore, we are way beyond that already. I am clear that we do not expect the Scottish Government to pay for it, given the scale that I have talked about.

We have never expected the Scottish Government to pay for retrofitting. It will be a partnership with investors in the city. The retrofit and the renewable heat source projects are part of our "Greenprint for Investment". We have worked them up into investable propositions so that we can talk to, for example, a pension fund about getting that delivered. That is not to say that the Scottish Government and, crucially, the UK Government do not have a role in helping us. A lot of that will be about the work on feasibility, proofs of concept and the piloting of particularly difficult bits.

I do not think that anyone can or should expect the Scottish Government single-handedly to be able to pay for every home in Scotland to be retrofitted. We will need innovative finance models and partnerships. As I said, that will take us into a new space with new ways of working that very few local authorities have been in before.

The Convener: I will bring in Fiona Hyslop, who has questions on finance, so we should have quite a good follow-up.

Fiona Hyslop (Linlithgow) (SNP): I thank the witnesses for joining us. The committee is interested in your work with partners and particularly in the relationship with the private

sector and private sector investment. I will go first to Adam McVey, the council leader for Edinburgh, then to council leader Jenny Laing and then to council leader Susan Aitken.

Councillor McVey, the City of Edinburgh Council plan is quite explicit in this area. Given that Edinburgh is an area of financial sector expertise, what amount of private funding are you able to leverage in just now? What projects are you targeting? What is success looking like, and what are the challenges?

Councillor Laing, you talked about your council's relationship with BP and the hydrogen sector. Are you doing anything similar to what Susan Aitken said is happening in Glasgow in relation to leveraging in private sector funding?

Susan Aitken eloquently set out the scale of the ambition and the need to generate investable propositions. It would be helpful if she could share with us some of the experience of other countries or cities that we can draw on.

I am conscious of our time being limited, so we might have to ask for follow-up information in writing. I will go first to Councillor McVey.

Councillor McVey: Thank you very much for that really helpful question. A tangible example of what is happening now is a project with which you will be very familiar. The Granton waterfront project is huge. It pulls in culture and education elements but, fundamentally, it will provide thousands of homes for people in Edinburgh. We have made sure that the standards to which the homes will be built are high. Our legacy will not be to leave even more carbon to reduce.

Crucially, a district heating model that uses the Forth will, potentially, underpin that. We are not quite as lucky as Glasgow in having the Clyde's volume of water running through our city centre. Unfortunately, the Water of Leith does not quite have the water flow to give us the scale and capacity to extract heat in the same way. However, the Forth does.

One of the things that we are building into the project right now, and on which we will be absolutely reliant, is private sector investment. There has been huge interest from people not only to build and invest in homes, but to build and invest in some of the basic infrastructure, such as renewable district heating from the Forth. It is easier to take that approach with new builds.

The other example that comes into mind is the waste-to-heat energy plan in Millerhill, in the south-west. The excess energy from that will be used to heat new homes.

I do not think that we have quite got to the position whereby those renewable sources are connected to a transformation from gas to

renewable heat in existing housing stock. That will really be quite difficult.

However, we are proving concepts, linking in the heat sources that are present, to scale new development, and we are pulling in private sector investment to do that. We then hope to build a district heating network, which existing streets and properties can link into and take advantage of.

We are not quite in a position to use a retrofit model. As I have said, we are pulling in funding—from the city deal, for example—to increase the skills base and, in time, to strengthen the market and industry, to try to deliver that in the city. That is entirely private sector led—the council is not developing retrofit companies, for example. However, we are trying to ensure that there are enough skills in the market so that that model can really fly and people can take advantage of the business in the city. All that will drive down carbon emissions.

Councillor Laing: As Fiona Hyslop mentioned, we have links with BP, including through our memorandum of understanding. Like other cities around the world, including Houston, we are working with BP. It is helping our organisation to meet our net zero targets by providing expertise and support. That has also led us to appoint BP as a preferred bidder for our Aberdeen hydrogen hub project. That will look at scaling up the production of hydrogen for transportation and for commercial and residential heat. Ultimately, it is hoped that hydrogen will be exported.

Aberdeen has a long tradition of working with the private sector. We have a mainly private sector-led economy. I have mentioned our city region deal, which is very much based on the energy transition and on technology, including its development, which will help us to reach our net zero targets.

The funding from the two Governments for our city region deal is about £250 million. We have managed to leverage in three times that figure in connection with projects through the city region deal. That has been a direct result of that strong public-private sector working.

We also have district heat networks in the city. Some 20 years ago, we set up Aberdeen Heat & Power, which is an arm's-length organisation, to promote that model in the city. Although it was set up as a not-for-profit organisation to help with fuel poverty and reduce energy costs in the city, it also looks at how it can develop the systems that we already have to meet the needs of not just social housing tenants in the city, but commercial customers and private sector owners, with whom we have worked closely to develop such partnerships.

That is some of the work that is currently going on, with the public and private sectors working together. As we have all touched on today, getting that private investment is key, because we certainly cannot deliver on the net zero agenda with public money alone.

Fiona Hyslop: I want to follow up on that. Could the private sector, and the financial sector in particular, do more to work with councils to get those investment propositions?

Councillor Laing: That is an interesting one. I always think that we can work closely in that regard.

The committee may be aware that Aberdeen City Council actually has a credit rating—we were the first local authority in Scotland to apply for that. We subsequently issued a bond, which has allowed us to promote and move forward with a large part of our capital programme. One element of that was the exhibition and conference centre that we have developed in the city, which very much has environmental aspects attached to it. We have an energy centre that is run on hydrogen and fuelled by an anaerobic digestion plant. It fuels not only the conference centre but two hotels, and we think that we can scale that up to provide energy for the wider development that will take place on that site.

When we have propositions that are attractive and look as if they will produce a commercial return for investors, we can get that inward investment. Through the Scottish Cities Alliance, we have been working with seven cities across Scotland to try to ensure that we present investor-ready projects that will attract private sector investment. We are trying to present a proposition as a collective, because that is important. Scotland is a relatively small place in the scheme of things, and we have to go out with a joined-up approach in order to attract inward investment to cities—Aberdeen, Glasgow and Edinburgh and others. That will enable us to further our plans around not just net zero but other investment in order to create the economic growth that we will all need as we move forward. That is important for Aberdeen in particular as we transition from being an oil and gas city to renewable energy.

Fiona Hyslop: As I come back to Councillor Aitken, I thank Glasgow, and the people of Glasgow, for hosting COP26.

Councillor Aitken, is there anything further that you want to add to your extensive comments on private sector investment? Perhaps you can give us some insight from your international experience.

Councillor Aitken: Jenny Laing's final point, about understanding scale and what investors are looking for in that regard, is important. In

Scotland—in Glasgow, just about—we have some projects, although not that many, that are at the scale that those investors are looking for. They are looking for projects amounting to tens of billions of pounds; they want massive projects for the long term. By and large, Scottish municipalities are not able to offer that on their own, so the more we are able to collaborate and understand how to scale up investment, and to have those conversations with the financial world, the better position Scotland will be in to enable us to reach our national targets.

Government support can definitely come in on that capacity building, and in relation to partnerships with organisations that I have mentioned, such as Bloomberg Philanthropies, which is really supportive of cities in growing capacity, and the C40 Cities network, which is now chaired by the mayor of London, Sadiq Khan. The network largely covers mega-cities of more than 1 million people, but it has provided invaluable support and help to Glasgow.

We also need to understand that, while we are having to move rapidly, the world of global finance is also having to change its mindset and do the same. None of us is doing this on our own—it is not as if that world is going to stay over there and we have to do all the running. Those companies are coming towards us and recognising that they have to change the way that they invest. They are, in many cases, becoming more activist in their investments—they are actively seeking outcomes that will enable them to say that they have contributed towards tackling the climate emergency and to delivering social goods and benefits as well.

10:45

We need a much more long-term collaborative relationship with investors than we might have been used to in the past. In Scotland, as Fiona Hyslop will know, we have been very good at bringing in direct foreign investment. In fact, we do better at that than anywhere else in the UK outside London, whether that investment is for building hotels, office blocks or housing—all sorts of things.

However, funding infrastructure is different, and that is where we have some learning to do. We need to understand what the commercial returns are on that and how we shape infrastructure interventions to make them commercial propositions, while at the same time bringing investors towards us and getting them signed up to, and aligned with us on, delivering the outcomes that we want for our communities and citizens, and—obviously—for the planet through delivering carbon reduction. There is a huge amount of learning still to be done, but the whole area is moving very rapidly.

The UK cities climate investment commission, which I mentioned earlier, was formed in just four months. From early conversations between Glasgow and Bristol and the big global financial organisations, an organisation emerged within four months. It is all moving very fast, and so is our understanding of it.

Fiona Hyslop: I will pass back to the convener, as I am conscious of time. However, I am also interested in your cities' attitudes to carbon offsetting in your own plans and in other areas, so perhaps your councils can follow up with the committee and provide that information.

The Convener: I will bring in Mark Ruskell, to be followed by Jackie Dunbar.

Mark Ruskell (Mid Scotland and Fife) (Green): I thank the witnesses for their contributions.

I will focus on transport. Witnesses have mentioned some of the challenges around transport and its contribution to climate emissions reductions. I am interested to know what approaches you are taking to road traffic demand management. Do you have all the tools in the box, and are you willing to use them, to drive down mileage, in particular to meet the Government's target for 2030?

Perhaps Adam McVey can start. We are coming up to 20 years since the Edinburgh congestion charge referendum. If the proposal had gone through and a charge had been put in place, would the city look different now in terms of traffic and levels of investment in infrastructure?

Councillor McVey: It would inevitably have looked different, because the charge would have had a twofold impact. First, I think that it would have had a deterrent effect on traffic coming into the city. I am not necessarily advocating a charge, by the way; I point out that I was about 13 years old at the time of that referendum, so I certainly was not a stakeholder then. Crucially, such a charge would have provided the city with a revenue stream that would have enabled it to invest in future advancements.

Edinburgh is in quite a strange and unique position, in a Scottish context, as we have Lothian Buses, which is a publicly owned bus company. City of Edinburgh Council owns 91 per cent of the shares, and the other shares—a fairly small number—are held by the regional authorities in the Lothians. We have therefore not been used to working to invest in public transport, because we have such a successful public transport company. Lothian Buses has been able to invest in its fleet, keep fares low and keep patronage very high. I caveat all that by saying that that was the situation pre-Covid; the pandemic has obviously changed the dynamic slightly.

