ECONOMY, ENERGY AND TOURISM COMMITTEE

AGENDA

22nd Meeting, 2010 (Session 3)

Tuesday 29 June 2010

The Committee will meet at 2.30 pm in Committee Room 5.

1. **A fundamental review of the purpose of an enterprise agency and the success of the recent reforms:** The Committee will consider its approach to the inquiry.

2. **Protection of Workers (Scotland) Bill:** The Committee will consider its approach to the scrutiny of the Bill at Stage 1.

3. **Work programme:** The Committee will review its work programme.

4. **Determining and delivering Scotland's energy future:** The Committee will consider the progress made to deliver the recommendations made as part of its inquiry.

5. **The public sector's support for exporters, international trade and the attraction of inward investment (in private):** The Committee will consider a draft report.

Stephen Imrie
Clerk to the Economy, Energy and Tourism Committee
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The Scottish Parliament
Edinburgh
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The papers for this meeting are as follows—

**Agenda item 1**

Note by the clerk EET/S3/10/22/1
SPICe briefing EET/S3/10/22/2

**Agenda item 2**

Note by the clerk EET/S3/10/22/3
Protection of Workers (Scotland) Bill EET/S3/10/22/4

**Agenda item 3**

Note by the clerk EET/S3/10/22/5

**Agenda item 4**

Note by the clerk EET/S3/10/22/6

**Agenda Item 5**

PRIVATE PAPER - TO FOLLOW EET/S3/10/22/7 (P)
Economy, Energy and Tourism Committee

22nd Meeting, 2010 (Session 3), Tuesday, 29 June 2010

Enterprise Networks inquiry – initial approach

Background

1. In the autumn of 2009, as part of the Committee’s detailed scrutiny of the Scottish Government’s Draft Budget for 2010-11, a number of more fundamental questions about the purpose of Scotland’s enterprise network were raised. In its final report to the Finance Committee, the Economy, Energy and Tourism Committee gave notice of its intention to launch a more fundamental review of the enterprise agencies, what they are achieving as well as an assessment of the recent reforms which saw a significant transfer of responsibilities to Skills Development Scotland and to local authorities.

2. The purpose of this paper is to give members an opportunity to consider the proposed approach to its new inquiry and agree the remit and terms of reference.

Approach

Remit and Terms of reference

3. A draft remit and terms of reference for this inquiry are attached at Annexe A for discussion and agreement by members.

Call for evidence

4. Following members’ agreement of the remit and terms of reference, the clerks will issue a call for evidence in order to collect written submissions from interested parties over the summer recess.

Informal, private briefing

5. One option open to members before the inquiry begins to take formal, oral evidence, is to organise a series of initial ‘scene setting’ discussions and informal briefings, probably in early September. These would have the objective of enabling a broad discussion on some of the issues that the Committee will need to address during the course of its new inquiry. These initial discussions would help the Committee focus on some of the detail to be covered and provide members with a chance to be briefed on the subject matter to be covered and lines of questioning to be explored. These would also help keep the inquiry relatively contained in light of the fact that the budget scrutiny process will also take place from mid-November, concluding before Christmas recess.

6. As indicated, it is suggested that these informal briefings are organised for early September. It is open to Committee members to suggest possible external contributors but these could include academics, economic commentators and other experts with a view on the role for a publicly funded enterprise support network.
Adviser
7. Members have the option of appointing an external adviser for this piece of work. If members wish to pursue this option, it is recommended that a decision is taken at today’s meeting to approach the Parliamentary Bureau for approval. If approval is obtained, CVs for possible candidates will be circulated to the Committee to approve at its first meeting in September.

Witnesses
8. After reviewing the written evidence received over summer recess at a meeting in late September, members will be invited to select the witnesses the Committee should invite to provide oral evidence. It would be preferable that decisions on whom to invite take place after any informal briefings (see paragraphs 5 to 6) and after the appointment of any adviser (see paragraph 7).

9. It is anticipated that the Committee will be in a position to take evidence over the course of four to five meetings in October and November before the 2011-12 budget scrutiny process begins in mid-November. The intention would be to return to the inquiry after the budget scrutiny is completed and seek to agree a final report in the early part of 2011.

10. Members may also wish to consider whether they would wish to conduct any external visits to, for example, relevant companies across Scotland or to visit counterpart organisations further afield. Some or all of these may be conducted via videoconference if appropriate.

Recommendations
11. Members are invited to discuss and agree:

- Any changes to the draft remit and terms of reference attached in the annexe to this paper;
- the proposal for initial, private briefings in early September to gather background information on the subject;
- to review the written evidence and to agree witnesses at a meeting in late September;
- whether members wish to appoint an adviser to support the inquiry;
- whether members wish to pursue the option of external visits to stakeholders and/or comparator enterprise organisations;
- that consideration of any claim for expenses claimed by witnesses be delegated to the Convener;
- that consideration of any draft inquiry report be taken in private.
ANNEXE A

“A fundamental review of the purpose of an enterprise agency and the success of the recent reforms”

Terms of reference and call for evidence

Background

The enterprise network in Scotland consists of Scottish Enterprise (SE), Highlands and Island Enterprise (HIE) and the jointly-owned investment promotion body, Scottish Development International (SDI).

In September 2007, for the Cabinet Secretary for Finance and Sustainable Growth announced wide-reaching reforms to the enterprise network which were designed to support the implementation of the Scottish Government economic strategy. The Local Enterprise Companies (LECs) and Local Enterprise Forums (LEFs) were abolished and replaced with a regional delivery model for enterprise support in an effort to reduce bureaucracy and streamline local delivery.

Business Gateway and local regeneration services are now delivered by local authorities and other enterprise network agency services are delivered within local authority premises with the aim that local businesses are able to access services through a single point of contact. In recognition of the different needs of remote and rural communities, HIE has retained its strengthening communities remit.

These reforms were accompanied by a transfer of funding to local authorities that has resulted in a reduction of budgets and a reduction in staff numbers remaining in SE and HIE. In addition to the transfer of funds, the enterprise agencies have had to find efficiencies in their running costs on a year-on-year basis. Updated figures recently provided to SPICe show that that the combined effect of the budget transfers and the efficiency savings has seen the grant in aid for SE fall in real terms by £75 million (16%) since 2007/08 and, similarly, by £40 million (43%) for HIE – once adjusted for exceptional items.

The Cabinet Secretary also announced that the skills and training elements of the enterprise networks would merge with Careers Scotland and learndirect Scotland to form Skills Development Scotland. This was accompanied by a transfer of funding to the new agency.

The Economy, Energy and Tourism Committee, during its consideration of the 2010-11 budget, raised some fundamental questions about the purpose of the enterprise network and its role in economic development. These included whether it was time to rethink the very purpose of an enterprise network and what tasks it should be expected to carry out in a modern economy. This inquiry aims to address those questions.
At the end of the inquiry, the Committee will produce a report to Parliament, making a series of conclusions and recommendations for actions to be taken by the Scottish Government and others which will have a beneficial impact on the growth of the economy.

The SPICe note accompanying this paper provides further detail on the practical and financial changes which have occurred within the enterprise agencies and local government since the Cabinet Secretary’s announcement.

Remit

The inquiry will analyse the current structure of, and activities carried out by, Scotland’s enterprise network. The Committee will consider whether the transfer of responsibilities that took place in 2007 have brought about the benefits that were anticipated by the Cabinet Secretary for Finance and Sustainable Growth and whether they provide value for the public purse. In light of this analysis, the Committee will explore what, if any, should be the fundamental role of a publicly-funded enterprise network and what alternative models exist.

Key questions

Value of recent reforms

1. Has the rationalisation of the Enterprise Network affected the quality or effectiveness of the services delivered?

2. Has the transfer of activities away from the local enterprise companies, such as the Business Gateway service, to local authorities improved the delivery of services to local businesses?

3. What has been the experience of businesses that are not account-managed by Scottish Enterprise/Highlands and Islands Enterprise since the 2007 reforms? Are such companies finding it difficult to attract the support they need from the enterprise agencies?

4. How joined up are the various agencies that are now charged with supporting economic recovery? Are there examples of successful partnership working between, for example, SE or HIE and local authorities? How has the establishment of the strategic forum assisted in this regard?

5. Have COSLA and SE been able to agree on what constitutes local versus national regeneration? Are local authorities maintaining levels of local regeneration activities? What benefits have accrued from the transfer of local regeneration activities to local authorities?

6. Have the Regional Advisory Boards successfully engaged with local business and provided a link between local, regional and national delivery as envisaged by the Cabinet Secretary?
7. What benefits have accrued from the transfer of local regeneration activities to local authorities and have there been any difficulties?

