



The Scottish Parliament
Pàrlamaid na h-Alba

TRANSPORT, INFRASTRUCTURE AND CLIMATE CHANGE COMMITTEE

AGENDA

7th Meeting, 2008 (Session 3)

Tuesday 24 February 2009

The Committee will meet at 2.00 pm in Committee Room 2.

1. **Climate Change (Scotland) Bill:** The Committee will take evidence on the Bill at Stage 1 from—

Ken Gibb, Chair, Sustainable Scotland Network;

Councillor Alison Hay, Spokesperson for Regeneration and Sustainable Development, and Anil Gupta, Team Leader for Environment and Regeneration, COSLA;

and then from—

John Stocks, Manager, Scotland, Carbon Trust;

Mike Thornton, Director, Scotland, Energy Saving Trust;

Chas Booth, Senior Press and Parliamentary Officer, Association for the Conservation of Energy;

and then from—

Stephen Boyd, Assistant Secretary, STUC;

Anne Douglas, National Secretary, Prospect.

2. **PE1181:** The Committee will consider a petition by Helena Coxshall calling on the Scottish Parliament to urge the Scottish Government to make representations to the UK Government about the cost of fuel in the Western Isles and other rural areas of Scotland which are now amongst the most expensive places in the world to buy petrol or diesel; to highlight in particular the refusal of the UK Government to introduce measures similar to those operating in France which reduce the tax on fuel in very remote areas; to protest at the serious consequences which high fuel prices have for fishermen, motorists and

businesses in island and rural areas and to request parity with mainland city prices.

3. **Subordinate legislation:** The Committee will consider the following negative instrument—

the Scottish Road Works Register (Prescribed Fees) Regulations 2009 (SSI 2009/26).

7. **Inquiry into the potential benefits of high-speed rail services (in private):** The Committee will consider a draft report.

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The papers for this meeting are as follows—

Agenda item 1

Briefing paper

TIC/S3/09/7/1(P)

Written evidence received from COSLA and the Sustainable Scotland Network and from STUC

[TIC/S3/09/7/2](#)

Agenda item 2

Paper by the Clerk

[TIC/S3/09/7/3](#)

Agenda item 3

Paper by the Clerk

[TIC/S3/09/7/4](#)

[SSI 2009/26](#)

Agenda item 4

Draft report

TIC/S3/09/7/5(P)

Written evidence received from COSLA and the Sustainable Scotland Network and STUC

COSLA

Introduction

This paper is a joint statement by the Convention of Scottish Local Authorities (COSLA) and the Sustainable Scotland Network (SSN).

COSLA is the political representative body of Scottish local government. SSN is the national network of sustainable development officers and advocates from Scotland's 32 local authorities. Both COSLA and SSN welcome the opportunity to give evidence on Scotland's Climate Change Bill to the Transport, Infrastructure and Climate Change Committee.

SSN and COSLA have worked collaboratively on climate change for a number of years. In 2006 a national Development Group was established involving COSLA, SSN and other key organisations, which developed and successfully launched Scotland's Climate Change Declaration. All of Scotland's local authorities signed the Declaration within the first quarter of 2007 and SSN and COSLA have continued to work together to support local authorities as they work to implement their Declaration commitments.

Last year saw the creation of the COSLA Climate Change Task Group which is a standing elected member group chaired by Cllr Alison Hay, COSLA Spokesperson for Regeneration and Sustainable Development. The Task Group is supported by an Officer Support Group to which SSN provides the lead support function. The Officer Support Group also brings together representatives from other local authority officers' networks, including those on energy, waste, planning, transport, finance etc.

COSLA and SSN both responded to the Scottish Government's consultation on the Climate Change Bill in early 2008, as did many individual local authorities. We also responded to the consultation on the Scottish Climate Change Adaptation Framework. These consultation responses have been informed by participative seminars and active collaboration with many of Scotland's local authorities.

The work undertaken on climate change by Scotland's local authorities is extensive and becoming increasingly well informed and coordinated. Key activities by local authorities includes:

- All of Scotland's local authorities have been, are currently, or will very soon be working with the Carbon Trust on their Local Authority Carbon Management Programme. This initiative supports local authorities in measuring their own direct greenhouse gas emissions and agreeing an emissions reduction plan which includes emissions reduction targets and a programme of policies and initiatives designed to meet those targets.
- 21 local authorities included ecological and carbon Footprinting in their 2008 Single Outcome Agreements. Many council are now using the footprint approach to understand their area-emissions profiles and to undertake policy scenario planning. This work is supported by the Local Footprints Project (a joint project between SSN and WWF Scotland) which assists local authorities using the Resources and Energy Analysis Programme (REAP) software to measure consumption-based emissions from their communities and to assess the effectiveness of various policy interventions.
- In 2008, four local authorities developed their Local Climate Impacts Profiles as a practical step in the process of addressing climate change adaptation. This work is now due to be rolled out to other local authorities, with support provided by the Scottish Government as part of the Scottish Climate Change Impacts Partnership.
- SSN and COSLA have held national events on the Carbon Reduction Commitment, in order to help support the preparations being made by Scotland's local authorities for the introduction of the CRC scheme in 2010;
- work on energy efficiency and micro-renewables in buildings as well as building regulations;

- our work on waste diversion from landfill, reaching all targets for BMW and on course for the 2010 40% reduction target;
- efforts towards more sustainable and active travel under the Cycling, Walking, Safer Streets grants and the Smarter Choices, Smarter Places projects.
- Supporting education about climate change and more sustainable lifestyles, most notably through the widespread support for the Eco Schools Scotland programme.

Both COSLA and the SSN support the principles behind the Bill and welcome the target of reducing greenhouse gas emissions by 80% by 2050, as well as the inclusion of Scotland's share of international aviation and shipping.

This paper outlines our views on key aspects of the Climate Change Bill. We look forward to discussing these issues and any others relating to the role of local government at the Committee session on 24th February.

Views on the Key Aspects of the Scottish Climate Change Bill

Targets

The 2050 Target

COSLA and SSN recognise the scientific and political reasons why it is important for Scotland to be aiming for an 80% cut in emissions by 2050, and agree that this should be altered only if the international (IPCC) assessments justify. We also recognise that, based on current understanding of emissions trajectories and climate change modelling, 80% should be regarded as a minimum long-term target. COSLA and SSN support the Scottish Government's approach of addressing the United Nations Framework Convention on Climate Change (UNFCCC) 'basket' of six greenhouse gases and the inclusion of Scotland's share of international aviation and shipping in our emissions account.

COSLA and SSN also recognise the scientific importance of securing early and significant action on emissions reductions; one tonne of CO₂ saved in 2010 is more important than one tonne of CO₂ saved in 2040. COSLA and SSN also recognise the importance of cumulative emissions and would suggest that this be recognised in the body of the Bill.