Edinburgh is a growing city—there are tens of thousands more people and probably closer to a hundred thousand more people living in Edinburgh than there were 20 years ago—and mass transit is a necessity to cope with the huge growth in the city and the high-capacity travel routes. The tram does that best. The tram and active travel are the things that could really speed up that change. That complements and supports our underpinning bus service, which carries so many people across the city to destinations in a different way to those key corridor mass transit routes and to the routes that people might walk or cycle.

We do not have the tools to get that change right now. We need a revenue stream to continue to invest in active travel and mass capacity public transport, whether that stream comes from a congestion charge or another form of charge or additional finance from central Government. The scale means that the council cannot pay for it on its own.

I should point out that the council is paying for the tram extension to Newhaven and is doing so on a business case that stacks up in its own right and will not touch public finances because the passengers will pay for the borrowing. However, that is unique and is because the tram route goes through a densely populated area. Patronage figures will support that.

We need that infrastructure in other areas where we still have a huge number of people making those journeys, such as in the south and north of the city, and it will be difficult to make a business case that patronage will make up the income for that portion on its own. I am not particularly fussy whether there is a congestion charge, a workplace parking levy or a recognition by central Government that significant capital funding for those projects will be needed, including additional cycling infrastructure and improved walking and mass capacity public transport in the form of the tram, but the solution will need additional finance from one of those sources

Mark Ruskell: Do you see it as all carrot and no stick? Is there a balance?

Councillor McVey: There is definitely a balance. Edinburgh is pursuing one of the most ambitious low-emission zones in the entire country. We are trying to cover as much of our city centre as we can. If all policy constraints were removed and we were able to craft it exactly how we wanted, we would probably have gone for a citywide low-emission zone, but that is not workable for our city for a whole host of reasons to do with the way the policy is shaped. We are looking at policies to try to deter some of the high-polluting vehicles and we will look at policies to ensure that vehicles cannot access everywhere in the city. For example, our plans for George Street,

one of our premier streets, are to have access only for deliveries and people with blue badges. We are trying to de-car much of our city centre.

Our city centre transformation plan is built on putting the pedestrian at the heart of the schemes and shifting that space from car to people. We are doing a huge number of things. Road charging, parking charges or some access charges are things that could be done, but they would need to be in conjunction with other things. In our programme right now, we have a workplace parking levy rather than a congestion charge but, fundamentally, the policies would do the same thing in creating a financial deterrent and a revenue stream to invest in better alternatives, such as bus, tram, cycling and walking.

Mark Ruskell: Can I get Susan Aitken's reflections on that?

Councillor Aitken: I agree with a lot of what Adam McVey has said. The answer is mass transit that is most suitable for a particular area and we need major investment in that.

Glasgow has a very different history to Edinburgh and Lothian: our bus fleet was deregulated. To use the point about carrot and stick, we already have a city-centre low-emission zone in place. It is rolling out incrementally and will be fully in place for all vehicles, including private cars, by the end of 2023. It has already had an impact. It is fair to say that there was historic underinvestment in the bus fleet in Glasgow by the main operator, First Bus.

In comparison to other places, the quality of the bus fleet was extremely poor. Working in partnership with First Bus to bring in the low-emission zone has transformed the bus fleet. The investment that that combination of carrot and stick has driven in a fairly short space of time means that the bus fleet in Glasgow has become unrecognisable—it is far cleaner and more modern and efficient. We have had the stick of the low-emission zone and the carrot of working in partnership to create many more bus priority measures. First Bus, rightly, complained that the bus journeys were often too long and there was too much congestion. That was something in the city's hands and had never been addressed. We have now started to address that. A combination of things is improving the situation.

I agree that buses alone will not be enough. We have to have an integrated transport system. We are approaching that on a regional basis. We had recommendations and plans from a connectivity commission that reported nearly four years ago. As a shorthand, we use the term "metro" for the combination of bus, our existing heavy rail system—which is one of the best outside London, but is absolutely at capacity—and new light rail or

tram. At peak times, the Cathcart circle, which runs behind my house, is the busiest commuter line in the UK outside London—that was pre-pandemic. New on-street light rail is a massive intervention. We have been working with and talking to Transport Scotland about how we might progress that. I will not say much more about that just now because it is on-going.

Adam McVey talked about road pricing and I agree that that needs to be considered. However, on financing, I would also add the importance of land value capture when investing in new modes of transport. Through our city region deal in Glasgow there has been huge investment in reclaiming land and post-industrial land that has been vacant and derelict for a long time. All that public money is massively adding to the value of that land. We do not have mechanisms at local level to get the benefits of that to re-invest and continue to drive forward investment in transport and continued reclamation of post-industrial vacant and derelict land. It is another key revenue-raising mechanism that would make a huge difference to local authorities, particularly city authorities, and could be deployed on the basis of a regional travel-to-work area to great effect.

Councillor Laing: I am sometimes envious of Edinburgh and Glasgow because of the size of their public transport networks and the variety of public transport that they have at their disposal compared to Aberdeen. That has a major impact on us because we have quite a large travel-to-work area. The reliability, efficiency and affordability of public transport has caused us difficulties in getting that behavioural change in the public and encouraging people to get out of cars and on to public transport.

As a local authority, we have tried do similar things to those that Adam McVey and Susan Aitken have done in their cities. It is a bit of carrot and stick. We are introducing bus priority measures and looking to work on a regional basis in order to get that integrated transport system that will meet the public needs.

We have had the desire to set up a bus company of our own in Aberdeen, because, like Glasgow, we were deregulated and that has caused us incredible difficulties in recent years, but the legislation will not allow us to do that.

We have worked with the bus companies in the city to good effect through our bus partnership and have secured some additional funding that will allow us to look at introducing a rapid transport system, but that will take time. If there are more tools at local government's disposal, it helps us to prioritise such measures.

There has been a bit of frustration because, as part of our city region deal, we have some money

for developing transport, particularly rail services—*[Interruption.]* That is my fire alarm going off. We have not, however, diverted that funding to the correct areas. When there has been investment in local train stations in areas surrounding Aberdeen, there has been great uptake by the public, so some kind of cross-city rail link would benefit us greatly. Unfortunately, however, the money has been diverted elsewhere and not been channelled into the measures that would be most effective for local areas.

Other witnesses are right in what they said about workplace levies, for example, but it should be at local government's discretion to determine the best projects to benefit their local areas and provide the revenue that can be invested in other measures that would encourage active travel and support the public transport network.

11:00

Mark Ruskell: What is the top thing that you want to come out of the strategic transport projects review? Is it a mass transit system, which might occur in Edinburgh and Glasgow in the years ahead, or something else?

Councillor Laing: It is that. As I mentioned, we have prioritised bus travel and are considering introducing a rapid transport system along our major travel corridors. That is what will be required to meet the needs of the travelling public because the issue is the efficiency and reliability of public transport.

We have difficulties with the impact that Covid has had and need to build back the public's confidence about getting on to public transport. However, not only do we need to create an efficient system but, as Susan Aitken mentioned, the standard of the public transport is vital. That is why we have invested heavily in our hydrogen bus fleet. It provides cleaner, more up-to-date vehicles that will meet the travelling public's needs.

We want to invest further in that and some of the other projects that we propose. We had a commitment from both Governments to consider that when our appraisals for some of those transport projects were done, under the Scottish transport appraisal guidance. I hope that they will come to the table when we have the findings of that work so that we can ensure that we work together to deliver them for the north-east of Scotland.

Jackie Dunbar (Aberdeen Donside) (SNP): I declare an interest, because I am still a serving councillor on Aberdeen City Council.

I thank the witnesses for coming. I will keep my questions brief because I notice that we are getting short for time.

I will ask about planning. Do your local authorities use agreements under section 75 of the Town and Country Planning (Scotland) Act 1997 to deliver infrastructure that is compatible with and contributes to achieving net zero?

Councillor Laing: Thank you for the question, Jackie. It is good to see you.

We have always tried to ensure that, if we have the legislation at our disposal, we use section 75 revenue.

You will be aware that, at one time, we attempted to set up a strategic transport fund in the city. We felt that the best way to use developer contributions from new developments within the city was to put the money into a pool fund that could help us to deliver some of the projects that we talked about to make transport systems across the city more effective. Unfortunately, there was a legal challenge against that, which we lost. I think that that was detrimental.

When it comes to the planning system, there is an opportunity to make sure that the money that comes in is spent in the right areas on new infrastructure that will allow us to meet the net zero target, but there is a difficulty with the expertise and skills that we have in our planning departments, particularly with regard to the net zero and climate change agenda. It is necessary for us to ensure that suitable training is provided so that, when our officers look at drawing up section 75 agreements, they have the appropriate training and expertise to make sure that that aspect is covered and that money is channelled into the areas in which we would like it to be spent.

Jackie Dunbar: When it comes to how the section 75 money is used, is the current balance between housing and infrastructure appropriate? I think that that balance is about 60:40 at the moment.

Councillor Laing: Could you repeat the question? I am sorry, but I am not quite clear what split you are asking about.

Jackie Dunbar: I understand that, at the moment, 60 per cent of the section 75 money goes on housing and 40 per cent of it goes on infrastructure. Is that balance appropriate or would you change it if you could?

Councillor Laing: There needs to be a degree of flexibility. I suppose that it depends on what the development looks like and what the implications of that development will be.

Moving forward, we will use the planning system to ensure that we meet the net zero target and so on. With new development, it is much easier to make sure that the funding that comes in is spent in the right areas, but when it comes to making changes to development that is already there, the

implications and the needs would be different, so there needs to be a degree of flexibility in relation to that.

As I mentioned, we have had difficulties in the past when we have looked to make use of such flexibility, because the legislation is not there to support that, with the result that legal challenge is made and the money is often lost, which is detrimental to the local area. We need to look at how that is shaped, so that some of those aspects can be determined.

Jackie Dunbar: Thank you. I put the same questions to Councillor Aitken.