8. What advantages has the establishment of Skills Development Scotland brought in terms of the delivery of the skills agenda and have there been any difficulties?

More fundamental, first principles analysis

9. Could the Scottish Government’s economic aims be achieved in a different way? Are there more successful or efficient models of delivery in other parts of the world?

10. Does the need still exist to have both SE and HIE operating within Scotland? Could services be delivered as effectively, with greater efficiency, by a single agency or some other structure with increased shared services etc? Conversely, are a single economic strategy and the SE account management model suitable for both Scotland and the Highlands & Islands?

11. What should be the role for a publicly-funded enterprise network, what activities should it be expected to deliver and what resources are required? Alternatively, what alternative exists to the current model in Scotland and what benefits would this have?

12. Do the enterprise agencies’ methodologies for calculating the return on investment bear scrutiny? Which activities have been identified as delivering most return on investment?
Economy, Energy & Tourism Committee

A look at the changing structure of the Enterprise Agencies

This paper summarises the structural changes that have occurred within the enterprise agencies following the publication of the Government Economic Strategy in November 2007. Central to this strategy were:

- the transfer of Business Gateway, local economic development and local regeneration functions to local authorities (LA’s);
- the transfer of skills and training functions to Skills Development Scotland (SDS) and
- a requirement to look to shared services where possible.

This paper considers the practical impact of these structural changes in terms of staff, property and budgets.

Staff changes

Staffing changes within both Scottish Enterprise (SE) and Highlands & Islands Enterprise (HIE) have been driven by two factors in recent years:

1 – the transfer of staff to Skills Development Scotland (and a small number to local authorities) from 1st April 2008.
2 – periodic reviews of the staffing structure in each organisation and the associated voluntary severance schemes and recruitment.

Table 1 highlights that staff numbers, measured in terms of full time equivalents (FTEs), at both agencies have more than halved over the period 2006/07 to 2009/10.

Table 1 – Net staff change over the period of restructuring

<table>
<thead>
<tr>
<th>Agency</th>
<th>Average FTEs 2006/07</th>
<th>Average FTEs 2009/10</th>
<th>Change</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>SE*</td>
<td>2,462</td>
<td>1,055</td>
<td>-1,407</td>
<td>-57%</td>
</tr>
<tr>
<td>HIE</td>
<td>484</td>
<td>285</td>
<td>-199</td>
<td>-41%</td>
</tr>
<tr>
<td>Total</td>
<td>2,946</td>
<td>1,340</td>
<td>-1,606</td>
<td>-55%</td>
</tr>
</tbody>
</table>

* Excludes subsidiaries/temps/secondees
**Staff changes at Scottish Enterprise**

Scottish Enterprise has gone from employing around 2,500 FTEs in 2006/07 to just over 1,000 in 2009/10. Although there has been some recruitment of new staff, this is outweighed by 1,185 FTEs transferring to SDS, 379 staff taking voluntary severance and 14 FTEs transferring to LA’s.

There has been a 51% reduction in total FTEs at SE. While the Executive Grade accounted for the largest number of staff in 2006/07, this reduced by over 80% in 2009/10. The largest proportion of staff are now in the higher Senior Executive Grade.

In general, there is evidence of a higher than average percentage reduction in the number of lower graded posts while the lowest percentage reductions have been among what might be termed as “middle-management” posts.

The impact of these changes on salary costs can be seen in Figure 2. In real terms staff costs have gone from £8.8m per month in 2006/07 (excluding extraordinary payments) to £4.4m per month in 2009/10 (excluding extraordinary payments). Over this period severance costs total £46.6m in 2009/10 prices.

**Figure 1 – FTEs by Grade, 2006/07 and 2009/10**

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**Figure 2 – monthly staff costs 2006/07 to 2009/10**

Note – staff costs include salaries, social security, pension, secondment and severance costs.
Staff changes at Highlands & Islands Enterprise
HIE has gone from employing 484 FTEs in 2006/07 to 285 in 2009/10. Again, while there has been some recruitment of new staff, this has been outweighed by 150 FTEs transferring to SDS, 95 FTEs (112 staff) taking voluntary severance and 4 FTEs being transferred to LA’s. Severances account for a larger proportion of staff reductions at HIE compared to SE.

Figure 3 – FTEs by Grade, 2006/07 and 2009/10

There has been a 41% reduction in total FTEs at HIE. Figure 3 illustrates that while the largest proportion of staff were Grade D in 2006/07, the largest proportion of staff in 2009/10 are in the higher Grade E.

Like SE, in general there has been a higher percentage reduction of staff in the lower grades and a lower percentage reduction in the higher grades. Unlike SE, where there were staff reductions across every grade, at HIE there has been a 63% increase in Executive Grade staff (8 FTEs to 13).

The impact of these changes on salary costs can be seen in Figure 4. In real terms, salary costs have gone from just under £1.5m per month in 2006/07 (excluding extraordinary payments) to just under £1m per month in 2009/10 (excluding extraordinary payments). Over this period severance costs total £8.3m in 2009-10 prices.

Figure 4 – monthly salary costs 2006/07 to 2009/10

HIE have stated that it “is keeping open an option to run a further voluntary severance scheme, on a smaller scale, in 2010-11” (HIE 2010).
Property changes
There have been three key drivers of changing accommodation requirements within the enterprise agencies:

1. the staffing changes previously detailed;
2. a greater emphasis on co-location, and
3. the presumption that more and more Scottish Enterprise staff should be located around Scotland rather than at their headquarters.

This section highlights how property costs for the two enterprise agencies have changed since 2006/07. Property costs have been identified as:

- rental costs for agency offices, and
- office overhead costs, comprising rates, insurance, and utilities (HIE and SE), and service charge and maintenance (SE).

Property changes at Scottish Enterprise
Scottish Enterprise have not been able to provide accurate overheads figures for 2006/07 and 2007/08, as elements of these were coded to non-overhead lines in their ledger. As such only rental costs can be analysed. SE’s annual rental costs decreased in real terms by 7.0% between 2006/07 and 2009/10 – as shown in Table 2.

Table 2 – property costs change over period of restructuring (£000s in 2009/10 prices)

<table>
<thead>
<tr>
<th></th>
<th>2006/07</th>
<th>2009/10*</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental costs</td>
<td>6,377</td>
<td>5,933</td>
<td>-7.0</td>
</tr>
</tbody>
</table>

* Figures for 2009/10 are unaudited

Since the Cabinet Secretary’s statement in 2007 there has been a rationalisation of Scottish Enterprise’s accommodation in Glasgow – only SE’s Scottish Development International (SDI) staff now remain at the former headquarters in Atlantic Quay as staff have relocated to the former SE Glasgow offices in Atrium House or further afield. The 12 former-LEC offices are still occupied as regional offices. SE rental costs also include 22 international offices for SDI.

It is notable that, despite largely withdrawing from Atlantic Quay, there has been only a small reduction in overall rental costs over the 4-year period. SE has explained that:

- it paid the full rental cost of Atlantic Quay up until May 2009, since when it has paid only the costs relevant to accommodating SDI in that building, and
- the renewal of several leases fell due in 2009/10, with subsequent increases in rental costs.

SE is now co-located with other public sector bodies, including the Care Commission and local authorities, in seven of their regional offices. Additionally, some staff from Skills Development Scotland are located in SE offices.
Note that although SE has now largely vacated Atlantic Quay, the Scottish Government staff have moved into this premises after vacating Meridian Court in Glasgow, which in turn is now being considered for occupation by NHS National Services Scotland.

**Property changes at Highlands & Islands Enterprise**

HIE’s combined rental and overheads costs rose from 2006/07 into 2007/08 (0.2% in 2009/10 prices), when it was announced that the enterprise networks would be restructured. Since 2007/08, both components have reduced, with the overall effect of a 37% real terms reduction by 2009/10. Individually, rental costs fell in real terms by 45% between 2006/07 and 2009/10, with overheads falling by 23% - as shown in Table 3. The changes are, therefore, in the same direction but not in direct proportion.

**Table 3 – property costs change over period of restructuring (£000s in 2009/10 prices)**

<table>
<thead>
<tr>
<th>HIE</th>
<th>2006/07</th>
<th>2009/10*</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental costs</td>
<td>1,266</td>
<td>696</td>
<td>-45.0</td>
</tr>
<tr>
<td>Overhead costs</td>
<td>731</td>
<td>561</td>
<td>-23.3</td>
</tr>
<tr>
<td>Total</td>
<td>1,997</td>
<td>1,256</td>
<td>-37.1</td>
</tr>
</tbody>
</table>

* Figures for 2009/10 are unaudited

The largest structural change since 2006/07 has been the re-location of several central and local office staff to a new office in Dingwall which has created space at its Inverness headquarters for co-location. HIE has 4 main administrative offices and 10 area offices. Bodies that co-locate with HIE include VisitScotland, Skills Development Scotland, JobCentre Plus, and Orkney, Eilean Siar, and Argyll & Bute Councils.