Interim Targets

COSLA and SSN recognise the importance of realistic and meaningful planning timescales, and we are supportive of the principle of interim targets. Both are useful in determining the direction of travel and the urgency of action. We welcome the 2030 interim target of 50% emissions reduction, but would suggest that the Bill should also take cognisance of the recent recommendations of the UK Climate Change Committee which has proposed cuts of at least 34% by 2020, and 42% depending on progress in current international climate negotiations. COSLA and SSN would suggest that the Scottish Bill's interim target or targets should be reviewed and amended where necessary to reflect the recommendations made by the UK Climate Change Committee. If the Scottish interim targets are lower than the Climate Change Committee's recommendations, we would expect the Scottish Government to explain clearly why the Climate Change Committee recommendations had not been accepted.

Setting Targets in Batches

COSLA and SSN welcome the principle of setting targets in batches. This approach should provide the medium-term clarity that local authorities, other parts of the public sector and private sector organisations require to take informed planning and investment decisions. We are supportive of the conditions established in the Bill for setting the target batches. From the proposal in the Bill we would expect that in setting the 'batches of targets' attention would be given to Scotland's cumulative emissions and the carbon budgets recommended by the UK Climate Change Committee (or any alternative 'relevant body'). Scotland's 'batches of targets' should be set with due regard to the emissions trajectory of the UK Climate Change Committee's budgets (or those of any alternative 'relevant body') and the agreed allocation which relate to Scotland.

Annual Targets

COSLA and SSN recognise that a 3% per year overall emissions reduction target is highly ambitious, necessary and will require some lead-in time to achieve. Moreover, a rigid 3% per year target applied across the board to specific sectors such as local authorities may be difficult to achieve in the face of differing local circumstances and fluctuation in performance due to variable conditions, including weather events, etc. We respect the Scottish Government's initial analysis in delaying the annual targets till 2020 but we also recognise that many quick wins could be tackled to achieve substantial in-roads in early years. We submit, therefore, that early impact is more an issue of political will and financial investment than technical capability. The evidence from the recent UKCC report on the significance of early emissions reductions for a successful trajectory as advised by IPCC, Tyndall Centre and others merits due reflection in the final form of the Bill.

Further, while local authorities will no doubt play a significant part in achieving these targets recent sectoral breakdowns being used in the ongoing Scottish Government Strategic Overview Project looking at how the 80% reduction in emissions by 2050 could be achieved suggest that the two smallest contributors to emissions are the public sector and the waste sector. Other sectors such as business, transport, residential, energy supply, agriculture and land use make up the bulk of the contributors to emissions in Scotland. However given the significant levels of employment and the wide powers vested in the public sector, it seems likely that a larger proportion of emissions are under the influence of local authorities and the public sector than might appear on first analysis. We do not therefore attempt to discount the role of local authorities but rather to point out the limited benefits to be achieved by targets on the public sector alone, given the uncertainties in emissions allocations attributable to it and the need for progress across all parts of Scottish society.

At a local authority level, many Scottish local authorities have been working with the Carbon Trust to develop carbon reduction implementation plans which require carbon reduction targets to be set, monitored, and reported on. These have seen local authorities aiming to move in line with 3% annual reductions. It is evident that some Scottish local authorities are already seeking to make similar levels of annual reductions. This process, and its linkage to the Single Outcome Agreement process, more accurately reflect the situation that councils will vary in their ability to deliver carbon emissions reduction. The Single Outcome Agreement process should therefore be the vehicle for any such delivery and reporting. In addition to these voluntary efforts to set local authority targets, the Carbon Reduction Commitment will establish a legislative driver encouraging annual emissions reductions and reporting. It is estimated that at least two-thirds of Scottish local authorities will be participating in the CRC scheme.

We are aware that some have called for local authorities to be subject to area-wide emissions reduction targets. While we accept there are concrete actions that can be taken with regards to councils own estates we are concerned about area-wide targets given that councils only tool with respect to public behaviour is that of influencing and providing information. Meeting local area based targets will be difficult given the considerable variability in overall and per-capita emissions between local authority areas. Should an area-wide reduction target be set for local authorities or Community Plan Partnerships, COSLA feels this would need not only to be resourced but paired with the appropriate powers to require carbon accounting at an individual or community basis, though we recognise this will cross over into reserved territory.

In conclusion with respect to targets, while we accept the need for early action we are not convinced that strict 3% per annum sectoral targets to 2020 as have been advocated by some are the best way forward. A simple modification allowing a 5 year rolling arrangement might represent the best approach, delivering progress with flexibility. The longer term achievements will rely on technological change and it is for the Scottish and UK Governments to drive this forward. Sectors will also be vulnerable to missing targets if external circumstances intervene. An example would be alternative energy sources failing to meet predicted output. It may be more appropriate to have a rolling target to account for such fluctuations.

We agree there should be at least three budget periods in statute at any one time. This will assist the planning of successive carbon budgets against circumstances.

The Government must show leadership by ensuring that targets are challenging but also realistic and achievable against current technological progress and other external factors that will influence the meeting of targets. Emission budget periods should be set for a long enough time period to permit investment in energy generation to be scheduled and financed in a manner acceptable to industry. Major infrastructure projects are normally financed over 25 years. It would be useful to have certainty in terms of CO₂/GHG targets over the same period.

However, we are very aware of the fact that achieving these targets, nationally and within local authority areas and estates, will be challenging and will require us to allocate resources in different ways or to identify new resources. COSLA and SSN would recommend that local government and the Scottish Government, along with other parts of the public sector, need to work together with renewed urgency and commitment to address the resource requirements of achieving Scotland's emissions reduction targets. The Scottish Government's current Strategic Overview and Carbon Assessment Projects potentially offer good bases upon which a Scottish Government-Local Government exercise could be established.

In addition to the urgent need to address the resource and investment requirements associated with meeting annual emissions reduction targets, SSN and COSLA would stress the need to fast-forward and expand public sector capacity building (tailored training, information provision, technical advice, peer learning, etc) so that the Scottish public sector quickly becomes better able to achieve emissions cuts.

Scottish Emissions Account

COSLA and SSN are supportive of the general principles of the Scottish Emissions Account, as proposed in the Bill.

Using Carbon Credits

With regards to the purchasing of carbon credits, SSN and COSLA would recommend that the use of such credits should be limited and regarded as a measure of last resort. We would also suggest that permissions to use these credits be subject to scrutiny by the Committee on Climate Change (or other related Scottish body) and the Scottish Parliament to ascertain whether the Scottish Government of the day is doing enough to stimulate domestic action and is not using international credits for 'quick hits' against emissions targets. We want to avoid a situation where companies and governments are prepared to pay to cut down on their own emissions.

Defining 'Scottish Emissions'

COSLA and SSN support the definition of 'Scottish emissions' used in the Bill; based as it is on the UNFCCC 'basket' of the main six greenhouse gases plus the inclusion of Scotland's share of international aviation and shipping. We also welcome the recognition of the importance of Scotland's 'carbon sinks' within the account, thereby encouraging climate-aware management of land assets. The definition of Scotland's emissions should be continually informed by internationally recognised good practice and scientific understanding.

COSLA and SSN accept that the Scottish target should be based on the proposed 'Scottish Emissions Account', which addresses the greenhouse gas emissions produced within Scotland.