Councillor Aitken: Planning is an interesting area and one where Glasgow City Council has a slightly different approach. Section 75 is not used in the same way that it is in other local authorities. Whereas in other local authorities section 75 is often used to ensure that social rented homes or affordable homes are included as part of new developments, things often happen the other way round in Glasgow. As the strategic housing authority, in partnership with a social landlord, we go into areas such as regeneration areas or areas that were previously areas of vacant and derelict land and we then seek to attract private development off the back of our initial public infrastructure investment.

That approach is to do with the historical situation in Glasgow, which involves a combination of factors: we have a huge amount of post-industrial vacant and derelict land and, in very large parts of the city, there are only homes for social rent. Therefore, we do not need more homes for social rent; it is more a case of trying to develop mixed-tenure communities and getting more dynamism in some communities. We approach things in a slightly different way.

Section 75 is a tool, but we need net zero to be hard-wired into the planning system in the first place as a basic, fundamental requirement. National planning framework 4, which is in draft form at present, represents a massive opportunity to make that shift and take the next step. In Scotland, we already do very well in planning around sustainability, but we clearly need to go further and embed all development being sustainable and as close as possible to net zero.

In Glasgow, we have, unfortunately, a slightly dated city development plan that is coming to the end of its time. We are still working to it but, luckily, we are about to replace it. At the local level, we will certainly seek to ensure that, when a developer comes into Glasgow and a development takes place, the starting point is that it will be as close as possible to net zero. Where net zero cannot be achieved, there must be offsetting and sequestration, but I am clear that that cannot be

the main vehicle. Like it or not, in a city such as Glasgow, we have to decarbonise the hard way. It cannot all be done through offsetting and sequestration, although there is definitely a role for that.

For me, it is about how we can use the tools that we have at our disposal but ensure that, as soon as possible, there is a clear understanding on the part of any developer who goes into any local authority in Scotland that they will be expected to comply with consistent standards for delivering net zero projects, with net zero manufacturing, supply chains and everything else that contributes to developments during their lifespan.

Jackie Dunbar: What are your views on the balance of what section 75 is being used for at present? Is there anything else that you would like to see it being used for?

Councillor Aitken: I will mention something that we are really interested in looking at in Glasgow. Historically, we have had a depopulated city centre. Looking back, that relates to one of the more bizarre decisions by city fathers past—they were all city fathers in those days—which has really come home to roost during the pandemic. We have clear ambitions in place to repopulate our city centre and reorganise its population, but that did not happen quickly enough to build into our city centre the resilience that the pandemic has revealed we really need.

If we repopulate our city centre, we will also need to have public services in our city centre. We do not have many of those at present. That is something that we really want to look at in Glasgow. For example, alongside a housing development in the city centre, we will want to have a doctor's surgery. Those kinds of things are lacking just now. However, we must do that work with the assumption that development will all be decarbonised and delivered sustainability. The starting point must be that it will be net zero. That must be the expectation that everyone works from.

Jackie Dunbar: Thank you. Councillor McVey, will you give me your thoughts, please?

Councillor McVey: Yes. Edinburgh is a very different market from Glasgow. Our starting point, certainly for private land, is usually that developers come in with a massive amount of expectation because they have paid a lot for the land and they are looking for a return in a very hot market. We are trying to build as much as we can—new social homes and new affordable homes—to try to bring average rents down.

We are in a similar position to Glasgow and, probably, most other places in that our civic plan is about to be adopted—we hope—and carbon emissions, climate change and getting to net zero are at the absolute heart of it. Section 75 is only a

small, bitty part of that, and it is nowhere near enough to meet the massive infrastructure needs that are on the radar in Edinburgh. There is a gap of hundreds of millions of pounds between what we expect to get from the capital grant and section 75 and the future needs of the city. Section 75 will never cover that for us.

11:15

It is also too inflexible. You hinted that other things could and should be included in section 75 but are not. You are right about that. Culture does not play a significant enough role because the places where we are trying to build genuine new communities at scale do not have access to the cultural institutions that are close to smaller, brownfield sites and established communities. There is certainly a lack of flexibility and scale. It does not pay for everything. Calculations are made in quite a bitty way. They are about generations of pupils at school and that sort of thing. They do not capture the sum of all the parts of the demands on the local authority.

We talked earlier about land value uplift. That would be a far more effective way for us to close that infrastructure gap and to be able to invest in some of the transformation to get us to net zero. Section 75 will never really get us there. The process is too bitty. Even if it was changed a little and a few more bells and whistles were added, it would not get us to where we need to be.

We need to harness land value capture. Edinburgh has made representations on issues such as the first payment of land and buildings transaction tax for new builds. Susan Aitken made a point about the public infrastructure that has been created for some of those developments. Edinburgh could capture the first payments of that tax in relation to new builds in the city and then, when the property is sold later in its life, that could be taken as proper national taxation. Those first payments would be really helpful for local authorities. They would create a revenue stream to fund the infrastructure that would create a vibrant sustainable community and that we need for the transformation to net zero.

The Convener: We are up against the clock. I remind panel members to provide succinct answers to allow all members to get through their questions.

Liam Kerr (North East Scotland) (Con): I will put two questions together and direct them to Jenny Laing, Susan Aitken and Adam McVey in that order.

You have all made it clear that there is a great deal going on to realise net zero. Jenny Laing said at the start that that requires national co-ordination, support and finance. The Scottish

Government draft budget cut—depending whose opinion you read—between £300 million and £400 million from council budgets. What are the implications of the draft budget for your council's delivery of your net zero ambitions? Given that there has been a significant increase in the ring fencing of funding in the past eight years or so, does your local authority have sufficient flexibility in its budgets to invest in the transition?

Councillor Laing: As you said, I talked in my opening remarks about the financial settlement for local government, which has a severe impact on what we can do in future. I mentioned the lack of skills and expertise within councils. We have issues with the capacity for delivery because of the cuts that we have had to make to our organisations. We have had to make savings on staffing within councils. We are not unique in that, as that will apply across Scotland.

Because of that, we are up against it in delivering on net zero. That applies to both revenue and capital. I said that we have had to raise revenue for capital projects. Most of that has been done directly by the council. We have had very little funding from national Government for our capital projects. That in itself causes us difficulties when we need investment for future projects.

There is another aspect where there are difficulties. I touched on this regarding retrofit projects, and I spoke about the just transition funding that was announced, in particular the £20 million of funding that was meant to be coming to Aberdeen and Moray. We have very little detail about that, and we are being told that it might not be possible to spend that on projects that are already in the process of being delivered or that are contained within our regional economic strategy or in the net zero plans that we have produced. New projects are being sought, with a desire to see something different put on the table.

It is very difficult for us to work up those types of things and to provide the projects to meet that funding, as the pockets of funding that are made available are often allocated on a short-term basis. The resource and expertise within councils, and indeed the expertise in the private sector, are not there at the moment, and a major national training programme will be required if we are to get people up to the levels that we need. Because of that, there will be difficulties ahead with local government playing its part in the delivery of the net zero goals that we are all striving for.

We need co-ordination. A further aspect is that, because of a lack of cohesion from the centre, we have all been developing our own carbon tools, policy positions and procurement services. There is a lack of legislation around that, our hands are tied, and there is a lack of flexibility. That also

concerns the research that is going on. All of it is happening in small pieces around the country, but it needs to be co-ordinated properly so that we do not waste the limited resource that we have at our disposal.

There are a number of ways in which local government and national Government can work together, along with the private sector, to move things forward. At the moment, however, the financial aspects are causing our council difficulties, and they will do in the future as we try to bring forward the projects that will be required to meet the net zero ambition.

Councillor Aitken: I will repeat the point that I made at the outset, which is that we are not going to deliver net zero from local government revenue, or from capital budgets, for that matter. The delivery of net zero is not just a national challenge; it requires an entire, global-scale shift in how we organise economies and societies. Local government has an enormously important part to play in that, and our existing budgets and our existing ways of doing things must all be reconfigured, so that every penny is spent in a sustainable way that contributes to net zero and to our running our economy, society and public services within planetary boundaries.

The interventions that we must deliver are of such a scale that they are beyond not just local authority budgets but the Scottish Government's budget and settlement. We have to look to the UK Government and to the private sector. The UK Government is massively underestimating the costs. I have already mentioned that the estimate for the UK core cities, and London alone, is £200 billion: that is what it will cost to get us to net zero within the next decade. The Chancellor of the Exchequer came up with £90 billion in his most recent budget, I think. The UK Government clearly has far greater capacity to generate resource and, literally, to print money, which the Scottish Government does not have.

I agree with much of what Jenny Laing said about co-ordination. There is a job for all of us to do in getting our heads together to understand what is being delivered at national level. What are the respective roles? It is not even about delivery. I am clear that the vast majority needs to be delivered at local level. The UK Government clearly has an important role in this case because it has the purse strings for interventions of the scale that are required, but what are the respective roles of the Scottish Government, national agencies, our regional economic partnerships—city region deals and growth deals—cities and local authorities more generally? I deliberately make a distinction between cities and local authorities because, as we have all said in this session, cities are the key, at least in this

crucial next decade. We need to be out there in front, delivering net zero.

There are definitely issues about capacity—understanding what we need at local level in terms of skills and capacity for engaging with the private sector at the level that we need to. As I have said, that is a new space for all of us, even those who are good at inward investment. All of us, Glasgow, Edinburgh and Aberdeen, have been able to point to our successes in that, but this is on a different scale and at a different pace.

There is a job for us to do collectively, in partnership with Government, and the Convention of Scottish Local Authorities has a big role to play in that. We need to understand collectively what our roles are and what capacity we need to deliver net zero. We do not have a lot of time, so it cannot be a long conversation. It needs to be a quick conversation, because 2030 is not far away. I believe that working together collectively we can come to a clear understanding about each of our roles, the capacity that we need and what tools and resources we need. Then, we can get out there and do it—collectively, as far as possible.

Liam Kerr: Thank you. Would Adam McVey mind answering, as well? The question was about the implications of the draft budget for the council's delivery of net zero ambitions, if that is a useful reminder.

Councillor McVey: To be clear, our policy agenda, our prospectus and our carbon strategy will not be deviated from as a result of the most recent budget announcement. Our carbon strategy points out a number of things that are relevant to the Scottish budget, such as the bus infrastructure fund, that we are looking to take advantage of. Those things are helpful in driving forward the relevant actions.