**Budget changes**

The re-structuring of the enterprise agencies has brought with it reduced grant in aid allocations from the Scottish Government which take into account transfers to SDS and LA’s, but still reduce the budget further. This is likely to have been a key driver behind the aforementioned staffing and property changes.

**Budget changes at Scottish Enterprise**

In 2008/09, almost 40% of SE’s budget was transferred to SDS and LA’s to carry out the functions transferred and cover notional costs for shared services. A breakdown of this is outlined in Table 4, showing that almost 90% of the funds relate to the transfer of the skills function to SDS.

**Table 4 – budget transfers to SDS and local authorities (£m in 2009/10 prices)**

<table>
<thead>
<tr>
<th>SE transfers</th>
<th>2008/09 Actual</th>
<th>2009/10 Actual</th>
<th>2010/11 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total to SDS</td>
<td>148.8</td>
<td>146.4</td>
<td>140.1</td>
</tr>
<tr>
<td>To LA’s for local regeneration</td>
<td>4.5</td>
<td>3.9</td>
<td>12.1</td>
</tr>
<tr>
<td>To LA’s for Business Gateway</td>
<td>12.4</td>
<td>13.8</td>
<td>13.8</td>
</tr>
<tr>
<td>Total to LA’s</td>
<td>16.9</td>
<td>17.7</td>
<td>25.9</td>
</tr>
<tr>
<td><strong>Total transfers</strong></td>
<td><strong>165.8</strong></td>
<td><strong>164.1</strong></td>
<td><strong>166.0</strong></td>
</tr>
</tbody>
</table>

* A final settlement for shared services costs is still being worked through.
The grant in aid provided to SE (including monies subsequently transferred) is shown in Figure 5. It illustrates that over the period 2007/08 to 2010/11 SE’s budget has fallen by almost £200m (36%) in real terms. When exceptional items such as capital acceleration and additional provisions are included, the budget reduction is lesser (£75m, 16%).

**Budget changes at Highlands & Islands Enterprise**

In 2008-09, around 20% of HIE’s budget was transferred to SDS with a further 5% being transferred to the LA’s in 2009/10 to carry out the functions transferred and cover notional costs for shared services. A breakdown of this is outlined in Table 5, showing that the bulk of the funds relate to the transfer of the skills function to SDS.

**Table 5 – budget transfers to SDS and local authorities (£m in 2009/10 prices)**

<table>
<thead>
<tr>
<th>HIE transfers</th>
<th>2008/09 Actual</th>
<th>2009/10 Actual</th>
<th>2010/11 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers to SDS</td>
<td>16.4</td>
<td>nil*</td>
<td>nil*</td>
</tr>
<tr>
<td>Transfers to LA’s</td>
<td>nil</td>
<td>1.2</td>
<td>1.1</td>
</tr>
<tr>
<td>Total transfers</td>
<td>nil</td>
<td>2.6</td>
<td>2.2</td>
</tr>
</tbody>
</table>

* HIE’s baseline was reduced so no further transfers

The grant in aid provided to HIE (including monies subsequently transferred) is shown in Figure 5. It illustrates that over the period 2007/08 to 2010/11 the HIE budget has fallen by £33m (32%) in real terms. When exceptional items such additional provisions are included, the budget reduction is lesser (£40m, 43%).

* HIE figures for 2009/10 and 2010/11 assume that the budget transferred to Skills Development Scotland in 2008/09 remains constant.
Broader picture
It should also be noted that the sections above may not necessarily provide a complete picture of the impact that the review of the networks has had on public spending in Scotland. For example, some reductions in staff and accommodation costs have been offset by the creation of Skills Development Scotland. Relevant figures from SDS’s accounts for 2008/09, restated to 2009/10 prices, are shown in Table 6. The figures in the ‘change’ column largely reflect the transfer of enterprise agency staff and responsibilities to SDS from 1 April 2008.

Table 6 – SDS expenditure (£000s in 2009/10 prices) and staff numbers

<table>
<thead>
<tr>
<th>Costs</th>
<th>2007/08</th>
<th>2008/09</th>
<th>change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold property rentals</td>
<td>303</td>
<td>1,696</td>
<td>1,393</td>
</tr>
<tr>
<td>Staff costs</td>
<td>3,508</td>
<td>56,620</td>
<td>53,112</td>
</tr>
<tr>
<td>Staff numbers (FTE)</td>
<td>91</td>
<td>1,438</td>
<td>1,347</td>
</tr>
</tbody>
</table>

Summary
The practical implications of the Government Economic Strategy published in November 2007 and the transfer of functions to LA’s and SDS have been:

- A 57% reduction in FTE’s at Scottish Enterprise over the period 2006/07 to 2009/10. This has largely been driven by the transfer of almost half their staff (1,185 FTE’s) to Skills Development Scotland, although there has also been several voluntary severance programmes resulting in a further 379 staff leaving the organisation. Staff costs almost halved over the period, although severance costs total £46.6m in 2009/10 prices.
- A 41% reduction in FTE’s at Highlands & Islands Enterprise over the period 2006/07 to 2009/10. This has also largely been driven by the transfer of almost a third of their staff (150 FTE’s) to Skills Development Scotland. They have also run two voluntary severance programmes over the period resulting in 95 FTE’s (112 staff) leaving the organisation. Staff costs have reduced by roughly a third over the period, although severance costs total £8.3m in 2009/10 prices.
- The transfer of around 40% of SE’s budget to SDS and LA’s in 2008/09. The grant in aid provided to Scottish Enterprise (including transfers) has reduced 36% between 2007/08 and 2010/11 (or 16% when taking into account exceptional items).
- The transfer of 20% of HIE’s budget to SDS in 2008/09 and a further 5% to LA’s in 2009/10. The grant in aid provided to HIE (including transfers) has reduced 32% between 2007/08 and 2010/11 (or 43% when taking into account exceptional items).
- Moves by SE and HIE to reduce staff presence within their central headquarters and increase co-location – with the impact of HIE reducing property costs by over a third (similar data is not available for SE).

Scherie Nicol and Kevin O’Kane
SPICe Research, 24 June 2010

Note: Committee briefing papers are provided by SPICe for the use of Scottish Parliament committees and clerking staff. They provide focused information or respond to specific questions or areas of interest to committees and are not intended to offer comprehensive coverage of a subject area.
Economy, Energy and Tourism Committee

22nd Meeting, 2010 (Session 3), Tuesday, 29 June 2010

Protection of Workers (Scotland) Bill

Background

1. On Wednesday 9 June, the Parliament referred the Protection of Workers (Scotland) Bill (“the Bill”) to the Committee. At its meeting on 16 June, the Committee agreed to write to the Parliamentary Bureau to ask that it reconsider its decision to refer the Bill to this Committee. The Bureau has declined to reconsider its decision.

2. The likely timetable for passage of the Bill will therefore be: completion of stage 1 by December 2010, with stages 2 and 3 early in the New Year.

3. In order to get stage 1 underway, it is proposed that a call for evidence be issued before the summer recess. This will allow members to consider written evidence at an early meeting after the recess and take decisions on which witnesses it would like to hear from.

4. The Bill has a straightforward policy intention. It is therefore proposed that a general call for views from any interested parties is issued.

Recommendation

5. The Committee is asked to agree:

- to issue a call for evidence for Stage 1 on the general principles of the Protection of Workers (Scotland) Bill;
- to consider the selection of witnesses and other arrangements for the Stage 1 inquiry in private at an early meeting after summer recess.

Joanna Hardy
Senior Assistant Clerk to the Committee
June 2010
Economy, Energy and Tourism Committee

22nd Meeting, 2010 (Session 3), Tuesday, 22nd June 2010

Work programme - update

Background

1. The following is an update on the likely work programme for the Committee for the period September 2010 through to dissolution. It contains details of forthcoming inquiries, legislation, budget scrutiny etc. It should be noted, however, that parliamentary business can change and it may be necessary to update the work programme in the autumn.

Outline work programme

2. The Committee’s likely work programme is as follows:

   Inquiries

3. Subject to discussions and decisions at today’s meeting, the Committee’s new, and probably final, major inquiry for the remainder of the parliamentary session will focus on a fundamental review of the purpose of an enterprise agency and the success of the recent reforms. The likely timetable for this inquiry is as follows, subject to Committee approval:

   - Issue call for evidence (June 2010);
   - Initial, informal briefing sessions (September 2010);
   - Commence oral evidence (October 2010);
   - Finalise and publish report (Spring 2011).