SSN and COSLA would also welcome a provision in the Bill requiring the Scottish Government to report regularly (though possibly not annually) on Scotland's consumption-based emissions. We were encouraged by the inclusion in the Scottish Government's Bill consultation paper of the potential inclusion of consumption-based reporting. It is noted that this has not been included in the Bill. The TICC Committee may wish to explore how the Bill could be amended to include such a provision. We recognise that consumption-based emissions reporting is complex and is in many respects a 'developing science', but we feel that it is developing to the extent that it could be included as part of the Scottish Climate

Change Bill's reporting regime. Reporting our consumption emissions simply recognises the reality that responsibility for emissions can be accounted for in two legitimate ways and that Scotland is part of a global economy. Reporting consumption emissions would also encourage Scottish citizens to be more internationally aware and would foster an open and honest engagement with the inherent challenges of reducing greenhouse gas emissions.

Scottish local authorities are already addressing consumption-based emissions through participation in the Local Footprints Project and by using the Resources and Energy Analysis Programme provided by the Stockholm Environment Institute. We would not expect consumption-based emissions to form the basis for targets, but believe that such reporting would add greatly to the quality of the Scottish Climate Change Bill and would be another indication that Scotland intends to have 'world leading' climate change legislation.

Public Sector Duty

We have no issue with the proposal to bring forward enabling powers so long as any duty imposed on the public sector to take specified actions on climate change or other specified environmental issues delivers the appropriate resources to enable those responsibilities to be carried out. Reporting on any new duty should be fully integrated into the Single Outcome Agreement process and any Public Sector Duty should be developed jointly between COSLA and the Scottish Government.

All 32 of Scotland's Local Authorities have signed up to Scotland's Climate Change Declaration, a voluntary agreement to work towards climate change mitigation and adaptation. This high level commitment is expected to be increasingly reflected in the new Single Outcome Agreements and in partnership with Community Planning Partnerships. Information gathered on work towards the declaration commitments is providing valuable material to inform the SOA process and will effectively roll out the principles within the Declaration to the wider public sector as COSLA has previously recommended. In time, with adequate resources provided through the local government settlement, more specific local indicators with regards to climate change work could and should be integrated into these agreements and the management delivery arrangements beneath these to ensure that they address the range of climate change activity agreed by local authorities under the Declaration. Any duties with regards to Local Authorities would, in accordance with the Concordat, need to be developed jointly between COSLA and the Scottish Government and be integrated into the Single Outcome Agreement process.

We are open to the development of a process that would identify the gaps and barriers to action within present structures and how any future duty might seek to overcome them. One possible way forward would be the convening of a high-level Ministerial Climate Change Steering Group bringing together key partners across Scotland including Local Government to not only look at a potential public sector duties duty but to provide needed national leadership, appropriate guidance and public awareness.

We would also note that local government is already subject to duties that cover much of what might be expected to be included in a Public Sector Duty, e.g., Carbon Reduction Commitment (CRC), Home Energy Conservation Act (HECA), Energy Performance of Public Buildings (EPPB), Landfill Allowance Scheme (LAS), etc.

Adaptation

A number of local authorities are examining ways of identifying and reporting on how their communities require to adapt to the impacts of climate change. There is an understanding that this is about managing strategic risks to local communities and their assets, and that more is required than simply reviewing Emergency Planning arrangements. Pilot studies jointly arranged by the Scottish Climate Change Impacts Programme (SCCIP) with Scotland & Northern Ireland Forum for Environmental Research (SNIFFER) and UK Climate Impact Programme (UKCIP) on developing Local Climate Impact Profiles have taken place, with guidance due to be published shortly, and further opportunities are intended to be rolled out.

Some authorities are including process-led objectives and indicators in their SOAs to track their level of response to climate change impacts to key services and infrastructure.

Forestry – COSLA Views

With regards to the forestry proposals within the bill COSLA accepts that the national forest estate is likely to include a number of locations suitable for wind, hydro and micro-renewable energy generation. Locating windfarms and hydro schemes within forestry can help to reduce detrimental impacts, in that both activities can share the same road systems; commercial conifer forests are already man modified landscapes so impacts are likely to be less than in wildland areas; and forests can help to limit the potential for close views of turbines, dams and other structures by reducing the availability of open views across the landscape.

However COSLA does have some reservations with regards to the proposals to offer leases and cutting rights over parts of the national forest estate. Our main concerns are:

- Lack of business case in the bill.
- Impact on the function and funding of the remaining part of the national forest estate.
- Loss of regional presence.
- Impact on the stability and development of timber markets as presently underpinned by FCS.
- Impact (immediate and longer term) on FCS employees and the communities they live in.
- Loss of community acquisition opportunity through the National Forest Land Scheme.
- Loss of a wider range of non-market community benefits as provided through FCS and which will be greater than provided through any lease arrangement.
- No guarantee that funding raised will be placed specifically to forestry related climate change measures.
- Potential for further leases.
- Member states of the E.U. have generally supported and protected their national forests.

Any proposal will need to go through the usual process of public consultation as well as early consultation with the affected local authorities to ensure for adequate compensation with regards to local income from timber production, recreation or indeed potential future uses.

COSLA would expect there will be a need for negotiation and management of appropriate community benefit and would look for efforts to be made to provide opportunity for partnerships with Local Authorities to provide heat and power for local communities from any new renewables projects on the National Forest Estate.

We would also advocate a national strategy on renewables to map out suitable locations across Scotland rather than looking at this on a piecemeal basis.

Any proposed future developments would also need to consider the implications of the Land Reform (Scotland) Act 2003, with the need to retain access rights for the general public.

Energy / Buildings

The energy efficiency measures included in the Bill are to be welcomed but do raise some practical issues with regards to financial resources, additional capacity and consistency with activity at the EU level. There is already some concern on the part of Scottish councils following the review of the EU Energy Performance in Buildings Directive around the added up front cost to councils of extending the scope of this directive to smaller premises. We would have similar concerns of a resource and capacity nature with any such Scottish proposal.

Our member Councils are already functioning at full capacity to fulfil the requirements of the existing EPBD, having committed budgets and allocated staff time to completing the Energy

Performance Certificates (EPCs) for the buildings covered in the scope of the existing Directive. Similarly, additional workload dealing with applications etc. is likely to force an increase in fees passed down to the public; otherwise Councils will face even more pressure to deal with the applications. There is also already a concern that the extension of the EPBD might necessitate extensive re-training for Building Standards Officers. A concern which would also apply to any new proposals at the Scottish level.

While councils are highly in favour of the principle of addressing energy efficiency in Scotland's buildings and see it as a key tool in both saving carbon and lowering running costs to building owners and tenants, they are very mindful of the added costs and any proposal to improve the energy performance of buildings in Scotland needs to be paired with the appropriate resources to carry it through as well as the decarbonisation of electricity and heating.