I echo one of the points that was made in relation to resource planning. That is a challenge in a city like Edinburgh. With 62,000 European Union nationals, Brexit has been a huge challenge and an incredible thing to negotiate, although I am not saying that Edinburgh has had to negotiate it any more than anybody else. Further, Covid has obviously been a dominating force for the past two years and we are trying to deal with the negotiation of how we get our economies and cities to a net zero position in a very short timescale—only eight or nine years.

All of that is difficult in terms of resource planning. We will retain our planning resource in the senior management team, but every moment of my time as council leader and of the time of my chief executive, chief of planning, finance head and all those other senior people that is spent on trying to find a budget saving within the organisation is a moment not spent on driving

forward the other parts of the agenda that are so important.

One thing runs counter to that, which is pertinent in a few areas, although not many. The City of Edinburgh Council is working with the police, the NHS and a host of providers—mainly public sector, but also some others—on co-location of assets. That is an example of collaboration that will drive budget savings and also reduce the collective carbon footprint of the public sector in our cities and free up money that we can use to retrofit the public buildings that have been retained. There are some solutions where the financial squeeze is providing encouragement to partners to work together and come up with financial savings at the same time as carbon savings. I can point to few examples where the financial squeeze is driving that kind of success, but it is encouraging some of that collaboration.

However, fundamentally, I think that everyone in the meeting acknowledges—certainly, all the witnesses that you have heard from do—that cities are well placed to lead that engagement and partnership and to pull together the right projects to drive forward the change that we need, whether those are public sector or private sector projects. It is worth saying that it is left to us as councils to resource that. In Edinburgh, we have prioritised that and tried to resource it as best we can, but more flexibility and more resource for that strategic planning and delivery in the city would obviously be incredibly welcome.

11:30

Liam Kerr: I have one additional question. Jenny Laing mentioned the just transition from oil and gas as key to achieving net zero. You also mentioned the £20 million allocation from the just transition fund but you suggested that there is a lack of detail on that. Can you help the committee to understand how much engagement the Scottish Government has had with you on the just transition fund? When you say that there are no details, has the Scottish Government been engaging with you to find out what will work in the north-east and what the council can do to contribute to that just transition?

Councillor Laing: Since the cabinet secretary announced the £20 million allocation, our officers have had very early discussions with Government officials. However, there is a lack of detail about what the money can be spent on—that is, what projects could qualify for the funding. Our difficulty is that big announcements raise expectations among business and economic stakeholders in the region about the money coming forward. It appears that, in those initial discussions, it was mentioned that projects that we feel might be beneficial and which could be brought forward at

pace would not qualify for the money. The Government is looking for new ideas and for plans to be drawn up. All that takes time.

In my opening remarks, I mentioned the number of people in the north-east who are dependent on the oil and gas sector in the region. With the best will in the world—I have talked about our hydrogen projects and so on moving forward—even if we are successful in bringing our plans to fruition by 2030, those will provide 700 jobs. We have about 70,000 people dependent on the oil and gas industry. On that basis, we realise that we must make sure that the money is channelled to the areas that require it, to ensure that we do not reach that cliff edge in the north-east by moving away from those fossil fuels without there being anything to provide employment and economic growth for the area.

That is my concern. Big announcements are made, but there is not the co-ordination and co-operation between local and national Governments that is needed to make the spending of that finance beneficial for the people and businesses in the north-east.

The Convener: I will bring in Natalie Don, to be followed by Monica Lennon.

Natalie Don (Renfrewshire North and West) (SNP): I thank the witnesses for their really useful comments so far. I want to touch on issues to do with waste and the circular economy, which have not been touched on much so far. Given that, in 2019, 3 per cent of Scotland's total emissions came from waste, strategies to deal with that will be a key issue going forward.

A few of the witnesses have mentioned collaboration with local people. Although action is not solely dependent on that, there is a need for the public to buy into, understand and support new practices and change attitudes to their waste, recycling and the circular economy. What are the main challenges and opportunities in your areas to reducing emissions from waste management and meeting the 2025 waste and recycling targets? In what circumstances do you consider that the energy-from-waste infrastructure will be compatible with your net zero target?

I will also ask my second question, and you can take them in turn, if that is all right. What is being pursued in your area to support the development of a circular economy, and what key partners are involved in that? Are innovative local economic models being developed and supported in your area, around, for example, reducing waste, reuse, repair and recycling? I will come to Councillor Aitken, Councillor Laing and then Councillor McVey.

Councillor Aitken: There are a number of elements to those really important questions, which I will try to tease out as quickly as possible.

I am glad to say that Glasgow is seen, internationally, as a leader on the circular economy. For years, we have been doing work that, deliberately, has been led by business, although the council is very closely involved. We have worked very closely with our chamber of commerce, which has been a key player, to develop our circular economy route map in Glasgow, which we have as many partners as possible signed up to, and which we are delivering through the Sustainable Glasgow partnership that I spoke about earlier. Business—in particular, manufacturing—has been involved in the development of the circular economy from the outset.

Recently, we have done a lot more work with the support of C40 Cities. We have joined its network of cities—Amsterdam is probably the best-known example—that use the economic model of having everything in a city work within the doughnut of planetary boundaries. The circular economy is a huge part of that. In some ways, the doughnut model is the next step in expressing how the circular economy will work.

We have joined that network of cities that are implementing Professor Kate Raworth's doughnut model of planetary boundaries and social boundaries, which is about making sure that everything that is done happens in the sweet spot between the inside and the outside of the doughnut. We are doing a lot of work on that—we were invited by C40 Cities to be part of the network because we are recognised as having made a lot of progress on the issue.

Having said that, when it comes to our waste management in Glasgow, we have a huge amount to do. We are way behind on our recycling rates. Historically, they have been woeful; they have not been good at all. We are starting to see a difference and we have made some changes to the management of waste services in recent years.

Adam McVey talked about how some of those decisions are difficult, politically, because not everyone likes an impingement on either the lifestyle that they have come to expect or the way that public services are delivered. However, we will have to make those changes—we have no choice but to take on some of those challenging decisions.

We in Glasgow very belatedly did what a lot of local authorities in Scotland—most, I think—had already done, which was to reduce the number of general waste pick-ups. We went from two-weekly

to three-weekly pick-ups. That was not popular; there was quite a lot of kickback against it.

However, we have started to see change. There has been about a 12 per cent uplift in recycle. We can see the difference that our approach is making. We are also able to go back to residents to say that it is making a difference and is helping us all to consume less. By literally showing them how much they are throwing out, it makes them think more carefully about what goes in their recycling bin, rather than just automatically chucking things into the general waste bin.

There is a huge piece of work to be done. Of course, waste collection is one of our core public services. That comes back to things being part and parcel of the way in which we work and operate as local authorities. We have to think about what we do, day to day, and how we organise, manage and transform that to make it sustainable, to align it with our net zero plans and to support net zero delivery. A lot of that is very challenging, and it is a difficult conversation to have with local people, but the work is essential.

We have a relatively new waste management strategy for the entire city, which we are calling a resource strategy. We are trying to make people think about all that in terms of being a planetary resource. We need to think about the issue in the round so that we all think collectively about what we consume and what then comes out the other end in the context of what we throw away, what we recycle and what we reuse.

You talked about what we reuse. I will comment on that briefly; I am conscious of time. That is an enormously important part of our circular economy approach. We are supporting the development of a network of reuse sites across the city. Some fantastic work has been done on repurposing and reusing old information technology equipment to deal with the digital gap in the city.

We are looking at potentially locating a circular economy village in one of the forthcoming developments. Discussions on that are at a very early stage. We are working closely with Zero Waste Scotland on how we might deliver that alongside businesses. The Glasgow Chamber of Commerce, for example, is already closely involved in our thinking around the circular economy and the doughnut model in Glasgow.

I realise that that was a bit of a rush through things, but I hope that it gives you a bit of a picture of not only where we are but, more important, where we are trying to get to on the issue. There is a lot of work to do, and it is very challenging, but I think that we have a clear path ahead of us. The difficult bit is bringing people along with us and helping them to understand why the way in which public services have been delivered in the past

cannot always be how they will be delivered in the future if we are to do our bit to tackle the climate emergency.

Councillor Laing: I am conscious of time as well. Like Glasgow, Aberdeen has been working closely with our chamber of commerce on the circular economy. We have been working on the circular north-east project. At the start of the meeting, I mentioned that we are working on a net zero Aberdeen route map, which will be published in a few weeks. The project manager from the Aberdeen and Grampian Chamber of Commerce has been the theme lead on our net zero Aberdeen circular economy strategy, which will be introduced as part of that route map. It designates some of the projects that we are involved in. I will not go into detail because I do not think that we have the time today, but that gives you a flavour of what we are doing in relation to partnership working.

On dealing with waste in our local authority area, we have been very proactive in recent years. We opened a new recycling centre in the city about five years ago. We pick the waste up at the kerbside and multiple types of waste are sorted in the new facility. That has definitely helped us to increase the level of recycling in the city, which is pleasing. We also now have separate collections for garden waste, for example, which the public have bought into in a big way.

You mentioned energy from waste specifically. A new facility will be opening in the city later this year. The facility is a collaboration between three local authorities—Aberdeenshire, Moray and us—and Suez. The residual waste that we have left over will go to the energy-from-waste plant rather than going to landfill. It is important to us to ensure that the energy produced by the facility would be used to best effect in the city, and we have located it next to one of our regeneration areas, where we probably have the highest levels of fuel poverty in the city.

We are in the process of pulling together a heat network, which will allow us to take the residual heat from the facility and, in the initial phase of the network, provide it to homes in the regeneration area, to lower their energy costs and help with the fuel poverty agenda. We hope that we can roll that out across a wider area to take in residential and commercial properties.

11:45

Like Susan Aitken says, we are always striving to do better. The strategy, with the public and private sectors working together to embed the circular economy in the city, will come forward in the next few weeks, and I hope that that will help us to do better.

Susan Aitken also touched on the reuse aspect, which we have done work on. Again, our work has been around old IT equipment and so on. That is pertinent at the moment because of the Covid situation, with people needing IT equipment to allow them to work more flexibly and from home and so on. We have been doing that work through our responsible business links through Community Planning Aberdeen. That links up businesses and communities and ensures that businesses' equipment is reused and utilised to best effect in our local communities.