   Legislation

4. As noted at today’s meeting, the Committee has been referred the Protection of Workers (Scotland) Bill. It is suggested that the Committee launch an open call for written evidence following today’s meeting. The likely timetable for scrutiny of the Bill will, subject to parliamentary approval, be as follows:

   - Issue call for evidence (June 2010);
   - Consider approach to, and the calling of witnesses for, oral evidence taking (September 2010);
   - Commence oral evidence (November 2010);
   - Finalise and publish stage 1 report (by Christmas recess);
• (if Bill receives approval at stage 1) Stages 2 and 3 (January/February 2011).

5. Although no further legislation is anticipated, it is expected that the Scottish Government will be presenting its new legislative programme in the autumn. This may have implications for this Committee. Similarly, it may be that the legislative programme of the new UK Government may contain bills where a legislative consent memorandum is required. The clerk will advise on these issues.

Budget scrutiny

6. It is expected that the Committee will conduct its scrutiny of the relevant parts of the **Scottish Government's draft 2011-12 budget** in the autumn. The most likely timetable at this stage is as follows:

- The UK Government to publish its Spending Review (October 2010);
- The Scottish Government to publish its Spending Review and Draft Budget (mid-November);
- Oral evidence taking (mid-November to mid-December).
- All subject committees to have reported to the Finance Committee (end of December).

7. The Parliamentary Bureau has authorised the Committee to appoint a budget adviser (for up to 15 days on the standard terms and conditions) if it wishes. **The Committee is asked to agree today whether it wishes to appoint an external adviser.** One option for the Committee would be to seek as an alternative to use the support provided by the Financial Scrutiny Unit within SPICe to provide any advice and analysis required.

Other

Tourism

8. The Committee expects to take evidence from the authors of the review of the National Trust for Scotland at its first meeting back in September. This will coincide with a presentation from the Committee’s external contractors who are conducting an independent evaluation of the economic appraisal of Homecoming 2009 and The Gathering. The Committee may well wish to take forward some of these matters in the autumn.

Banks and financial services industry

9. At its previous meeting, the Committee agreed that it wished to schedule 1 or 2 meetings to review developments in relation to its previous inquiry into banking and the financial services industry. These will need to be scheduled during this period.
Climate Change (Scotland) Act – review of targets and plans

10. It is anticipated that a number of subject committees will be invited to review the progress towards meeting the various targets and obligations set as part of the Climate Change (Scotland) Act and the associated action plans and strategies. It is expected that this work will also commence in the autumn.

Council of Economic Advisers

11. If the Committee wishes to continue with previous precedent, it will wish to extend an invitation to the chair of the Council of Economic Advisers to present its annual report to the Committee. This would typically take place in late December 2010.

Business in the Parliament Conference

12. The 6th Business in the Parliament Conference is set to take place on 11-12 November 2010.

Legacy

13. It is anticipated that the Committee will wish to produce a legacy paper for its successor as part of the final items of business this session.

In summary

14. The following figure provides an overview of the work programme and associated timetables.

<table>
<thead>
<tr>
<th>Action/recommendation</th>
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<tr>
<td>Members are requested to consider the outline work programme outlined above. Members are also asked to decide whether they wish to appoint an external adviser as part of its scrutiny of the draft 2011-12 budget.</td>
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Stephen Imrie
Clerk to the Committee
June 2010
Economy, Energy and Tourism Committee

22nd Meeting, 2010 (Session 3), Tuesday, 29 June 2010

Energy inquiry – update on the progress of delivering on the recommendations

Background

1. In June 2009, the Committee published the report of its energy inquiry\(^1\). This was the culmination of an extensive investigation over a near 12-month period. As part of its ongoing work programme, the Committee stated that it wished to return to the subject matter in June 2010 to review the progress that is being made by the Scottish Government to deliver on the recommendations made at the time. A note from the Scottish Government is attached in the annex to this paper.

Action/recommendation

2. Members are asked to consider the material set out in the annex to this paper and discuss what, if any, action they wish to take.

Stephen Imrie
Clerk to the Committee
June 2010

\(^1\) Available at: http://www.scottish.parliament.uk/s3/committees/eet/reports-09/eer09-07- vol01-01.htm
PROGRESS NOTE FROM THE SCOTTISH GOVERNMENT

Covering letter (dated 24th June)

Dear Stephen,

David Wilson has asked me to respond to your letter of 4 June. You requested an update on progress made by the Scottish Government towards the recommendations made by the Enterprise, Energy and Tourism Committee following their energy inquiry.

I am now attaching the majority of the update as requested. I apologise for the fact that an update on recommendation 148 is not included. I know that you were made aware on Tuesday that some of our response might not be ready in time for your deadline and I appreciate your patience with this. We will get the remaining update to you as soon as possible.

I hope this update is helpful and, as always, please let me know if I can help further.

Yours sincerely

Colin Imrie
Scottish Government
### Tackling energy consumption, keeping energy prices affordable and tackling fuel poverty

<table>
<thead>
<tr>
<th>ORIGINAL RECOMMENDATION</th>
<th>SCOTTISH GOVERNMENT’S RESPONSE AT THE TIME OF PUBLICATION OF THE COMMITTEE’S REPORT</th>
<th>UPDATE PROVIDED BY THE SCOTTISH GOVERNMENT ON 12TH FEBRUARY 2010</th>
<th>UPDATE ON PROGRESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>108. The Committee calls on the Scottish Government in the forthcoming budget round to consider substantially increasing resources for an area-based, targeted energy efficiency/conservation programme designed to tackle fuel poverty and reduce energy demand. Such a programme should have an emphasis on technologies suitable for the Scottish building stock, for concentrations of fuel-poor households in urban areas and for our off gas-grid and rural areas. It should also involve a programme of home visits to provide advice rather than rely on helplines. The size of the investment could be in the order of £100-170 million per year over the next decade to come, with spending targeted on the basis of a geographical mapping of fuel poverty needs.</td>
<td>As reaffirmed by the Cabinet Secretary for Health and Wellbeing in a statement to the Scottish Parliament on 22 November 2008 the Scottish Government remains committed to the target to eliminate fuel poverty so far as is reasonably practicable by 2016. Record levels of resources have been allocated in 2009/10 and the case for continued funds to tackle fuel poverty will be made in the next Spending Review. Scottish Ministers will continue to press the Westminster Government to ensure that Scotland gets an equitable share of resources from reserved fuel poverty and energy efficiency programmes such as CERT. Following publication of a comprehensive review of fuel poverty policy in Scotland, and further to the recommendations of the reconvened Fuel Poverty Forum, the Scottish Government introduced the Energy Assistance Package (EAP) in April 2009, including the EAP:</td>
<td>In 2009-10, the Fuel Poverty programme, including the EAP: - helped 67,144 households - helped 985 older households to increase their annual income, on average, by £1,681; - helped 341 families and other non-pensioner households to identify benefits worth, on average, £2,241; - helped 2,167 households to move to cheaper social tariffs, saving on average £118 a year; - installed heating or improved heating systems for over 11,500 households (including legacy commitments under the Central Heating Programme), of which over 7,000 were installations arising from referrals this year. The EAP has fulfilled its objectives to reach more fuel poor people: o 39% of the households that have had a replacement boiler or central heating system under Stage 4 of EAP were on income-related benefits. Far more than the 19% of people on</td>
<td></td>
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</table>
2009. EAP is a holistic package offering a range of services designed to tackle the causes of fuel poverty: low incomes, energy efficiency and household spend on fuel. EAP is supported by a £60m budget in 2009/10 with resources targeted at those most likely to be fuel poor, due either to the characteristics of the dwelling occupied or of the household itself. EAP replaces the previous Central Heating and Warm Deal Programmes and for the first time makes available a menu of physical measures for eligible households including newer technologies such as air source heat pumps which can be effective for hard to treat homes including those in rural areas. Scottish Ministers have asked the Fuel Poverty Forum to monitor the EAP and the Forum plan to report back in May 2010 after a full year of operation. The Forum's report will inform any future changes to the EAP.

Additionally, the Scottish Government announced in the recent budget a new area-based Home Insulation Scheme (HIS) supported by £15m of Government funding, with complementary matched funding being sought from other sources. HIS is complementary to the EAP and is an intensive area-based approach which will operate in areas within 10 income-related benefits on the Central Heating Programme in 2007-8.

- For the first time, low income families with children are eligible for both heating and insulation measures, one of the groups where fuel poverty is highest.
- We are working in partnership with the energy suppliers to help people access social tariffs. Over 2,100 households this year have made savings of around £118 each

The EAP offers a greater range of measures that enables us to customise a package of improvements that is appropriate to individual homes, including hard to treat homes.