STUC written evidence to the Transport, Infrastructure and Climate Change Committee's scrutiny of the Climate Change (Scotland) Bill

1 Introduction

1.1 The STUC welcomes the opportunity to contribute to the Transport, Infrastructure and Climate Change Committee's scrutiny of the Climate Change (Scotland) Bill. This is an important piece of legislation and one that could have profound implications for our 640,000 trade union members in Scotland.

1.2 The STUC concurs with the widely held view that climate change will be humanity's greatest challenge in the 21st century. The Trade Union Sustainable Development Committee (TUSDAC¹ – a joint TUC/DEFRA body) offers a cogent explanation of why environmental issues have assumed real importance for the trade union movement:

“Sustainability’ is not something we put in a separate box marked ‘green’. It is a core trade union and workplace issue. It directly impacts on jobs, in numbers, types, skills and locations. The employment and training implications of the transition to a low carbon economy are profound, as is the need to manage the changes fairly – through the so-called ‘just transition’”.

1.3 The STUC believes that the current global economic crisis provides an opportunity to build a new economic and social model that better protects the interests of both workers and the environment and distributes the proceeds of sustainable economic growth far more equitably than has hitherto been the case.

1.4 The following submission does not attempt to answer all the detailed questions posed by the Committee but rather focuses instead on areas of particular concern/interest to the STUC.

2 Targets

2.1 The STUC broadly supports the targets as set out in Climate Change (Scotland) Bill and believes the 2050 target is achievable through investment in:

- Low carbon technologies including renewables (on/offshore wind, marine, solar & sustainable biomass), nuclear, CCT & CCS;
- Energy efficiency including enhanced building standards and new technologies; and,
- Cutting transport emissions through:
 - Improving the carbon efficiency of vehicles
 - Introduction of electric vehicles powered by low carbon electricity production;
 - Increased use of hydrogen; and,
 - Sustainable biofuels.

2.2 The STUC notes that the targets proposed are more challenging than those in the UK Bill but believes that Scotland can benefit from being a global leader in environmental standards. However, there are risks as well as opportunities in targets that are more challenging than other nations. It is vital that risks are properly understood.

2.3 Therefore, it is somewhat disappointing that the Bill has not been accompanied with more detailed work on potential economic and employment impacts. This omission plays into the hands of those who argue that strong unilateral action *necessarily* constitutes a barrier to competitiveness.

2.4 As we have already witnessed with renewable energy development, matching rhetoric to effective action and measurable outcomes will be difficult and specific actions required to

¹ <http://www.defra.gov.uk/environment/tusdac/>

reduce emissions must be the subject of wide consultation with all stakeholders: trade unions, employers and civic society.

2.5 The STUC believes that challenging targets can be reconciled with sustainable economic growth but does not believe that the economic and employment benefits of greening the economy will be maximised by simply establishing targets and leaving it to the market to deliver.

2.6 The potential economic and social impacts of reducing emissions are too often overlooked in public debate witness the Committee on Climate Change's report *Building a Low Carbon Economy* which reduces 'wider social impacts' to the single issue of fuel poverty. There is no consideration whatsoever of the economic and employment consequences for individuals and communities.

3 Duties of Public Bodies Relating to Climate Change

3.1 The STUC believes that Government and the wider public sector must be seen to lead the way in helping to meet targets for emissions reduction and therefore supports the imposition of statutory duties in relation to climate change.

3.2 It is recognised that other measures such as the Carbon Reduction Commitment will have an impact on parts of the public sector but the pressing need for action across the whole public sector makes a compelling case for a statutory duty in primary legislation. It is important that any additional responsibilities are sufficiently funded and that workplace change is subject to negotiation with the relevant trade unions.

4 Scottish Committee on Climate Change

4.1 The STUC tends towards support for a separate Scottish Climate Change Commission to advise the Scottish Government given that relevant policy is substantially devolved and that the legislative framework will be distinct.

4.2 The STUC is of the view that as well as providing advice on how to achieve the targets and determining whether the targets have been achieved, the Committee should also be charged with determining whether or not any reduction in emissions has been consistent with wider economic and social objectives (for instance – the Scottish Government's 'golden rules' on solidarity and cohesion).

5 Forestry

5.1 The joint Forestry Trade Unions have submitted joint written and oral evidence (11 February 2009) to the Rural Affairs and Environment Committee on this matter. Written evidence is attached at Annex A for ease of reference.

6 Trade Union priorities

6.1 The STUC believes that, in order to gain widespread public buy-in and to combat negative perceptions over the potential economic impact, targets for emissions reduction should be accompanied by four interlinked strategies:

- A green workplaces strategy;
- A robust and comprehensive low carbon industrial strategy for Scotland;
- A transitional skills strategy for Scotland;
- A Just Transition Strategy for Scotland.

6.2 Although the detailed scenario planning work on economic impact does not appear to have taken place, it is safe to assume that the impact on the Scottish economy will be great. Energy intensive sectors will have to change their ways and with that comes the prospect of major changes in the nature and location of jobs. Also, these sectors will have to compete in global markets transformed by carbon trading, international treaties and environmental

regulation. For those working in these sectors, the prospect of change can be worrying. The industrial restructuring of the last 30 years, whether necessary or not, was allowed to occur in a deeply unjust fashion that saw some lose everything while others reaped huge rewards. It was an injustice that still scars Scottish society. And while the Scottish economy remains one of the least regulated and planned in Europe, fears that green restructuring will fall much harder on some than others must remain justified.

6.3 The STUC believes that the Scottish Government, working with social partners, must start planning now so that all the conditions exist for a genuinely 'just transition' to a low carbon economy. The right consultation mechanisms, the right training, the right innovation policies, and the right financial support need to be in place. But most importantly we need the type of green enterprise and growth, already seen in countries such as Germany and Denmark, to ensure that greener jobs are available when transition becomes a reality.

7 Green Workplaces

7.1 Following the success of initiatives such as the TUC's Greenworkplaces² project, there should be an extension of schemes to help employers and employees work together to set and meet environmental targets. These goals could relate to simple environmental measures (e.g. basic energy saving practices) or more complicated schemes such as efforts to increase the sustainability of production processes. *(It is also vital that the UK Government provides legal rights to green reps to give them time off for training and environmental activity at work).*

7.2 Workplaces are responsible for the 80% of emissions and much more must be done in Scotland to support workplace change. Learning from the successful lifelong learning model, funds should be made available to help trade unions resource workplace environmental programmes. It is hugely unfortunate that the Scottish Government's Climate Change Fund does not consider the 'workplace' as a 'community' for the purposes of the fund.

8 Low Carbon Industrial Strategy for Scotland

8.1 The Bill should be accompanied by the development and implementation of a low carbon industrial strategy for Scotland. This should include specific plans for each of Scotland's priority industry sectors.

8.2 To date, maximising the wider economic and employment benefits from developing Scotland's renewable energy sectors has appeared to be an afterthought to, rather than an integral component of, energy policy. During the last decade of economic growth this lack of progress was a disappointment to trade unionists, environmentalists and others. As we now enter a potentially lengthy recession, the failure to grasp the growth opportunities presented by the green economy should concern all with an interest in the sustainable development of the Scottish economy.