Those are a few of the strands of work that are on-going in Aberdeen City Council in relation to the circular economy.

Councillor McVey: I will try not to repeat too much of what colleagues have said. In Edinburgh, similarly, the chamber of commerce leads the circular economy work. It is really important that business leads on that.

To answer the final part of Natalie Don's question, I think that energy from waste is compatible with getting to net zero by 2030. With these modern, clean facilities, the carbon emissions are better than the carbon emissions from landfill. They are not zero carbon, though, so there are questions about offsetting and what we do with the residual emissions. The partnership approach in Edinburgh has been a huge part of that. Zero Waste Scotland has partnered with EVOC, which I mentioned earlier, on the Our Future Edinburgh project, which is engaging with citizens about the change that is needed. To get the reuse agenda going strongly, we are engaging with partners such as The Edinburgh Remakery, which refurbishes laptops, hoovers and a whole host of other things.

Going back to the difficulties of some of that, I think that Edinburgh has just received £7.7 million in Scottish Government support for our communal waste review. We are sitting with a lot of tenements, and we have a lot of on-street bins, which, as members will know from walking around Edinburgh, are not the prettiest things in the world. That money is part of a bigger programme to change the landscape, shifting from the big black containers that take general waste and improving the capacity of local recycling facilities for people who live in tenements. The main complaint that we have been getting for years is that people feel forced to put more into landfill than they otherwise would because of inadequate local recycling facilities and because they do not have the means—a car, for example—to get to local recycling centres. I represent Leith, where car ownership is less than 50 per cent. There is a huge crossover between those who do not have cars and those who live in tenements, where there is not much on-street parking.

As part of that scheme, we are looking at putting recycling infrastructure in our city centre. It is a world heritage site and there is no getting away from the element of difficulty in that. People previously had gull-proof sacks, but the recycling rate was appalling in that community. We have let that community down by not providing the facilities that they need in our city centre. There is a huge amount of challenge, but bringing in the necessary change is controversial and difficult. It is really important that we reduce, recycle and reuse as much as we can, but some of the solutions that could get us there are quite difficult.

We are all working on our recycling rate, which is improving in Edinburgh as it is in Glasgow. It has been really difficult to get our recycling rate up to where it needs to be, but the overall tonnage is still falling. There is good news on the reuse and reduce agendas, but that is not reflected in the overall percentage recycling rates. We are doing all that we can on those three agendas, but it is difficult to drive that change. It needs a lot of political will to force it through; otherwise, communities will be let down and will not have the facilities that they need.

The question was about energy from waste. Those plants are modern and are much cleaner than the alternative of landfill, but the amount that we send to those facilities should be reduced as much as possible. It is great that we have them, and they are compatible with our net zero agenda, but we must remember that they are not places for dealing with absolutely everything and we must not think that there is no need to embrace the agenda of "reduce, reuse, recycle".

The Convener: I will bring in Monica Lennon for our last line of questioning.

Monica Lennon (Central Scotland) (Lab): I will stick with this important topic. The committee is keen to find out how councils are working with partners to promote recycling and a shift to the circular economy. We have heard today from council leaders that the business sector is important. I was struck by what Councillor Aitken said about Glasgow being seen as a leader on the circular economy. I do not want to sound too negative, but it is a reality check that Scottish household waste recycling rates are the worst in the UK. Only 42 per cent of household waste was recycled in 2020, and Glasgow sits near the bottom of the league table. What lessons are being learned from other parts of the UK?

In a previous meeting, Zero Waste Scotland told us that Scotland's waste system is somewhat fragmented. What are councils doing to share best practice in meeting the challenges? We have heard why recycling rates have been low and about what needs to change. Please talk about your own experiences. I would also like to know

about energy from waste, and particularly about incinerators. Zero Waste Scotland told us that incineration is not low carbon and that we are too reliant on incineration and landfill. Do your councils support a moratorium or potential ban on incinerators? Are you consulting your communities about that?

Councillor Aitken: In Glasgow, at the moment, there is a gulf between ambition and achievement in terms of the circular economy. That is one reason why we are working with C40 Cities to learn from other cities. Those cities are not only in the UK but include places such as Amsterdam and Barcelona, which have made a lot of progress on that. Scandinavian cities are very good at it—waste energy is standard and has been for a long time. It is a big part of their way of working. They are consistently ahead of us on the journey to net zero.

Adam McVey touched on some of Edinburgh's challenges with the built environment, and those are replicated in Glasgow. We have more than 70,000 tenements, and 70 per cent of Glasgow's population live in flats. There is a challenge in the collection and management of waste and in giving people opportunities to recycle. Those challenges need innovative solutions.

We are clear about what the ambition is; the question is how we get there. There are a number of challenges on the way, but, working in partnership with Zero Waste Scotland, for example, we can start to break those down and look at what is standing in the way of people recycling.

There is also overconsumption of some things. We do not talk enough about the “reduce” part at the beginning of “reduce, reuse, recycle”. Going into COP26, the Prime Minister said that the three big issues that the UK would focus on were coal, cars and cash. I do not disagree with that, although it should have been fossil fuels altogether instead of coal. However, that would not have given him the alliteration. The other big alliteration that he missed was consumption, which is at the heart of it all. We need to address that, and that is part of what we are doing in Glasgow—going right back to basics.

Before we even get to the “recycle” bit, how do we reduce consumption? That is a difficult conversation to have in a city where a lot of people live in poverty or with financial stress. I have always been clear that a lot of the discussions around net zero are about people changing their lifestyle, but I will not discuss that with people whose choices are constrained by poverty. A different approach is needed there. It is about creating opportunities and systems that allow and enable people to live more sustainably.

On waste energy, I apologise to Natalie Don for forgetting to pick up on that in my answer to her. We already have a plant in Glasgow, which is not incineration. It involves an element of incineration but that is contained. I think that they call it a pyrolyser. With the full range of processes that deal with different kinds of waste in different ways, we have considerably reduced our landfill.

Building that plant was a challenging capital project that was under way for many years and opened very late, and it is missing the bit that Jenny Laing talked about, which is the crucial bit. We are now putting energy from the plant into the grid, but it is not going into homes because they did not build the heat network part of it. Our next task is to get that energy directly into homes rather than just into the grid, to get local benefit. A considerable area of the city in neighbourhoods around Polmadie, Gorbals and Govanhill would benefit from that. It is one of the projects in the investment greenprint.

We do not expect to build another of those plants, because we already have one in the city. I echo what Adam McVey said. We know that it is not perfect and that it creates of carbon, but it is much better than sending stuff to landfill and it has reduced our landfill impact in the city. However, it is not a solution on its own, and we have to take a step back. We cannot just say, “Oh great. We have that facility now. We'll just throw everything in the one bin and send it to that facility.”

When the plant was being planned, there was perhaps a view that it would somehow be the solution and we would just send everything there, but it is clear that that cannot be the case. We still need to create facilities that allow people to recycle and facilities that create opportunities for people to reuse. Crucially, we need to have a society-wide conversation about rates of consumption—about reducing how much we consume and how much we throw out, even if it is recycled, because recycling itself uses energy.

I do not think that any of us are under the illusion that there are easy or quick answers to this. It is a long-term—[*Interruption.*]

Monica Lennon: I will let you get some water. Before I move on to Adam McVey and Jenny Laing, I have a brief supplementary question for Susan Aitken, if she can recover her voice, which I hope the others will also pick up. We are trying to get into really granular examples—the practical decisions that people make every day.

Last year, I did some research into the number of nappies that go to landfill in Scotland. I think that it is 160 million nappies every year, but only five out of 32 local authorities in Scotland have a real nappy initiative. North Ayrshire Council has the best example. Is that the kind of scheme that

Glasgow City Council and others should be looking at? We know that nappies are expensive, but cloth nappies can be quite pricey. Is that something that is discussed through your networks in COSLA? It could make a real practical difference. If Susan Aitken is able to speak now, I will bat that back to her.

12:00

Councillor Aitken: Apologies for that—I am at the tail end of a cold.

The short answer is that, yes, we need to look at all those things. It is about creating systems and opportunities for everyone to reduce their consumption and live in a sustainable way as much as possible. We need to look at our systems across the board and at what we are able to offer. Sharing of best practice definitely goes on in the environment and economy board in COSLA, but different local authorities are at different places. One will have one project and another will have a different kind of project. We need to get to a point at which we are all delivering those services consistently. Some might be delivered on a regional basis and shared between local authorities. That should definitely be considered where smaller authorities are co-located.

The short answer is that we need to look at every opportunity and every bit of best practice that is out there. Sadly, it is, in some ways, an inevitable outcome of local government and local responsibility that we make local democratic decisions and prioritise different things at different times. However, getting to net zero and meeting the national and, indeed, global targets that are needed to keep 1.5°C alive will require much more co-ordination than we have perhaps achieved in the past.

As I said previously, COSLA and organisations such as the Scottish Cities Alliance have a really important role to play in helping us to co-ordinate. As Adam McVey said, we sometimes need to take a step back from the day-to-day pressures that are always there in local government. We are constantly focused on the operational side, but we need to take a strategic overview on a national basis, along with all the partners that we require to deliver net zero.

Monica Lennon: Thank you, Councillor Aitken. I will pass back to the convener, because I am getting a message that we are running out of time. I would like to hear from Councillor McVey and Councillor Laing, but perhaps they can follow up in writing with any points that need to be covered.

The Convener: Thank you, Monica. We are running very much behind schedule. If Councillors McVey and Laing could follow up Monica Lennon's

questions in writing to the committee, that would be appreciated.

That brings us to the end of our allotted time. I thank our panel members for taking part and helping to set the scene for this very important inquiry. We have covered a huge amount of ground, so your time is very much appreciated. We will, no doubt, be in touch with you as the inquiry progresses. I suspend the meeting briefly for a change of panel.

12:03

Meeting suspended.

12:08

On resuming—

The Convener: I welcome our second panel of witnesses, which comprises representatives of two predominantly rural councils. Councillor Margaret Davidson is council leader at Highland Council and Simon Fieldhouse is environment manager at Dumfries and Galloway Council. Thank you for joining us. I apologise that we are running late. We will move straight to questions, and I will begin.