It provides higher levels of Stage 4 grant for homes where it is most difficult to raise the energy performance rating; offers solid wall insulation as well as loft insulation; and offers a variety of heating technologies in areas off the gas grid, including where appropriate, air source heat pumps.

Local marketing of the 10 phase one Home Insulation Scheme (HIS) areas (covering around 100,000 properties) began in October 2009 with energy assessors visiting doorsteps from November 2009. The first insulation measures began being installed in December 2009 and installations are continuing. Extensions to the phase one areas covering an additional 90,000 properties were announced in April 2010.
local authority districts in 2009/10. Local councils have been asked to put forward proposals for further areas to be covered in 2010-11. Areas were selected on the basis of assessment criteria agreed with COSLA, which included fuel poverty levels, emissions, and the potential number of dwellings suitable for treatment. Every household in the area will be visited and offered an energy assessment and benefit/tariff check along with free or discounted insulation measures, where appropriate.

<table>
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<th>109. The Committee welcomes the recent announcements by the UK Government in its April 2009 budget and calls for a rapid acceleration of the proposed roll out of smart meters, with significant financial investment in an educative element to ensure people and businesses adopt and best use these technologies. We note, however, that further consultation is being planned and we believe that this must be completed as soon as possible to provide clear guidance on how smart meters will be delivered.</th>
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<tr>
<td>The Scottish Government agrees that smart meters have the potential to help consumers and businesses more effectively target energy efficiency measures. We have responded to the UK Department of Energy and Climate Change's recent consultation on smart metering encouraging the roll out of this technology along with an educative programme. We agree with the general approach which DECC is proposing for the roll out of smart metering. The proposed functionality for both electricity and gas meters is sensible, as is the requirement that non-domestic meters have similar minimum functionality as that of domestic meters. We suggested to DECC that we believe that coordination of the roll out</td>
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<tr>
<td>A further £15m of Scottish Government funding has been made available to continue and expand HIS in 2010-11. A second phase will implement schemes in a range of new local authority areas beginning from autumn 2010, and covering substantially more properties than phase one. In addition, a further £10m of Scottish Government funding will support new universal area-based energy efficiency schemes in 2010-11 which will offer energy measures free of charge to around 90,000 households.</td>
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<tr>
<td>We continue to engage with DECC on this issue. encouraging them to set a clear timetable for roll out of smart meters, and look forward to their forthcoming ‘Prospectus’ which should set out more detail on local roll out.</td>
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</table>
at a local level could be beneficial, particularly in the more remote Scottish communities. There could be a role for Energy Saving Scotland advice centres to play. Consideration must also be given to fuel poverty, which has far higher levels in Scotland than elsewhere in the rest of Great Britain. We would encourage local coordination and behavioural change advice to ensure that smart meters do not lead to those in fuel poverty choosing not to heat their home when they see the accurate energy readings from their meter. We asked that DECC take particular note of Energy Action Scotland’s more detailed comments in their response to the consultation.

110. The Committee considers that fuel poverty is a blight on our society, is inconsistent with our goal for a socially just energy system and calls on Ofgem as the energy regulator to take all steps to ensure the transparency of social tariffs and require energy utilities to deliver on these and address problems with pre-payment meters. The Committee calls on Ofgem to take strong financial sanctions where abuses are found. The Scottish Government supports this view and Ministers continue to make representations to the UK Government on these matters. We welcome the work DECC now has in hand to ensure the UK energy regulatory framework more effectively tackles anti-competitive practices in electricity generation and better protect the interests of consumers right across the UK. The Scottish Government is committed to supporting that work and to playing a full role as it goes forward.

111. The Committee considers The implementation of the Energy See update position for action 108.
that the Scottish Government must also take substantive steps, with immediate effect, to achieve the sea change required to meet its statutory target of eliminating fuel poverty by 2016. Many of the recommendations we make in this action plan are designed to address this goal.

<table>
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<tr>
<th>Assistance Package and the Home Insulation Scheme is a sea-change in our approach to tackling fuel poverty in Scotland.</th>
<th>The expansion of the Home Insulation Scheme in 2010-11 and introduction of a scheme offering free measures will strengthen the Scottish Government’s contribution to tackling fuel poverty.</th>
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112. The Scottish Government must seek to work as a matter of urgency with the UK Government to tackle the shortcomings of the CERT scheme in Scotland which, as designed, does not best meet the challenges of Scottish building stock and the particular needs of off-grid and remote households. This might include a separate Scottish co-ordinating or delivery unit, with (executively) devolved responsibilities.

<table>
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<tr>
<th>We have argued in <em>Securing Our Share: A CERT Strategy for Scotland</em>², for Scotland to have its own coordinating body(s) post 2012 (for CERT types schemes) and future CERT programmes to be ring fenced at a pro-rata level for Scotland so that the Scottish Government can use the mechanisms that it has put in place (Energy Saving Scotland advice network) to deliver the EAP and Home Insulation Scheme to be utilised to co-ordinate future scheme activity.</th>
<th>We are continuing to work with UK Government officials to highlight the Scottish issues relating to CERT, the proposals for CERT extension and the successor scheme. Ministers are also engaging on this issue. We are keen to engage and influence the development of the UK Energy Bill, particularly in relation to Supplier Obligation Schemes and making the links to ensure this can be facilitated</th>
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113. The Committee reaffirms its call on the Scottish Government for a rapid publication of its detailed energy efficiency action plan. Delay beyond 2009 is not acceptable.

<table>
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<tr>
<th>We will issue a draft Energy Efficiency Action Plan for consultation in the early autumn [2009]. This will cover all sectors and reflect the current policy landscape. The consultation will recognise where gaps exist and invite stakeholders to feed into the development of future energy</th>
<th>As the Committee will be aware, the Scottish Government conducted an open and active consultation on an Energy Efficiency Action Plan for Scotland late last year [2009]. Following the consultation closing on 5 January [2010], we have appointed Geoff Peart Consulting to independently analyse the 492 stakeholder responses we received.</th>
</tr>
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</table>

We expect the consultants to submit a summary of responses in March [2010]. In parallel, officials will continue to develop the final action plan which will be published in late spring [2010].

April 2010. In view of the recent establishment of a short-life Working Group to consider over the summer the appropriate levels for annual emissions targets, it has been decided that it would not be appropriate to publish the Energy Efficiency Action Plan until the emissions targets have been established and a new Order has been laid before Parliament. Energy efficiency has a key role to play in achieving emissions targets and it would be inappropriate to finalise our energy efficiency policies in advance of securing agreement on our emissions targets. Instead, we will feed our developing energy efficiency proposals into the Working Group on annual emissions targets and discuss with the group's members the extent to which our work on energy efficiency can deliver emissions reductions between now and 2020. We will continue to progress the actions that are outlined in the draft EEAP over the summer with a view to publishing a more detailed plan once the annual emissions targets have been laid before Parliament.

The Committee believes that there is a need to take a more holistic approach to industrial and commercial energy usage and provide greater support and incentives to this sector to improve its energy efficiency. Indeed, the Committee is of the view that the efficient use of energy in this sector will be vital to minimise the effect of any

The SG Energy Saving Scotland - small business loans scheme provides loans from £1,000 to £100,000 at 0% fixed interest to help businesses install measures that reduce energy consumption or to install renewable energy technologies. The scheme is aimed at Scottish businesses that fall within the EC definition of Small and Medium sized Enterprise (SME), private sector landlords, not-for-profit

We agree that early action is essential to make non-domestic buildings more energy efficient.

Our draft Energy Efficiency Action Plan outlines how we intend to join up our approach to business across the publics sector, how we intend to improve the effectiveness of information and advice to businesses, and how we will improve the efficiency of both building fabric and building use through minimum building standards and regulation.
future increases in energy
costs on production and
services in the Scottish
economy. The Committee
therefore calls on the Scottish
Government to consider, in the
next budget round, how
measures such as Loan Action
Scotland and the Renewables
Obligation Certificates can
better support the industrial
and commercial sector to
improve its energy efficiency.

organisations and charities. A range
of measures that reduce energy
consumption and/or renewable
energy technology installations would
be considered eligible.

The Scottish Government funds the
Carbon Trust to provide energy
efficiency advice to the business
sector. The Carbon Trust works with
larger businesses in the industrial
and commercial sector and public
authorities across Scotland.

The Scottish Government closely
monitors the schemes both (run by
the Energy Saving Trust and Carbon
Trust) and is always interested to
hear how the scheme can be
improved. We note that the Scottish
Government's forthcoming
consultation on its Energy Efficiency
Action Plan will provide a mechanism
to further examine how our loans
schemes can be improved upon.