8.3 Given that Scotland's renewable energy resources are widely recognised to be the most abundant in Europe, our performance in generating jobs has been disappointing. Denmark, Spain and Germany have all built large, job-rich renewable sectors through a variety of means.

8.4 The STUC believes that the UK and Scotland's poor performance in this respect reflects an unwarranted faith in markets to deliver socially beneficial outcomes and a deeply embedded antipathy to anything that smacks of industrial policy – other countries better understand that intervention is required in the early stages of development in order to secure technologies and grow employment.

8.5 Maximising industrial opportunities from the development of Scotland's energy sectors should be a core strand of economic strategy. Some initial actions could include:

² <http://www.tuc.org.uk/extras/gogreenatwork.pdf>

- Using business support mechanisms (such as RSA and innovation support programmes) strategically to help develop technologies and secure these technologies within Scottish industry;
- A comprehensive research project to learn the lessons of other European countries;
- Within the context of the Planning Bill, and working within EU Competition Law, consider ways in which developers can be encouraged to use local content; and,
- Improve links between developers and Scottish manufacturers – we are not convinced FREDS or the Energy Community are effective mechanisms for this activity.

8.6 However, much more can be done now within existing budgets to address the main barriers to growing environmental industries:

- The low price of environmental impacts;
- Weak investment and demand for green products and services;
- System failures that slow green transformation.

8.7 For instance, the Scottish Government should examine:

- Creating lead markets through '**Forward Commitment**' *procurement initiatives* – learning from examples in Sweden and the US, the Government can play a key facilitatory role in developing programmes to design and sell innovative green products. Forward Commitment programmes draw together a group of organisations to define a need (i.e. a more energy efficient IT system). Bids are then sought to deliver a product or service that meets this need. The specification of the need will include a range of criteria that must be met and the procurement group commits to purchasing a minimum amount of the new product or service provided these criteria are met;
- Developing markets through **public procurement** – there are currently good initiatives at national and local authority level but these are often implemented in a piecemeal way and more needs to be done to ensure consistent use of environmental criteria in purchasing decisions;
- **Better integration of public policy priorities** to boost job creation – for example, Scotland could aim to develop an indigenous hydrogen economy for promotion at the Commonwealth Games in 2014: hydrogen facilities linked to Scottish wind farms could generate the power for a fleet of hydrogen fuelled buses for use at the games. With the appropriate level of ambition and support, there is no reason why these vehicles should not be designed and manufactured in Scotland.

9 A Transitional Skills Strategy for Scotland

9.1 A successful low carbon shift needs to be accompanied by sector-based skills and training strategies. For instance, one of the main barriers to increasing the uptake of new microgeneration devices is the shortage of appropriate skills and training courses for each of the emerging technologies. The development of new technologies in manufacturing industries and the development of our environmental industries, including clean-coal, will require investment in the right skills and specialities. A number of skills issues need to be addressed:

- Stakeholders should be involved in a comprehensive survey of labour and skills requirements in the energy sector;
- A transitional skills strategy is required for moving to a low carbon economy which provides support both for well-qualified staff at all organisational levels and for lower skilled employees who may lack a portable or adaptable skills base; and,
- Environmental literacy in relevant Modern Apprenticeships must be improved. The Gas industry workbook initiative prepared by the Energy and Utilities Skills Council is an example of good practice.

10 Just Transition

A Just Transition³ Strategy for Scotland will involve:

10.1 *A national framework or mechanism to ensure long-term planning and representative decision making on environmental transition* - The framework would outline how the Government planned to engage with trade unions and other key stakeholders on Just Transition. It could involve the creation of a new body or bodies to plan for, and advise ministers on, the transition process. It may also stipulate consultation requirements for subnational bodies and companies involved in environmental transition.

10.3 The STUC proposes that the TICC Committee should consider ways in which this framework might be given a statutory basis in the Climate Change (Scotland) Bill.

10.4 *Education and training to aid sustainable employment* - It is vital that adequate planning and provision of education and training takes place to protect jobs in the sectors that will be most affected by environmental transition. From a Just Transition perspective, key priorities must include the following: a genuine partnership approach to negotiating skills strategies that are fit for purpose; development of employer support for a new apprenticeships strategy; a new diversity strategy for the energy sector; and employers fully recognising the role of union learning representatives (ULRs).

10.5 *Decent jobs* - Just Transition must not just be about creating 'green jobs' to meet the direct material needs of those workers affected by the shift to a low carbon economy. It must also be about ensuring the jobs are decent jobs. While the transition process in sectors such as energy is meeting this goal, other environmental industries – in particular, waste and recycling – are not. A combined effort is required by employers, government and unions to address insecure and dangerous working conditions.

10.6 *Greening the workplace* - As outlined above.

10.7 *Flexible transition packages for workers* - Support for workers whose jobs may be lost or may face significant change due to environmental transition is crucial to any Just Transition programme. Although support packages would need to be flexible – in order to take account of the different situations in which workers find themselves – a general outline or timeline for such a scheme could be agreed. It might include: consultation requirements; education/training/re-skilling; compensation to cover relocation costs or living costs for those finding new work or who are facing significant change in the nature of their work.

10.8 Achieving such a programme of support packages will require significant interdepartmental working from the Government, with particular involvement from the enterprise networks, SDS and Job Centre Plus.

10.9 *Support for communities* - It is likely that some areas will face more challenges than others because of the geographically concentrated nature of many energy-intensive industries. Responsibility for a clearer understanding of which areas need to be monitored and the likely impacts of environmental transition on those areas must fall to the Scottish Government, the relevant local authorities and enterprise networks, employers bodies and trade unions with high densities of membership in the key communities.

10.10 *Funding* - Many elements of a Just Transition programme, while paying for themselves in the long-term, will require an initial – or indeed an ongoing – investment to make them possible.

³ For more detail see the TUC pamphlet *A Green and Fair Future* (2008) <http://www.tuc.org.uk/touchstone/Justtransition/greenfuture.pdf>

10.11 *Monitoring and further research* - The lack of research regarding many areas of environmental transition needs to be addressed. In particular, information needs to be collated on (1) the skills base required in a low carbon economy; (2) the effect that the extra costs of environmental regulation is likely to have on pay, conditions and levels of employment; (3) the impact of environmental transition on job equity; and (4) the regional impact of environmental policies on jobs and skills.

STUC
Feb 2009

Annex A – Written submission to the Rural Affairs and Environment Committee from The Forestry Commission Trade Unions

The Forestry Commission Trade Unions (FCTU) have submitted a full response to the Consultation on the Scottish Climate Change Bill, but we aim in this response to focus on the five questions posed in the Questions for Consultees from the Committee and have answered them in the order set out.

Question 1. Greater role for Forestry Commission Scotland (FCS)

FCS has built up a significant capital asset from the funds allocated by Government over its 90 year history and it has already started to use this asset to contribute to Climate Change planting targets. There is scope to do more on this. The current programme known as 'Repositioning' is to raise £15m per year over the three years of the Public Expenditure round from 2007-8 to 2009-10. This is focussed on areas of forest which contribute least to the aims of the 2006 Scottish Forestry Strategy (SFS). The money has then been used to acquire new planting land in areas closer to communities or where planting can contribute to the 10,000ha target for Scotland.