I do not know whether you heard our discussion with the witnesses on the previous panel, but I will ask you the same two introductory questions that I put to them. The first relates to the evidence that the UK Climate Change Committee gave when it shared concerns about whether local government has the necessary resources, capacity, budget, expertise and powers to deliver everything that is required in the context of the transition to net zero. Do you share those concerns? If you do, it will be very helpful to the committee if you explain in which particular areas you face the greatest challenges.

I ask Margaret Davidson to respond first, and then Simon Fieldhouse.

Councillor Margaret Davidson (Highland Council): Thank you, convener. I will do my best to crack on and answer that, but may I make a comment first? The committee might be running late, but I have no problem with that, because the evidence from the previous panel was really interesting. I listened to it all and—like the committee, I am sure—I gained a lot of knowledge and insight from it, so I thank you for that.

There is absolutely nothing wrong with our national ambitions, which are good, unambiguous and very clear about what we must do. However, we do not have the strategy at the local level, which is a real gap. We are all getting on as best we can, and we all realise that this is going to be something of a scale and at a speed that we have never dealt with before. What is missing, as Jenny

Laing articulated really well, is the resource within local government to respond as best we can. Another of my colleagues, Adam McVey, said that every minute that we spend worrying about budgets, including this year's budget, is a minute that is not spent doing the vital work that we need to do. That is where we are right now. It is about having the capacity to deliver.

People think of Inverness as a city in the Highlands, but most of our population lives outside the city. We have very small towns, lots of villages and lots of rural, scattered communities. The cost of doing everything is therefore always much higher and, on occasion, it is more difficult to get senior officers and managers to prioritise thinking about lowering their carbon footprint at the same time as trying to make ends meet, fill the pot-holes, keep the schools open and all the rest of it.

The other big gap that we have—I will make a quick comment on how the Government can help us here—is around training and employability. We have astonishing prospects in Highland, and astonishing opportunities that we have never had before. I hope that I will be able to come back to that. However, we need what we had when oil and gas arrived—a pipeline of people coming in, being trained and becoming ready for the industry. We have not even properly articulated what some of the green jobs are going to be. We need a lot of Government backing on that. We need the Government to talk to us more, and not just have us bidding for projects. We need it to have a team of peripatetic people all around Scotland who will talk to us about what we are doing, then come back and offer us the help that we need to get there.

The speed of movement at the moment is astonishing. I have never seen anything like it in my long lifetime. The Government should be helping and supporting us to catalyse all the action. A lot of it will be in the private sector—there is no doubt about that—but the Government could give us an awful lot more strategic help, and help by listening and delivering what it can.

The Convener: Thank you, Margaret. You raise a number of interesting points and I am sure that we will explore them in further detail. Simon, I put the same question to you.

Simon Fieldhouse (Dumfries and Galloway Council): I listened to the committee's discussion with the previous panel and a lot of the points have been covered. We face similar issues to do with resourcing. What is not the same, I suppose, is the population pressures that we face. Like Highland Council, which my colleague Margaret Davidson represents, we face significant challenges to do with rurality. That brings both challenges and opportunities in relation to net zero, but I return to the point about resources. We

do not have enough funding in place to move forward at the pace that is required. In addition, as has been touched on already, we need to have expertise and the right skills sets in council offices in order to support our external partners.

At Dumfries and Galloway Council, we are looking at not just the council trying to be net zero, but how we can support the region. That requires significant interface with the public sector, the private sector and communities in order to ensure that they are moving at pace, that they can identify and exploit opportunities, and that they have the right skills and expertise to back that up and make the right choices in relation to net zero. We need to take a dual approach, identifying the necessary resources in the budget and the skills that staff need to move forward at pace.

The Convener: Thank you. Given the predominantly rural nature of the areas that you operate within, it would be good for the committee to hear about the particular challenges that you face in the context of your rural setting, because our previous panel comprised three city councils.

12:15

My second question is one that I also asked the first panel and is it about the heat in buildings strategy. There is a target for 1 million homes across Scotland to become energy efficient and to have zero-emissions heating by 2030. What challenges does that present for rural settings?

Margaret Davidson mentioned finance. Am I right in presuming that there is still an open question about how the work will be financed? She also mentioned a lack of strategic discussions between local authorities and the Scottish Government. Is further strategic dialogue needed? I put those questions to both witnesses, with a particular emphasis on how all of this will be financed.

Councillor Davidson: That is at the front of my mind most days, except when I am thinking about keeping people warm. All our attention this winter has been focused on fuel poverty, which is at the core of what we do.

Everyone says that the strategy will be hugely expensive. We will have to find better ways to do it, or it will not happen by 2030. It is our biggest delivery challenge. You can put up an offshore wind farm more quickly than we can solve this.

We have 15,000 council houses. We can make a start there, because we have housing revenue and capital, which we are investing. However, it is not enough. Doing what we need to do for retrofitting means that new bathrooms and many of the other changes that people want in their homes will have to take second place. This is the

most important thing that we are doing, so we are making a start.

There is very little to help people in the private sector. My own house was built during post-second world war austerity. It is an absolute cracker. A lot of people in the Highlands would call it a Dorran house. It is as cold as heck. The old model was to have just one warm room. So many people have that with older houses. Upgrading our insulation to an acceptable level and doing the retrofitting would cost us a hell of a lot more money than we could ever bring in.

This is not an issue for the Scottish Government; it is an issue for both Governments. What really gets us is that we in the Highlands are becoming massive generators of energy. Renewable energy is taking off at an astonishing pace. We want the Scottish Government to help us look at how we can build a renewable energy fund, or a fuel poverty fund—they can call it what they like. We need to keep more of the profit on the energy that moves from the Highlands to everywhere else; we need to use it to invest in our homes.

Tackling fuel poverty is the biggest thing that we can do to help our householders to cope with their bills and with their lives and health. I would like the Government to step in and look at how we can raise money from all the renewable energy that we are producing, or to make us partners in that. We will do whatever we have to do to get money for our householders.

Simon Fieldhouse: Margaret Davidson's comments resonate with what we have across our region. It is much easier to make new-build houses effective, fit for purpose, energy efficient and as carbon negative as possible.

Given our rurality, we have a significant spread of disparate communities. They are not all on the existing gas network. There is already significant fuel poverty, which contributes to some of the issues that we are facing. How to retrofit buildings in those communities is an issue that creates a significant drain on resources.

We have a strategic housing investment plan that will support the retrofitting of our housing stock. We have invested significant sums of money through our council committees to support some of the registered social landlords that look after our housing stock.

However, the scale is going to be fundamental. I do not have an exact figure for social housing in D&G but, to give a bit of an indication, we funded nearly £2 million to support the upgrading of solid wall insulation in 210 houses. That scale, when multiplied out, will create a significant drain on our resources. We are looking at how we can work with our key public sector partners to offset some

of that, or to find new and innovative ways of looking at district heating, of which we have none in Dumfries and Galloway. We are trying to find ways in which the recapturing of heat for other purposes could be offset and utilised to support how we heat people's homes.

It becomes a significant challenge as we move forward. We anticipate that the measures for those 210 homes that I referenced would save around 8,200 tonnes of carbon in their lifetime. That helps. It also helps to offset some of the fuel costs that those residents face and to tackle some of the fuel poverty—in essence, everything is linked together. Obviously, we are aware of the targets and are trying to work towards them as much as possible, but we would need a significant allocation of resources to support what is a monumental challenge.

The Convener: Thanks very much. I have a very brief supplementary question. Without putting words in your mouth, it sounds like meeting the 2030 heat in buildings target is going to be very challenging, if not impossible. Is that a fair summary?

Simon Fieldhouse: Yes. Without a shadow of a doubt, it is all going to be very challenging. That does not mean that we will not rise to the challenge, but what is sure is that we need to push the issue up the agenda and factor it into everything that we do.

The Convener: Margaret Davidson, is that your overall conclusion on the target?

Councillor Davidson: Yes. That target is going to be one of the hardest to hit, so we need some milestones and we need to be watching what we are all doing and trying hard to find solutions. Concentrating on the fabric and on retrofitting is where we have to be.

Fiona Hyslop: I thank panel members for their patience. Are there any concerns around carbon offsetting, the purchase of commercial carbon credits and the implication for land use, particularly in your vast geographies?

I come first to Simon Fieldhouse. Dumfries and Galloway Council has a stringent target of being net zero by 2025, but you have said that you need to consider offsetting residual emissions. Is that appropriate? Do you have concerns about mass afforestation, for example, or other use of land in your area? What might that mean for your plans for net zero?

I will then come to Margaret Davidson. Do you have any concerns about other councils, or organisations such as private companies, using your land in the Highland region, and about the transparency of and accounting for that? Is there a specific desire to make use of the land capability

of the Highlands to meet the net zero targets of other organisations?

Simon Fieldhouse: We are looking into offsetting in considering how we can move things forward. You are right that Dumfries and Galloway has a significant benefit and opportunity with our landmass, its rurality and the amount of forestry and peatland that we have. However, we need to note that we have a significant agriculture sector—in particular, dairy—which has quite high emissions. One key thing that we are looking at locally is how integrated land use can allow us to identify opportunities for investment, whether that is through using natural capital solutions—for example, looking at how we can sequester carbon better through rewetting some of our peatlands—or by making sure that we have the right tree in the right place when it comes to forestry.

There are significant drawbacks. For example, like Highland, we produce significantly more energy than we use, in electrical generation from our onshore and offshore wind farms and hydro schemes. Our residents do not necessarily get the local benefit from that but, obviously, we are supporting the targets of Scotland and the UK, as a green energy producer. I think that Margaret Davidson mentioned earlier how we can try to tap into some of those benefits so that, if we have a local wind farm, for example, we can generate better opportunities for rewilding or for supporting our residents in achieving net zero.

We need to look at how the opportunity for capital offsetting in a more corporate market would be regulated. When it comes to carbon accounting, we need to ensure that we are not double counting, from our perspective. There is some support that we would recognise. We would like a national standard to be brought in to allow us to make the system much better and more robust and to be ready for when we get to the point of identifying what carbon offsetting could be undertaken.

Fiona Hyslop: I would like to hear from Margaret Davidson on land use and perhaps on the idea of a national standard and double counting.

Councillor Davidson: Yes, that is an interesting point from Simon Fieldhouse.