115. The Committee is
concerned that the results of
Audit Scotland’s recent work has
uncovered a lack of a public sector lead in
championing energy efficiency,
a paucity of quality
consumption data and too few
energy managers/champions in senior, decision-making

The Scottish Government recognises
that the public sector must lead by
example through its own energy
performance and this will be
addressed through the Energy
Efficiency Action Plan. We are
already engaging with key
stakeholders such as CoSLA and
Carbon Trust to ensure that energy
efficiency invest-to-save principles are

The Scottish Government will take forward a
range or policies and programmes aimed at
reducing Scotland’s energy consumption
through our forthcoming Energy Efficiency
Action Plan. This will include actions
specifically aimed at the public sector. While
it is too early to detail exactly what the action
plan will include, I have asked the
Permanent Secretary to provide the
Committee with a summary of progress

Scottish Government officials met with a wide
range of key stakeholders in April 2010 to
discuss how the energy consumption of the
public sector can be improved and addressed
through the forthcoming Energy Efficiency
Action Plan (EEAP). These discussions, as
well as responses to the Conserve and Save
consultation, have helped us to develop a
number of actions which will help the sector
lead by example on energy efficiency.
positions. This is a matter that requires immediate action from the Permanent Secretary in the Scottish Government and the chief executives of non-departmental public bodies, agencies and local government etc. The Committee requests a report from the Permanent Secretary within 2009 on what steps will be taken.

<table>
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<tr>
<th>taken on board by public bodies. Recognising the lack of consistent, quality energy consumption data in the sector, the Permanent Secretary's Leading by Example group has agreed that a pilot roll out should be carried out of eMART, a monitoring and reporting tool successfully used by the NHS in Scotland over a number of years. The forthcoming consultation on the draft Energy Efficiency Action Plan seeks further input from stakeholders on what SG can do to improve the energy efficiency of the public sector.</th>
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<tr>
<td>made in the last year [2009], since the publication of the Audit Scotland report, Improving Energy Efficiency. Details of further activity to improve the public sector's energy efficiency will follow in the Energy Efficiency Action Plan itself.</td>
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<tr>
<td>Ahead of the EEAP publication, we will continue to progress the actions that will be outlined in the EEAP. This includes key areas for the public sector, such as energy efficiency targets, the procurement of energy and carbon efficient buildings, and maximising existing financial support under programmes such as the Central Energy Efficiency Fund.</td>
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<tr>
<td>We also continue to fund the Carbon Trust to support all sizes of public sector organisation in reducing their energy consumption, with around 100 organisations now having completed the public sector Carbon Management Programme.</td>
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<tr>
<td>The Scottish Government is also represented on the advisory group to the Audit Scotland follow up report on energy efficiency.</td>
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116. The Committee welcomes the progress that has been made in tackling the poor energy efficiency standards in buildings and notes the provisions in the Climate Change (Scotland) Bill, many of which have been improved through amendments made by this Committee and others. However, the Committee believes that tougher mandatory standards for building energy use are required and that these should be revisited regularly and Provisions to improve energy efficiency of existing building stock are identified within the forthcoming Energy Efficiency Action Plan. Improved energy standards for new buildings are proposed through building regulations for October 2010, with a 30% reduction in CO2 emissions compared to current standards. Further reviews planned for 2013 and 2016. A consultation on compliance with building standards is also underway, to assist in identifying measures that could strengthen existing mechanisms and |

| In 2010 the Scottish Government Building Standards Division established a working group, to explore the options for the existing non-domestic building stock in order to develop regulations for Section 63 of the Climate Change (Scotland) Act. The working group had their first meeting in May 2010. |
| Improved energy standards for new buildings through building regulations will apply from October 2010, with a 30% reduction in CO2 emissions compared to the 2007 building regulations. Research is programmed to support the review of energy standards planned for 2013 and 2016. A 2009 consultation on compliance has assisted in |
progressively increased. It is also critical that adherence to these standards is monitored and enforced. The Committee considers that a greater use of energy service companies (ESCOs) should be explored as a means of promoting energy efficiency in both public and private buildings. The Committee believes that the Scottish Government should complete a study on this matter before the summer of 2010.

| responsibilities within the building standards system. The Scottish Government intends to publish an on-line tool, the 'Heat Supply Options Assessment Model' and supporting information to allows developers to compare the whole life costs of district heating / CHP systems against individual installations of low carbon equipment. This will assist developers and ESCOs to decide whether to commission a full assessment, including a business model. The issue of what role ESCOs will play in the market going forward will be canvassed and developed through the forthcoming Energy Efficiency Action Plan. |
| identifying measures that could strengthen existing mechanisms and responsibilities within the building standards system. For example, random sample airtightness testing will be introduced for new buildings from 2011. The tool is now available in CD-rom format, and around 40 have been requested and distributed |

| We are committed to tackling energy efficiency and we will publish more detailed plans in the forthcoming Energy Efficiency Action Plan. The Scottish Government already encourages the Carbon Trust and the Energy Saving Trust to work closely together where appropriate. Areas of overlap are, however, quite limited with the Carbon Trust servicing large and energy-intensive businesses and the public sector, while the Energy Saving Trust focus their work on the domestic sector and SMEs. |
| We fund two main organisations to deliver energy efficiency information and advice. The Energy Saving Trust engages with householders and smaller businesses, including through its Energy Saving Scotland advice centres (ESSacs). The Carbon Trust provides technical energy efficiency advice to larger SMEs and energy intensive businesses, primarily through direct on-site consultancy advice. We have discussed the issue of any overlap (where businesses have an energy spend of £30k-£50), and the two organisations have agreed to work closely in this area. We also intend to join up our approach to the provision of energy and |
|                  | The SG is represented on the boards of both the Carbon Trust and Energy Saving Trust and is seeking to ensure that they both understand and respond to SG policy. Ultimately we would like to work towards a single Scottish model for delivering energy efficiency programmes in Scotland. | resource efficiency advice via those organisations that may provide energy efficiency advice to business within their wider business advice service. |
### Further developing renewable energy technologies

118. The Committee believes that it is critical that the Scottish Government accelerates the process to provide consent for strategic infrastructure developments in Scotland’s electricity system. Central to this is a positive decision to provide a go-ahead for the Beauly-Denny line within the next few months and other associated schemes such as Beauly-Dounreay etc. Such a decision must not be associated with unrealistic planning conditions that would have the effect of causing unnecessary delays or placing this critical component of Scotland’s network in jeopardy. The Committee believes that the prize of unlocking the renewable energy resources in the north of Scotland is one that must be realised. The Committee welcomes the more strategic approach to developing grid infrastructure that was evident in National Planning Framework 2, but calls on the Scottish Government notes the Committees call on the Beauly-Denny line and associated infrastructure. The final decision on the proposal will be made expeditiously by Scottish Ministers. Scottish Ministers will only make a decision on the application once they have considered thoroughly, and carefully, all material considerations including the Public Local Inquiry report. In view of the Scottish Ministers role in determining the application, it would be inappropriate for Ministers, or officials, to comment specifically on the proposal, or the report while it is currently under consideration.

The Scottish Government also notes the Committee’s call for the Scottish Government to further develop a delivery plan for grid. The Scottish Government is already working on a number of fronts to deliver grid development and reinforcement that is fit for purpose and will connect, transmit and export Scotland’s energy potential. This includes working closely with DECC, Ofgem and the main Scottish generators in the UK Electricity Networks Strategy Group.

### Electricity Grid Reinforcements

Increase north-south transfer capacity on Central Scotland - Central Scotland reinforcements are being funded under SPT Networks TIRG project (Transmission Investment for Renewable Generation). The reinforcements comprise three projects - Easterhouse was completed in 2008; Windyhill is due to be completed in July 2010; and Clydesmill is due to be completed in 2011. SPT Networks has operational measures in place to increase capacity ahead of completion of Clydesmill in 2011.

South-West Scotland Overhead Transmission Line - SPT Networks is working with East Ayrshire and South Ayrshire Council on consent for the reinforcement. If consents and approvals are in place by the end of 2010, reinforcement work could be complete by 2013. Projects making use of this reinforcement would be connected in 2014.

Government to further develop this and produce an associated delivery plan in the year ahead.

The ENSG report, published in March this year, focused on options for reinforcing onshore Grid across the UK. It identified a range of grid reinforcement and upgrades across the UK to transport and export different scenarios of potential renewable energy transmission from Scotland (to transmit either 6.6 GW, 8GW or 11.4GW), including significant onshore reinforcement across Scotland and developing sub sea cable links between the Scottish mainland and the Islands and links to the UK.