The key aspect to selection of these sites is that it considers all three of the legs of sustainability – economic, social and environmental. It is only when a scoring system shows low values in all of these, that they are considered for sale. The impact on staff is minimal as sales are dispersed around Scotland and there is no element of flooding a market. At the moment, the investment market in woodland is good and prices realised meet expectations.

Question 2. Effects of Joint Ventures and Leasing on FCS role in climate change.

Joint ventures have been widely accepted as allowing added value to the role of FCS. While they can only lease land for non-forestry purposes at present, this provision in the bill will generate greater opportunities for FCS to facilitate developments, particularly in wind and hydro power generation. Initial survey of the FCS estate has shown great potential and income from this should flow in the period about 5-10 years from now.

Leasing as presented by the Consultation document has been widely condemned by the public and is opposed very strongly by the Trade Unions. It considers only the economic aspect of sustainability and fails to recognise the added value of FCS staff in areas where the environment has less natural attractions for environment and tourism. Considerable staff resource and funding has been put into remote rural areas such as the Galloway Forest Park by such ventures as the 7Stanes Mountain Biking facilities.

Question 3 Implications for Nature Conservation or biodiversity.

Joint ventures could release funds for additional planting and if this is the right trees in the right place, as set out in the SFS, could have great benefits for the environment, with protection of peatlands and other Priority Habitat Types currently under threat from over-grazing, opportunities for expansion of native woodlands and increased development of the woodland environment which has been so successful in allowing parts of Perthshire to be badged as 'Big Tree Country'

With respect to tourism, the success of the Joint Venture between FCS and the Caravan and Camping Club GB in creating 'Forest Holidays' has shown the potential for this provision to be added to future Scottish legislation not linked purely to Climate Change.

Question 4 Implications for Rural Employment.

There is provision under the National Forest Land Scheme (NFLS) for communities to buy areas of FCS land, but this means many small communities cannot consider this option due to the large sums of capital they would have to raise. A better option would be to allow them to enter into Joint Ventures with FCS to lease the land or work in partnership with FCS to generate local employment opportunities. Heat generation from woodfuel is a particularly

good example, with the necessity to increase the use of local sources of fuel and Combined Heat and Power schemes. The reduction in transport on fragile rural roads would be of particular benefit. Leasing as proposed at present will take this opportunity away from some of the most remote communities as the private manager is unlikely to have the same public benefit priorities as FCS.

Question 5 Other views.

We have set out our views above and welcome the opportunity to subject these to questioning by the Committee and expand on the detail on 11th February.

Allan MacKenzie

**TRANSPORT, INFRASTRUCTURE AND CLIMATE CHANGE
COMMITTEE**

NOTE ON PETITION PE1181

Tuesday 24 February 2009

Introduction

1. The Committee is invited to consider for the first time the following petition which was lodged on 25 August 2008 with 5804 signatures:

Petition by Helena Coxshall calling on the Scottish Parliament to urge the Scottish Government to make representations to the UK Government about the cost of fuel in the Western Isles and other rural areas of Scotland which are now amongst the most expensive places in the world to buy petrol or diesel; to highlight in particular the refusal of the UK Government to introduce measures similar to those operating in France which reduce the tax on fuel in very remote areas; to protest at the serious consequences which high fuel prices have for fishermen, motorists and businesses in island and rural areas and to request parity with mainland city prices.

2. The Public Petitions Committee (PPC) has considered the petition twice and agreed the following actions:
 - Meeting on 23 September 2008¹ - to seek responses on the issues raised in the petition from the Scottish Government;
 - Meeting on 13 January 2009² - to refer the petition to the Transport, Infrastructure and Climate Change Committee 'as it could deal with transport fuel costs and, as part of its climate change remit, consider what extra funding could be provided for renewables and extra insulation for housing and businesses in the outer isles, to reduce demand for fuel' and write to the Scottish Government seeking a response to the specific points raised during the meeting of 13 January.

Background

3. The information in paragraphs 4 to 8 has been taken from the SPICe briefing paper prepared for the PPC in respect of this petition³.
4. In August 2008, a litre of unleaded petrol in Lewis, North Uist and South Uist was, on average, 10 to 13 pence dearer than the average price of a litre in Scotland. Whilst the figures quoted are for August it seems the price differential exists throughout the year.

¹ [Link to Official Report 23 September 2008 - c.1075](#)

² [Link to Official Report 13 January 2009 - c.1395](#)

³ [SPICe briefing paper for PE 1181](#)

5. The price that vehicle owners pay for petrol is dependent on five main factors, costs associated with crude oil, refining, distribution and marketing, fuel duty and VAT.
6. **Fuel duty and VAT are reserved issues** while the cost of crude oil and refining are set by the market as are distribution and marketing costs. Costs tend to be higher in rural areas due to a number of factors.
7. The UK Government is required to set fuel duty with regard to the EU Energy Tax Directive. It may be possible for the UK Government to negotiate a derogation from this Directive, allowing lower fuel duties to be applied in island and remote rural communities.
8. The Office of Fair Trading published a report entitled Petrol and Diesel Pricing in the Highlands and Islands in July 2000. The report concluded that there was no evidence of excessive profits being made by petrol retailers in the Highlands and Islands as a whole, but did raise concerns about the competitive operation of the petrol retail market in the Western Isles.

Summary of Action Taken

9. Since lodging of the petition the following action has been taken:
 - **24 September 2008**, Letter to the Scottish Government from the PPC in which it poses a number of questions directly relating to the petition;
 - **19 November 2008**, Letter to the PPC from the Scottish Government confirming fuel taxation is reserved; stating that it recently wrote to the UK Government requesting it apply a reduced rate of fuel duty for rural and island communities citing arrangements in France as an example;
 - **19 December 2008**, Letter to the PPC from the Scottish Government expressing disappointment at the response from HM Treasury and confirming the Scottish Government will continue to make representation to the UK Government. Accompanied by the following copy correspondence:
 - 27 November 2008, Letter to the Scottish Government from HM Treasury confirming it has looked into the possibility of a fuel duty rebate for the areas mentioned but, for a number of given reasons, it will not be taking forward any further proposals;
 - **14 January 2009**, Letter to the Scottish Government from the PPC in which it poses a number of questions relating to additional information submitted by the petitioner and a PPC discussion on the petition held on 13 January 2009⁴;

⁴ [Link to Official Report 13 January 2009 - c.1395](#)

- **13 February 2009**, Letter to the PPC from the Scottish Government stating that, despite a number of requests, the UK Government will not apply for EU derogation; confirming that it will continue to ask the UK Government to address the issue of fuel prices, and indicating that Scottish Government officials are due to meet with representatives of Scottish Fuels in 'the coming months' and the 'issue of rural fuel prices will be on the agenda'. Accompanied by the following copy correspondence:
 - 18 December 2008, Letter to HM Treasury from the Scottish Government stating issues surrounding fuel taxation in respect of remote rural and island communities need to be examined in greater detail; suggesting that the process of applying a reduced rate of duty would not be insurmountably complex, citing the French application of a reduced rate as an example; raising a number of supplementary points put forward by the Petitioner, and asking that the UK Government revisit its position;
 - 30 January 2009, Letter to the Scottish Government from HM Treasury confirming it has already examined the systems in operation in France and other parts of the world as well as the practicalities surrounding fuel duty reduction and has come to the conclusion that it would be neither practical nor effective;
 - 12 February 2009, Letter to HM Treasury from the Scottish Government expressing disappointment at the treasuries position; confirming that the situation is viewed sympathetically across Scottish political parties;

10. A copy of the most recent letter from the Scottish Government is attached at Appendix A. Copies of all other letters and documents are available from the Clerk.