There is absolutely no way that Scotland will get towards net zero without what is happening in our rural areas and, of course, Highland Council has the biggest rural area. We have land, in quantity. We also have renewable energy, in quantity—what is happening on that just now is extraordinary. We will have that, and the hydrogen that it will produce, in huge quantities. That is of real importance for Scotland in getting towards net zero, so we need to concentrate on it.

Carbon offsetting is already starting. Private firms are already going to some of the big estates and getting tree planting or maybe peat restoration to happen. However, we need to go about it in an ordered way and, again, we need to get some benefit for local people, who are seeing all this happen around them while they still pay more for their electricity bills than people anywhere else in the country. That is crazy. We really need to make the just transition work because, if we do not, this will become solid capitalism. If we do not do it in the strategic way in which we need to do it, estates and rich men will get richer and people living in our cities and in our sometimes very poor rural areas will get much poorer.

Highland has a massive offering, but we need to do it in a way that supports people and we need to make sure that the standard is good, because we cannot have greenwashing. If we are going to give money to people for carbon offsetting, we need to be sure that they have a plan to actually reduce their carbon footprint to zero rather than just buy their way out of it. Therefore, having a good standard is really important.

Fiona Hyslop: Thank you. I will pass back to the convener now but, if the two councils want to say anything more on their relationship with the private sector and financial services in particular, maybe they could follow up in writing, as we are interested in that area.

The Convener: Thank you, Fiona. Next up is Monica Lennon.

Monica Lennon: I will ask about the circular economy and recycling, as I did with the previous panel, but first I have a question for Councillor Davidson. I was quite struck by the comment in your opening remarks that you need more “strategic help” from the Scottish Government and that you need more listening. I have been following a bit of a row in the press about a pre-Christmas letter to the First Minister from all the council leaders asking for an urgent meeting. I understand that that meeting has not been granted. Will you elaborate on what you mean when you ask for more listening? Can you give an example of where you would like more strategic support from the Scottish Government?

Councillor Davidson: There is no doubt that what is happening in Scotland at the moment is different in different areas, and it is really important for the Government to give us the strategic underpinning that we need. For instance, at the moment, when we are dealing with those in the wind energy sector, they do not have to give anything to the community that they take their energy from; all they need to do is pay rent to the landlord.

12:30

Most of them are generous enough to provide some community benefit, but it is absolute peanuts. Therefore, we need to get to a point where the Government is doing more than just encouraging them and where there is an expectation that, when they get planning permission, they will invest locally and contribute to a fuel poverty fund or whatever we end up doing. That is the sort of listening that we need to do, and we need to go back and talk about it. It is the big things—we do not want to be controlled, but we need strategic support so that we can get out there and do these things ourselves. At the moment, that is missing.

Monica Lennon: I ask Simon Fieldhouse to comment on that issue from an operational point of view. Councillor Davidson talked about moving beyond just bidding for projects. I know that we get lots of money for pilot projects, but perhaps the sustainable funding is not there. Do you agree with Councillor Davidson that a more strategic approach would be helpful in the net zero journey?

Simon Fieldhouse: Yes. Without a shadow of a doubt, from an operational perspective, the more strategic link-ups that we can have, the better. Net zero cannot be seen in isolation. It covers a significant range of services—pretty much every single council service will need to play its role in supporting our journey to net zero. Given the different council services from waste to transport, we need a much more strategic interface with the national Government to ensure that the targets and opportunities are not being missed.

The opportunity to bid for funding for pilot projects is fantastic—do not get me wrong; that is always appreciated—but an example of where that is not followed through is the new regional land use partnerships. The south of Scotland has been identified as a pilot area, so funding has been put in place. To realise the aspirations of the pilot scheme, significantly more funding should have been made available, but it has not been. Obviously, it is considered to be a short-term scheme, but it focuses on integrated land use and making a difference by working with farmers and estate holders to look at how we might influence their management of the land so that it has a benefit for sequestration and so on. The opportunity for a much more strategic dialogue to allow us all to input to the journey towards being net carbon neutral in Scotland by 2042 is critical, given the timelines.

Monica Lennon: That is helpful. I will pivot back to the issues of the circular economy and recycling. As part of the inquiry, the committee is keen to understand how councils are working with a range of partners on those aims. In the earlier evidence session, we heard from our city

colleagues about the challenges with recycling. Why are recycling rates quite low? What needs to change? There is a lot of focus on the role of incinerators and the waste hierarchy. What is the view—if there is one—in your authorities on the potential for a moratorium or ban on such facilities? I will ask Margaret Davidson to come in first.

Councillor Davidson: Everyone wants to recycle more—that is absolutely right. However, we all need to be acutely aware of what is happening to our recyclate when it leaves us, and we must be far more aware of the practicalities of dealing with more of it. I want Highland Council to deal with its own waste. I do not want to be trucking it down the road, which is what we have to do at the moment. We are still sending a lot of waste to landfill in Aberdeenshire and paying through the nose for it. We want that to stop, but what is the alternative for us? It is right that we get our recycling, reuse and repair rates up, and we are doing a fair bit on that. My knowledge of waste terms is not great, so I do not know what the term is, but we are creating a big place for sorting recyclate and bulking it up much more efficiently. That will improve things.

Our recycling rate at the moment is around 45 or 46 per cent. That is a challenge in itself. Imagine what you do with your recycling if you are up at Tongue in north-west Sutherland and where you get it to so that it can be shipped down the road. It is not simple and is expensive. Transport is a massive issue for us. We now have the prospect that, if we do not deal with our waste through an energy-from-waste plant, we will be trucking it down the country to the north of England because of the landfill ban. It will be a seller's market. Not only that, but it goes against every grain in my body.

We need to find solutions and do not have long to do it. We have been over the issue time and again. We were impressed with the modern energy-from-waste plants. We have areas close to where we think the facility could be in which we could have district heating schemes. We have to turn over every stone to find a solution. I do not want to be trucking waste down the A9 to the north of England in five years' time but, if we cannot make the circular economy work, that is what we will be doing.

Monica Lennon: Margaret Davidson touched on the polluter pays principle. I ask Simon Fieldhouse to answer the question from a Dumfries and Galloway perspective.

Simon Fieldhouse: We have come to the table slightly late. We previously had an Eco Deco plant that sorted most of our waste, but we have recently changed our recycling systems following a pilot in the west of Dumfries and Galloway.

Our recycling rates are probably significantly lower than the average in Scotland but they are increasing. We have worked hard. As part of the consultation phase, we engaged with local Friends of the Earth groups and other groups to ensure that our recycling and waste collection regimes were fit for purpose. There is now a significant uplift in our recycling rates for plastics, paper, card and tin cans. We have also installed more than 90 communal glass bins throughout the region to ensure that we increase our recycling rate. There is anecdotal evidence that the rates are increasing significantly following the introduction of the new regime in, I think, last September, so we are moving in the right direction.

I echo Margaret Davidson's sentiments. I would love the waste that is created in Dumfries and Galloway to be reused. When we consider the circular economy, we need to find ways of reducing the amount of waste that enters the system by reusing things in the first place. From that perspective, we are working with a third sector group in Stranraer called the Community Reuse Shop. We are providing additional support to that group through some of the funding that is available to us so that it can increase its opportunities to support the local community. The reuse shop repurposes cookers, bikes and other items to ensure that they do not enter the waste chain. It is a question of reusing things and thinking about how we can continue the reuse shop's funding.

That model has been identified as a way in which the community would like to move forward on the issue. We want to think about how we can support other groups in the region that wish to provide such facilities.

There are other examples in the UK and Europe of cities and municipalities with a real opportunity to consider the cash value of waste. Copenhagen's street bin collection is run on a just-in-time system. The city has also created a fantastic facility that houses a ski slope, climbing frame and cafe on top of its waste incineration plant, which provides district heating to a significant number of residents—I believe that around 60,000 homes have heating from it.

We can learn lessons from that. One of the issues that we face is scale. Dumfries and Galloway is a wide and rural region. Our waste collection is quite fragmented, so we need to think about how we can maximise the systems to ensure that we do not waste any energy in collecting waste or in processing it.

The Convener: I will bring in Natalie Don.

Natalie Don: I thank the witnesses for attending—[*Inaudible.*]

The Convener: Natalie Don is having some technical issues so, while she tries to come back

online, I will pass over to Mark Ruskell to ask his questions.

Mark Ruskell: I will ask both of the witnesses about transport. I am sure that we could do an hour on that, but we do not have the time. I will break it down a little. The first panel talked in an urban context about how we get road traffic reduction, including issues of equality. The situation that your two councils are in is different, in that you have urban centres but you also have a wider rural population. Where can you get the biggest reductions in emissions when it comes to transport policy in your areas? What are you focusing on for those urban populations and rural populations? What infrastructure projects are you carrying out and what partnerships and equality approaches are you taking to get the carbon reduction for both types of settlement in your areas?

Councillor Davidson: Sometimes, in a huge rural area such as Highland, there are failing systems. Public transport does not work very well out in the country. School transport costs us an absolute fortune. In our annual grant, we get around £5 million for home-to-school transport, but it costs us £13 million. Every year, we subsidise it, because we have to get children to school.

We would love to have a system in which we have more efficient rural transport. That is the big one. Inverness is slowly coming around but, my gosh, it is difficult. All of us in Highland—I include myself in that—are wedded to old 4x4s or diesel cars. It is going to take some doing to get people out of those; in fact, they are always going to be in some areas.

We need to get moving on electrification. We have some really good programmes of putting in EV chargers. You will know of the famous north coast 500 route, which goes right round the top of Highland and back down. We have a scheme for putting EV chargers all the way round that. If we get levelling-up money, as I hope we will, that will help us to electrify the route. We want to get people out of their cars or, at least, into electric cars.

The big gain for us would be to get hydrogen fuel into our big transport—the heavy goods vehicles and the rural transport that does the linking in. It is then about hearts and minds. That is the really difficult bit. It is about getting people to use public transport and to use some sort of communal transport organisation. That is absolutely vital. Otherwise, we will continue to have a disparate population that is absolutely dependent, at this time of year, on gritters getting to people's doors, or they are stuck.

What we have at the moment is not sustainable, but we want to sustain our communities. That will

involve hard thinking, community by community, and it will not be cheap, so we need to get that green finance officer—by crikey, we do.