We welcome this work and have played a key role. Consequently, the work of the ENSG is wholly consistent with our plans for grid development set out in NPF2, in that it identifies a number of strategic grid reinforcements essential to providing the transmission capacity to allow Scotland to realise its renewable energy potential, maintain our long term security of energy supply and support sustainable economic growth.

We are already engaging with Ofgem, National Grid and UK Government delivering the Vision 2020 plan for

| Upgrade East Coast Transmission Line - SHETL is working on all pre-construction aspects, including detailed design, environmental impact and consultations with statutory bodies. Environmental surveys are underway. Scoping document outlining the project was submitted to the Scottish Government in March 2010. The project is expected to be completed in 2015. |
| Upgrade Bealay-Dounreay Transmission Line - Regulatory approval from Ofgem to proceed to construction was secured March 2010. SHETL has developed and type tested a new conductor specific to this line. Environmental reports have been produced for the SSSIs/SPAs/SACs within the area of the existing line and agreements in principle reached with SNH on mitigation requirements during construction. The contract will be placed in June 2010 for line work, commencing in summer 2010. Completion scheduled for October 2012. The contractor for the Dounreay substation works is scheduled to be appointed in July 2010, with completion in December 2012. Interest in potential onshore and marine renewable generation developments is sufficient to justify SHETL examining further reinforcement options in Caithness and the North West. |
| Reinforce Beauly-Keith Transmission Line - Two reinforcements currently underway |
Scotland and the Industry as they prioritise and cost the ENSG reinforcement projects.

– a new substation at Knocknagael and replacement of conductors on the existing Beauly-Blackhillock overhead line. Ofgem approval to proceed on both projects was secured in March 2010.

Reinforce the sub-sea cable link between Orkney and the Scottish mainland - SHETL taking part in a pilot project led by Orkney Islands Council which will examine the further extension of the network management options pioneered on Orkney by SSE, formulate reinforcement options.

New Sub-Sea Cable for Outer Hebrides and Shetland Islands - Consent is in place for 450MW link between Grabhair on Lewis and Beauly. An inquiry into the convertor station at Beauly in scheduled for July 2010. SHETL submitted a project funding request to Ofgem in May 2010. Consent has also been sought for 600MW link between Upper Kergord on Shetland and Blackhillock in Moray, and outline planning permission has been secured for a convertor station at Blackhillock. In December 2009, the European Commission awarded €74m from the European Energy Programme for Recovery for the inclusion of an offshore hub in the Moray Firth on the route of the proposed Shetland link, allowing for connection of a new sub-sea cable to export electricity generated from renewable sources in Caithness, the
119. In our view, the existing grid infrastructure within Scotland and from Scotland to England is the first priority. We are supportive of strategic developments that can allow Scotland to export energy in directions other than just south of the border. The Committee is cognisant of the various proposals being considered for developing offshore grids, notably the sub-sea cables from the islands to the mainland, down the West and East coasts and the North sea supergrid.

We welcome Committee’s support for our ongoing work to develop Scotland’s grid connections to the rest of the UK and beyond.

Developing an onshore and offshore Grid is a priority to allow Scotland to develop and deliver its offshore renewable energy potential. It will be the key building block that will export Scotland’s renewable energy to national electricity grids in the UK and Europe.

As highlighted in the response to 118 above, the Scottish Government working on a number of fronts to deliver the grid connections that will connect, transmit and export Scotland’s energy potential.

We are working closely with DECC, Ofgem and the main Scottish generators in the UK Electricity Networks Strategy Group (ENSG), to design the future grid reinforcement required to meet the 2020 target on renewables.

We are also working in partnership with the Governments of Ireland and Northern Ireland on the Irish Scottish

Since the last update we have been working on a number of fronts to develop grid connections in and around Scotland. This includes:

- Success for the Scottish Green Energy Centre securing European Recovery Plan Funding for offshore innovation projects (including the Moray First offshore hub and the Aberdeen Offshore Wind Demonstrator Centre);

- Scottish Government new leading on the GPWIND project (EU funded through the Intelligent Energy for Europe programme) to identify and share best practice in wind energy development with a focus on appropriate environmental protection;

- Our ongoing involvement in the EU North Sea Grid Coordinator group and now working with UK Government as part of the North Seas Offshore Grid Initiatives (made up of 9 EU Member States plus Norway) to develop a joint Memorandum of Understanding on how to deliver a North Seas Grid - and where some of the big issues about interconnection, trading between different markets and cost and need are starting to surface;

- Working with the UK Government to develop the Member State Action Plans under the
Links on Energy Study (ISLES) – a major EU funded feasibility study on the delivery of offshore grid in the Irish Sea to deliver the renewable potential off the West Coasts of Scotland and Ireland and the associated community and environmental benefits and economic and supply chain opportunities for each partner country. The Scottish Government is also playing a key role in the Energy and Wave Workstreams of the British Irish Council.

Developing a North Sea grid has been identified as an EU Strategic Priority infrastructure project and we are working at both UK and EU level to ensure Scotland plays a role – and as recognised in our membership of the EU group on North Sea grid.

The Committee will also be aware that Ofgem have now asked DECC to use their powers under the UK Energy Act to take direct responsibility from Ofgem for establishing a new grid access regime. This work will be vital for developing appropriate and equitable grid network development and transmission access reform. We are looking to work closely with DECC in this fundamental review of transmission access and charging with a particular interest in connecting renewable energy projects.

Renewables Directive which will be submitted to the EC this month and sets out how the UK will meet the EU 2020 renewables targets;

- The Irish Scottish Links in Electricity Study (ISLES) is underway looking at interconnection feasibility and renewable energy potential in the Irish Sea, including assessing issues relating to cross jurisdictional regulatory and trading frameworks, opportunities and barriers – we expect initial findings to emerge later this year.

- Improving our onshore spatial planning for grid through our Second National Planning Framework for grid reinforcement in the North and North East of Scotland (and consent for the Beauly Denny upgrade);

- Marine spatial planning approaches for offshore grid are being developed at both Scottish and UK level;

- We are working with DECC and OFGEM to progress the work of the Electricity Networks Strategy Group and work is now in hand on the west and east coast interconnectors between Scotland and centres of demand in the UK;

- We are continuing to make the case to Ofgem and National Grid for sub-sea interconnections to the main Scottish island groups;
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<tr>
<th>renewable generation from Scotland. Our overall aim is to deliver a new approach to transmission access and charging that meets the new strategic reality, where climate change, energy efficiency and renewables targets and security of supply are as important as the delivery of economic and appropriate grid reinforcement.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Crown Estate Round 3 Licensing round in January announced two consortia to develop offshore wind zones in the Moray Firth and the First of Forth, with a combined potential of almost 5GW of offshore wind energy off the East coast;</td>
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<tr>
<td>- In March the signing of 10 project agreements to generate up to 1.2GW of marine energy off Scotland's north coast following the world's first commercial wave and tidal leasing round.</td>
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<td>- In March the British Irish Council Energy Ministerial Summit in London agreed to work jointly to:</td>
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<td>- exert greater influence on the direction of emerging EU policy in grid issues area;</td>
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<tr>
<td>- leverage maximum funding (where applicable to relevant members) from EU sources for developments/projects of mutual interest.</td>
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<td>Taken together, these represent a very active and positive set of Scottish Government practical and policy developments. These will form part of a coherent message to engage political and other interests from outside Scotland on where and how we are making progress on some big issues - and we welcome the Committee's support in the further areas we need to address.</td>
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120. Building on any work already undertaken, the Committee calls for an audit of Building on any work already undertaken, the Committee calls for an audit of the other infrastructure. The Committee will have noted the publication of stage 1 of the National Renewables Infrastructure Plan (NRIP) in February this
the other infrastructure, particularly harbour facilities that will be required to deliver wave and tidal energy and offshore wind energy in the future and for an associated delivery plan to be produced by summer 2010. The Scottish Government's RAP addresses this issue. Amongst other actions, Scottish Enterprise and HIE have been tasked with developing a clear spatial framework for port and port-side land and landward infrastructure that can support the manufacturing, construction, and operation and maintenance of offshore wind devices and wave and tidal machines. They will report back on the key infrastructure projects identified to the Energy Advisory Board in October identifying potential additional public sector investment. An investment plan making these "National Renewables Infrastructure Projects" ready for action and private sector investment; particularly around the key projects needed to create the platform for growth will be prepared and this will identify additional funding needed. The Scottish Government will ensure that the Committee is kept informed of developments with regard to this review. As part of this work Jim Mather will also visit the leading Bremerhaven port in Germany to see their renewable facilities first hand.