11. It is worth reiterating that, at their meeting on 13 January, 2009, the PPC referred the petition to the TICC Committee in the expectation that the TICC Committee 'could deal with transport fuel costs and, as part of its climate change remit, consider what extra funding could be provided for renewables and extra insulation for housing and businesses in the outer isles, to reduce demand for fuel'.

Recommended Action

12. The Committee is invited to;
- Note that fuel duty and VAT are **reserved** issues;
 - Note the UK Government has clearly stated it has no intention of pursuing the reduction of fuel duty in remote and rural Scotland;
 - Note that, despite this, the Scottish Government has undertaken to continue to ask the UK Government to address the issue;

- Note the Scottish Government intends to meet with representatives of Scottish Fuels in 'the coming months' and the 'issue of rural fuel prices will be on the agenda';
- Note the reasons for the petition being referred to the TICC Committee as shown in paragraph 11 above;
- Consider whether it wishes to take any further action in relation to this petition.

Steve Farrell
Clerk to the Transport, Infrastructure and Climate Change Committee
Tel. 0131 348 5211
email: steve.farrell@scottish.parliament.uk

Appendix A

The Scottish Government
Transport Directorate
Transport Strategy Division

Fergus Cochrane
Clerk to the Public Petitions Committee
TG.01
The Scottish Parliament
EDINBURGH
EH99 1SP

Our ref: Petition PE1181B

13 February 2009

Dear Fergus,

CONSIDERATION OF PETITION PE1181: FOLLOW UP

Thank you for your letter of 14 January 2009, on behalf of the Public Petitions Committee, seeking comments from the Scottish Government in response to the above petition from Helena Coxshall. I welcome the opportunity to respond to the issues raised during the Committee's discussions on 13 January 2009 and in the supplementary comments provided by the petitioner.

As stated in my letter of 19 November 2008, the Scottish Government is aware that fuel prices in remote rural Scotland and the islands are typically higher than in other parts of Scotland. We are also aware that the Western Isles is particularly affected by such regional price disparities. This is why the Scottish Government has written to the UK Government on a number of occasions to request that they take action to address the cost of fuel in remote rural areas. As you are aware, the Cabinet Secretary for Finance and Sustainable Growth wrote to the Chancellor on 14 November 2008 requesting that the UK Government consider applying for an EU derogation which would allow a lower rate of fuel duty to be levied in particular designated areas. This request has so far been rejected by the UK Government.

The Scottish Government would like to make it clear to the Committee and to the petitioner concerned that we will continue to make the case for action by the UK Government to address the issue of high fuel prices in remote rural Scotland.

For reference, I have attached a copy of the letter issued by the Cabinet Secretary for Finance and Sustainable Growth to the UK Chancellor on 18 December 2008 responding to the Chancellor's letter of 27 November 2008. In this letter the Cabinet Secretary raises all of the supplementary points put forward by the Petitioner with the Chancellor. The Chancellor has again rejected the possibility of applying the EU derogation to rural and island areas in Scotland. A copy of his response dated 30 January 2009 is enclosed for your reference.

With respect to the other points raised in your letter –

what measures the Scottish Government can take to address the concerns highlighted relating to increased heating costs and fuel poverty

The Scottish Government is doing all it can to help those who are fuel poor. This winter we are investing a further £10 million pounds to ensure we can deliver as many installations under the Central Heating Programme this year as the record number installed last year. This brings total investment this year in our fuel poverty programmes to £54.1 million. The Managing Agent has committed to ensure that all applicants to the Programme in the Western Isles, Orkney, and Shetland who had been waiting four months or more as at end November

2008 will receive a central heating system by end March 2009. Also, every pensioner who applies to the Central Heating Programme has the option of getting a free benefits check from the Pension Service, which will ensure that pensioners receive all the benefits they are entitled to. Since April 2007 pensioners have received more than £1.8 million in benefits that they were entitled to from free checks.

Looking forward, the Cabinet Secretary for Health and Wellbeing set out in a Statement to Parliament in November the Government's intention to replace the current Central Heating and Warm Deal programmes with a more integrated Energy Assistance Package from April this year, as recommended by the Fuel Poverty Forum. This Package will be able to help more people increase their income, reduce their energy bills and improve the energy efficiency of their homes. The Package will include new measures to tackle rural fuel poverty through renewable heating systems and insulation for hard to treat homes. It will extend our fuel poverty programmes to include more help for vulnerable family groups.

that the Scottish Government make strong representations to HM Treasury, enclosing a copy of the petitioner's letter, asking it to clarify what action individuals and businesses in rural areas are meant to take to meet higher fuel costs than on the mainland

As requested, the Cabinet Secretary for Finance and Sustainable Growth wrote to the UK Chancellor on 12 February 2009 including a copy of the petitioner's letter. A copy of the Cabinet Secretary's letter is attached for reference.

Finally, as highlighted in my original letter to the Committee, the Scottish Government is keen to meet with all stakeholders involved in this issue, including Scottish Fuels. Scottish Government officials are due to meet with representatives of Scottish Fuels in the coming months and the issue of rural fuel prices will be on the agenda.

I hope that this letter addresses the points raised in your letter. Please do not hesitate to contact me should you require any clarification.

Yours sincerely,

Susan Malcolm
Committee Liaison Officer

Cabinet Secretary for Finance and Sustainable Growth
John Swinney MSP
The Scottish Government
St Andrew's House
Regent Road,
Edinburgh
EH13DG

Rt Hon Alistair Darling MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Our ref: Petition PE1181

12 February 2009

Thank you for your letter of 30 January 2009, setting out the UK Government's position on the possibility of lowering fuel duty on remote and rural island communities in Scotland.

I am disappointed to see that you feel the practicalities of applying the EU derogation outweigh the benefits for these remote communities. I do not accept that that these practicalities are insurmountable. Furthermore I wish to reiterate that the Scottish Government believes the UK Government should be taking action to address the price of fuel in remote rural communities in Scotland. This is a situation that I believe is neither fair on those living in these areas nor good for their local economies. As highlighted in my previous correspondence, the Scottish Parliament has recently received a petition on this issue and the case has been viewed sympathetically by Members from all political parties. For reference, I have enclosed a copy of the petitioner's correspondence with the Public Petitions Committee. Both I and the Petitions Committee at the Scottish Parliament would be interested in your recommendations as to how those living in the Western Isles can address the consequences of high fuel costs. For information, a copy of your letter, dated 30 January, has been sent to the Scottish Parliament Petitions Committee. Finally, as you make preparations for your forthcoming Budget, I trust that you will now reconsider both the petitioner's and the Scottish Government's view that action should be taken to address this issue.