Mark Ruskell: How does your council interpret the road traffic reduction target for 2030? Do you see that as being primarily about reducing mileage within cities, or will you focus on trying to reduce the more long-distance mileage across the region?

Councillor Davidson: The easy hit is in the city, and I have no doubt that we will make progress there, and in some of our bigger small towns, if you like, such as Nairn, Tain and Thurso. Those are places in which we can make a difference. However, the big gain is from long-distance transport such as the wood lorries, waste vehicles and oil lorries, which deliver to every corner of the Highlands. Hardly any of the Highlands is on the gas network, so oil is the predominant fuel.

What will make a big difference to us is the move towards electric vehicles and hydrogen fuel. As a council, we must think about the infrastructure that we need for that and try to make it work as best as we can. We are on the way with EV chargers, and hydrogen fuel is the way to go.

12:45

Mark Ruskell: Can we have the Dumfries and Galloway perspective, too, please?

Simon Fieldhouse: I echo an awful lot of what Margaret Davidson has said. As we move forward, one of the key things that we are finding is that we need to create infrastructure. We have looked at our provision of EV chargers, and one thing that we are considering is how the local authority can reduce our carbon footprint through our fleet. Our plan is that, by 2025, our light fleet and pool cars will all be electric. We have a couple of electric waste collection vehicles operating in Dumfries, and we are moving towards an ultra-low emissions vehicle framework for our larger fleet and by working with our bus providers.

I recognise the comments that Margaret Davidson made on how public transport struggles in large rural regions. An awful lot of people in our region use their cars, hence the need to look at the region's infrastructure charging network to ensure that people feel comfortable and confident that, if they travel from Stranraer to Langholm in an electric vehicle, there are adequate EV charging points along the route or at their destination. That will enable them to make the transition from diesel or petrol to electric, but we are aware that that requires further investment, which we are pushing at the moment.

One of our key issues is with the trunk roads in the region—the A75, A76 and A77—and the

A1(M), which passes through the region. Significant emissions come from the freight that moves along the Euro route, and we would love to be in a position to look at alternatives. Margaret Davidson touched on hydrogen. There is a necessity to consider whether we can create a hydrogen hub in the south-west to facilitate and provide heavy goods vehicles with the opportunity to move on to hydrogen. We need to consider alternatives such as the rail network and whether more freight can be pushed on to that. The railway could either be electrified or use hydrogen.

The challenges are significant, because people live in isolated pockets. It is about how to facilitate the transition to electric vehicles. In relation to meeting the 2030 target, as Margaret Davidson has said, it will be easier to change people's patterns in towns and cities. We can put in additional cycle and walk ways to ensure that people use their car as a last resort, we can make the bus network and links within towns more sustainable and easier to use, and we can use lower-emission vehicles. However, reducing mileage outwith that is very tricky at the moment.

Liam Kerr: Good morning, panel. I will ask the same question that I asked earlier, putting two questions into one. I will direct it to Margaret Davidson first, and then to Simon Fieldhouse.

You both talked about resources and the funding. Depending on what you read, the Scottish Government draft budget cuts between £300 million and £400 million from council budgets. What are the implications of the draft budget for your council's delivery of net zero ambitions? Given the significant increase in funding that is ring fenced, does your local authority have sufficient flexibility to deliver on its net zero ambitions?

Councillor Davidson: It is a headache and a challenge. We have had 10 years or more of cuts to local government budgets, and we have got to the point at which we have thin layers of management and senior managers. It gets harder to deal with anything.

We need to do quite a lot of strategic work on net zero plans, and we want to do what we call "the Highland adapts". However, we are absolutely crystal clear that we cannot do anything unless we do it in partnership, which would require people to deliver the strategy, keep the partnership going and service it. At the moment, we do not have the staff. The budget just makes it harder to be able to do the catalysing and have the leadership that we want in the net zero arena. It makes it tougher.

There is a significant increase in local government funding this year, but it is all ring fenced for specific purposes. Therefore, we cannot use the funding to work on our carbon footprint—

nothing in there helps us with that. However, we carry on.

I want to look at ways in which we can help the Government to help us. The Government has its challenges—it cannot borrow as much as it wants to. This time around, UK Government funding was reasonable, but we have a long way to go.

I am keen that we look at more revolving funding. We are the biggest taker uppers in the country of a revolving fund that is being used for low-carbon projects. I cannot remember the name, but it begins with an “s”. We are taking that money and investing it. We will be paying it back, but we have the ability to borrow it again. We have done that for a lot of development projects—we have a revolving land fund, and a revolving infrastructure fund. We can move along things that are stuck because, for example, the developer needs to build a roundabout, and they pay us back as the houses are built. That is one way in which we have got around some of the big stoppers, and it would be helpful if the Government looked at the matter again.

The other deal for us is our city deal. We have one of the older city deals, and it involves two big roads, one of which we need for the development in east Inverness. For the other one, we cannot get Transport Scotland to seriously move along, change the focus and get us to where we need to be.

It all takes officer time, and a knowledge base that is difficult to build with the cuts and squeezes that we get in local government. As a local government budget settlement this year, it is supremely unhelpful.

Liam Kerr: Simon, do you have any comments?

Simon Fieldhouse: I am sure that my chief finance officer would have significantly more comments to make.

I echo some of Councillor Davidson’s comments about the issues relating to constant budget reductions and the reprioritisation of our settlement. It makes it difficult for us to deliver at the pace that we would like to ensure that we are meeting the targets and contributing to ensuring that we do not go over the 1.5° threshold.

Effectively, the budget settlement means that, for the range of activities that we are looking at, we will need to take them to committee and think about how they are prioritised in the light of other budget pressures.

One key point, which Margaret has touched on, is that just under 1 per cent of the total emissions in our region come from our council’s operations. It is about reaching out and working with our partners, and that requires the opportunity to look at what funding might be available, how we can

fund feasibility studies, and how we can get people on board and then to come up with solutions. That obviously requires resources to be available and present, and they are not necessarily there in the quantities that we need at this moment.

There are some resources. We have the Borderlands regional growth deal, which has the energy masterplan. As part of that we should see, I believe, around £14 million of investment for looking at solutions that use a whole-life-system approach to energy management and demand for the south of Scotland. However, even that recognises that that is phase 1—that is very positive, but it is phase 2 that brings in the additional investment, and it is not yet quite clear how we will fund that.

The resource issue creates a bit of a headache if we are not in a position to align them with aspirations or with minimal requirements to ensure that we can move this forward.

The Convener: I believe that Natalie Don has been able to reconnect. I will hand over to her for her questions.

Natalie Don: Thanks, convener. I am very sorry about the technical issues that I have had this morning.

The answers to most of my questions have been covered in the responses to Monica Lennon. However, could the witnesses elaborate on the efforts that are being pursued in their areas to support the development of a circular economy, and on the key partners that are involved? Are any innovative local economic models being developed in your areas around, for example, reducing waste, reusing and recycling? Simon, you have already touched on that in one of your responses, so I will put that question first to Margaret Davidson. If you have anything to add, that would be great.

Councillor Davidson: If I was being brutally honest, Natalie, I would say that not enough is being done, and we need to go back and concentrate on it. From one month to the next, various priorities are there, but at the moment we are trying to balance the budget—as I said, it is unhelpful, but we are seriously trying—whereas we should be out there thinking that, if we want a waste to energy plant, is there any way that we can avoid that by doing more ourselves and getting the systems set up for a circular economy?

It is difficult in a big, scattered, rural area, because we do get infrastructure failure. Sending lorries up some of our croft roads will just not be an option. We get those failures and we need to cope with them, because we cannot abandon people.

Therefore, we need to learn from others. I am not going to flannel you any more—I think that we have a hell of a lot more to do. We have some very good officers who are doing their level best, but I think that this requires bringing in the private sector—the local community sector—as much as we can. Our strength has always come from community growth and community initiatives. It is time that we got back out there.

Natalie Don: Simon, do you have anything to add?

Simon Fieldhouse: Just a couple of quick points. We recognise that the circular economy needs to play much more of a role. We are in the process of undertaking our roads review. One of the key things that we have put in it is the need to look at what happens with the raw materials and waste materials from roads and how we can utilise them at a much better level locally, to avoid some of the carbon footprint of moving them.

We are hoping that more ideas such as the Stranraer reuse shop project will come out through engagement with our citizens panel, which we are in the process of setting up. We are identifying key players across the region and looking at utilising them to provide additional support, community engagement and opportunities around key areas that they would like to see. I think that it is about how we take our partners with us on this. We as a local authority can do so much, but it is actually about embedding the idea in the community and getting the people who are focusing on it to come up with local solutions that will provide the best results in the long run.

Natalie Don: Thank you for that. It has been very interesting to hear about the different difficulties and impacts based on rural and urban settings. That has answered all my questions, so I will hand back to the convener.

The Convener: Thank you, Natalie. That brings us to the end of our allocated time. I thank Margaret Davidson and Simon Fieldhouse very much for taking part and for giving us their insights. That was an extremely helpful session. Apologies again for running late, but I am glad that you were able to watch and enjoy the first panel's evidence session.

Thank you again, and enjoy the rest of your day.

European Union (Withdrawal) Act 2018

Pesticides (Revocation) (EU Exit) Regulations 2022

13:00

The Convener: The committee's final agenda item is consideration of a proposal by the Scottish Government to consent to the United Kingdom Government legislating on devolved matters using powers under the European Union (Withdrawal) Act 2018. This relates to a proposed UK statutory instrument, the pesticides (revocation) (EU exit) regulations 2022. The notification is a type 1 consent notification. The committee's role in relation to type 1 notifications is to decide whether it agrees with the Scottish Government's proposal to consent to the UK Government making regulations within devolved competence. I refer members to paper 3 and to the private legal and policy briefing that members received with their papers for the meeting.

The question for the committee now is whether we agree with the Scottish Government that the environmental provisions set out in the notification should be included in the UK SI. Before I put that question to the committee, however, does anyone have any questions?

There being none, do we agree with the Scottish Government that the environmental provisions set out in the notification should be included in the UK SI?

Members indicated agreement.

The Convener: That is agreed. The committee will write to the Scottish Government accordingly.

13:01

Meeting continued in private until 13:07.

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