JOHN SWINNEY

HM Treasury
1 Horse Guards Road.
London.
SW1 A 2HQ

30 January 2009

John Swinney MSP
Cabinet Secretary for Finance and
Sustainable Growth
Scottish Executive
St Andrew's House
Regent Road
Edinburgh
EH13DG

Dear John

Fuel Prices in Remote Rural and Island Communities

Thank you for your letter of 18 December 2008.

As I said in my last letter, the Government has examined in some detail – the fuel duty systems in operation in Corsica and other parts of the world. The Government has considered both the actual levels of fuel prices in rural and island areas, compared with UK and Scottish average prices, and the case for charging a lower level of fuel duty in these areas.

As you acknowledge, the practicalities of using a lower rate of fuel duty to offset higher fuel prices in the Highlands and Islands, would be far from straightforward. In particular, the question of drawing the boundaries of any rebate area would pose significant problems, given that price patterns are neither straightforward nor static and are not confined to neatly-definable geographical areas. For example, according to AA figures average fuel prices in Thurso are some 3 to 5 pence per litre higher than those in Wick, just 20 miles away, but are the same as in Invergarry, more than 150 miles to the south. To respond fairly to such variations in prices, the Highlands and Islands would potentially have to be divided into a whole patchwork of areas with different duty rates, which might then have to be adjusted continually to account for price changes.

In addition to this, all of the other practical difficulties with any fuel duty reduction for remote rural and island areas that I described in my previous letter still apply. I am not convinced that even if a reduction in fuel duty was possible it would be passed onto customers. I have seriously considered the fuel duty reduction and the issues around it and I have reached the conclusion that it would be neither practical nor effective.

ALISTAIR DARLING

Cabinet Secretary for Finance and Sustainable Growth
John Swinney MSP
The Scottish Government
St Andrew's House
Regent Road,
Edinburgh
EH13DG

Rt Hon Alistair Darling MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Our ref: Petition PE1181

18 December 2008

Thank you for your letter of 27 November, setting out the UK Government's position on the impact of high fuel prices on remote rural and island communities in Scotland.

For information, I have copied your letter to the Scottish Parliament's Petition Committee which is currently responding to a petition submitted on fuel prices in remote rural and island communities.

I understand that when making decisions regarding excise duty you face a balance between a variety of competing objectives, including revenue targets, efficiency, fairness, environmental commitments and administrative complexity. However, I believe that with respect to fuel taxation there is a need to explore in greater detail options that take into account the differential impact on remote rural and island communities of policy decisions on fuel duty which are taken at the aggregate UK level. I believe that a more flexible approach, which takes into account regional differences, would be a significant improvement on the current set-up. Consideration in greater detail of the system currently in Corsica where a lower rate of duty is levied on unleaded petrol in comparison to that set in mainland France would be a welcome step in this regard.

As you highlight in your letter, petrol and diesel prices in remote rural and island communities in Scotland continue, despite recent decreases in the price of oil, to be appreciably higher than in urban areas. As you point out, the reason for this is primarily market conditions. However, this does not get away from the fact that individuals and businesses in these areas face a higher cost of living than those in urban areas as a result simply of where they live: a point which is further exacerbated by the fewer alternatives to private vehicles and greater distances often travelled. In addition, while the level of duty paid by those purchasing petrol and diesel in these areas is the same as elsewhere in the UK, as VAT is levied on the after duty price of petrol and diesel this means that these communities end up paying more tax per litre of fuel than anywhere else in the country. Even accepting that market conditions are the key driver of price differentials, there is surely a compelling case for a more equal overall tax burden to be levied on these communities on the basis of fairness and economic efficiency.

I recognise that application for a reduced rate of duty for designated areas may raise a number of practical issues in its implementation. However, I do not believe that those that you raise are insurmountable; they could be addressed through careful design of an appropriate framework - such as via the use of price averages and clearly defined boundaries. Further, I simply do not accept that motorists in Glasgow or Edinburgh would drive to places such as Stornoway or Kirkwall to fill up on petrol or diesel to take advantage of a slightly lower rate of duty. The point of this reduction is to level the price of fuel paid by motorists in rural and urban areas. It is clear that the French Government overcame similar practical issues when applying a reduced rate in the case of Corsica.

I hope that you will re-visit the UK Government's position on fuel prices in remote rural and island Scotland and take necessary action in your 2009 Budget. The Scottish Government would be willing to assist in the development of any new proposal.

JOHN SWINNEY

TRANSPORT, INFRASTRUCTURE AND CLIMATE CHANGE COMMITTEE

7th Meeting, 2008 (Session 3)

Tuesday 24 February 2009

Subordinate Legislation Cover Note

Title of Instrument	The Scottish Road Works Register (Prescribed Fees) Regulations 2009 (SSI 2009/26)
Standing Order	10.4 (Negative)
Laid Date	28 January 2009
Circulated to Members	19 February 2009
Meeting Date	24 February 2009
Reporting Deadline	9 March 2009

Purpose

1. Section 112A(1) of the New Roads and Street Works Act 1991 (as inserted by section 19 of the Transport (Scotland) Act 2005) (asp. 12)) provides for the Scottish Road Works Commissioner to keep a register to be known as the Scottish Road Works Register.

Policy Objectives

2. The Transport (Scotland) Act 2005, amongst other matters, aims to improve the coordination, planning and quality of road works carried out in Scotland. Part 2 of the Act, which included amendments to the New Roads and Street Works Act 1991 provides a framework for the appointment of the Scottish Road Works Commissioner, and subsequent provisions for the Commissioner to keep a register – the Scottish Road Works Register – and for the collection of prescribed fees from local authorities and utility companies as a condition of access to the Register.

3. Accordingly, this instrument exercises the powers to prescribe the fees payable for the 2009/10 financial year and will ultimately replace the Scottish Road Works Register (Prescribed Fees and Amounts) Regulations 2008 (SSI 2008/16).

4. Regulation 3 prescribes the methodology and formula for calculating the fees payable by each road authority and utility company operating in Scotland. Careful consideration has been given to ensuring that the costs of keeping the register are balanced by the income received from users and this is reflected in the minimal increase for the year from 1 April 2009 (from £775,299 for 2008/09 to £779,000 for 2009/10).

5. Further information on the consultation can be found in the [Executive note](#) which is attached.

Subordinate Legislation Committee Report

6. The Subordinate Legislation Committee did not have any comments to make in relation to this instrument.

Recommendation

7. The Committee is invited to consider any issues which it wishes to raise in reporting to the Parliament on this instrument.

Steve Farrell
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Tel. 0131 348 5211
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