| the other infrastructure, particularly harbour facilities that will be required to deliver wave and tidal energy and offshore wind energy in the future and for an associated delivery plan to be produced by summer 2010. The Scottish Government's RAP addresses this issue. Amongst other actions, Scottish Enterprise and HIE have been tasked with developing a clear spatial framework for port and port-side land and landward infrastructure that can support the manufacturing, construction, and operation and maintenance of offshore wind devices and wave and tidal machines. They will report back on the key infrastructure projects identified to the Energy Advisory Board in October identifying potential additional public sector investment. An investment plan making these "National Renewables Infrastructure Projects" ready for action and private sector investment; particularly around the key projects needed to create the platform for growth will be prepared and this will identify additional funding needed. The Scottish Government will ensure that the Committee is kept informed of developments with regard to this review. As part of this work Jim Mather will also visit the leading Bremerhaven port in Germany to see their renewable facilities first hand. | year. Led by Scottish Enterprise, with support from HIE, stage 1 was the development of a spatial framework of first phase sites for staged investment. SE and HIE worked in partnership with the industry to develop the infrastructure plan. This engagement, with a view to developing stage 2 of NRIP, continues through a Delivery Board that brings together the key decision-makers including port owners and operators, local authorities, energy companies and industry groups. This group's focus for stage 2 is to finalise investment plans for these first phase locations. It is expected that stage 2 recommendations will be ready by end-June 2010. Stage 3 will be implementing these investment plans. |
| 121. The Committee is disturbed at the evidence received in relation to the current and planned charging and access regimes to the transmission networks. It is particularly concerned that this is already undermining the viability of renewable energy developments in Scotland and could act as a major inhibitor to growth in this sector. The Committee supports the calls from the Scottish Government and the various energy utilities in Scotland for Ofgem and others to substantially rethink their planned charges. | We are delighted that the Committee recognises the strength of Scottish Government’s argument. We welcome the findings of Ofgem’s Transmission Access Review and its recognition of the need for a holistic model for the allocation and pricing of transmission access rights, finding ways to maximise access to existing capacity, and prioritising projects with consents and financing in place. We urge National Grid to move quickly on the Transmission Access Review proposals. Overall, we recognise that Ofgem and National Grid are aware of the scale of the issues, and are coming forward with activity to try to address them. But progress is slow and we need to continue to press for real outcomes. The Scottish Government believes that proposals set out in CAP 167 will act as a disincentive to developers wishing to build new renewable energy generation and we would encourage Ofgem and National Grid to access alternative arrangements (such as derogation of generation), to allow smaller generators to be connected. DECC are taking direct responsibility from Ofgem for establishing a new grid access regime. | We continue to work to tackling barriers for grid connection for renewable energy from Scotland in the onshore GB regulatory system. This includes supporting DECC “connect and manage” work to tackle the queue of renewable generation projects waiting for connection to the grid (with socialisation of the associated system constraints costs); We worked to influence – and welcome the decision by Ofgem to veto its own proposals to target the costs of system constraints at Scottish generators. We have led positive discussions on changing the approach of locational transmission charging – including: o session with Ofgem, National Grid and Scottish energy sector interest on 18th January on options for change; o 23rd February the UK Energy and Climate Change Committee published its report on The Future of Britain’s Electricity Networks calling for independent review of locational transmission charging; o Letters to Secretary of State Miliband – and now Secretary of State Huhne – pressing for our work to form the basis of the independent review recommended by the Committee o Growing support among industry, business and trades unions for an independent review of transmission charging. |
We have now published and disseminated a paper setting out options for change.

In this, we particularly welcomed the support of Committee members in the debate on transmission charging on 21\textsuperscript{st} April in the Scottish Parliament backing the calls for an independent review.

122. The Committee is seriously worried that public bodies are continually failing to address the problems in the planning system. The Committee calls on the Scottish Government to work with local government to identify and if necessary provide additional funds in the next budget round that will substantially increase the numbers of planning officers specialised in renewable and other energy technology applications and the skills base of these officers.

The Scottish Government's Renewables Action Plan addresses issues in the planning system directly. A key objective is to develop closer working with planning authorities and other statutory consultees and stakeholders, facilitating better sharing of information and experience. The Energy Consents and Deployment team within Scottish Government have undergone a transformation with staff numbers doubling and the development of specific areas of expertise. Decisions are also made in dramatically reduced timeframes as recognised by the BWEA in their State of the Industry report in October 2008. “In 2007 the incoming Scottish Government promised to improve the system in order to maintain investor confidence in what is effectively the renewable powerhouse of the UK. These promises were kept, with a flurry of decisions coming after Government...
took office and a further voluntary pledge to make decisions on Section 36 projects within nine months of submission. No less than a dozen projects have been determined since the new Government was formed, sending positive signals about Scotland’s determination to reach not only 2010 renewable energy targets, but to remain open for business to help meet the more challenging 2020 targets”.

We encourage pre-scoping dialogue between developers, statutory consultees and other stakeholders including planning authorities. Participants in these pre-applications groups have found them hugely beneficial. The Scottish Government has noted the conflicting evidence provided to the Committee on the need for extra planners. Specific training provision for professional planners is principally a matter for the individuals and their employers. Since 2006, the Scottish Government has been supporting an increase in the availability of training opportunities for planning authority staff and elected members through the Planning Development Programme. To date there has not been any training provided which directly relates to renewable energy, however this source of funding
continues to be available to authorities requiring training for their staff and elected members. We do plan to facilitate cross-working and understanding among decision makers through a series of workshops with planning authorities and key stakeholders that will increase officers’ knowledge and understanding.

| 123. The Committee calls for the establishment of a ‘pooling’ arrangement to share expertise across those organisations with a decision-making or regulatory role in the consent process. | As discussed above the Scottish Government already facilitates pre-application groups for large scale developments that bring together regulators, local planning authorities and developers to work on ensuring applications are strong. These provide a perfect opportunity to share expertise as the Committee suggests and we are working with industry and other stakeholders to establish this as best practice where possible. The workshops also discussed above provide another ideal opportunity to share expertise and agree an approach in specific sectors. | The Scottish Government Energy Consents Unit have revised and revamped the pre-application scoping process for developers. This fresh approach reemphasises the need to focus early engagement and on efforts to assist the developer in identifying the key environmental issues surrounding their proposal. This is achieved by drawing on the knowledge and experience of local authorities, SEPA and SNH and other bodies such as the Forestry Commission. Pre-application therefore reducing the need for changes and amendments later on in the process which can lead to delays in the determination timescales. The introduction of focused and specific gate-checking meetings has been warmly received by planning authorities and other consultees. This exercise is carried out following receipt of an applicant’s Environmental Statement and allows the parties involved to test understanding and clarify issues directly with the developer. This has proven to be particularly useful when |
124. The Committee calls on the Scottish Government to consider how community benefits from onshore and offshore renewable energy developments can be further promoted, drawing on the examples of favourable financial and regulatory regimes that exist within the oil and gas funds in Orkney and Shetland and in other countries. The Committee suggests that the Scottish Government produces a report along with Scottish Renewables, local groups and others on this matter by the end of 2009.

<table>
<thead>
<tr>
<th>The Scottish Government is committed to ensuring community benefit from Renewable Energy projects.</th>
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<tr>
<td>Action we have taken to promote this includes:</td>
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<td>• Published a Community Renewable Energy Benefit toolkit to encourage and help communities considering how they can lead from their own renewable energy projects. It contains information, advice, details of best practice, case studies, possible funding sources and where to go next to get help. It also highlights opportunities for communities to engage with commercial developments and maximise benefits, and links to the UK Community Benefit Toolkit produced by DECC working alongside the Scottish Government which considers this in some depth. Both reports can be found at:</td>
</tr>
<tr>
<td>SG Community Renewable Energy Toolkit: <a href="http://www.scotland.gov.uk/Publicatio">http://www.scotland.gov.uk/Publicatio</a></td>
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| The Forum for Renewable Energy Development in Scotland (FREDS) has established a Community Renewables Implementation Group which is currently looking at how to promote benefits for communities from renewables,. The group has met on 2 occasions and a key Workstream is to consider the future financing of community renewable projects. CRIG will present a recommendation to ministers in June on funding. |

| dealing with complex, large scale applications. |

| CRIG presented a recommendation to Richard Lochhead on the future financing of community renewables project on 17 June 2010. The recommendation was for a loan fund to support high risk/early stage financing of projects. |
| Mr Lochhead is expected to make an announcement at the RHS end of June on proposals to encourage local ownership of energy. The announcement will also encompass input from landowners and farmers. |
| Scotland will host an major international conference in September – the Low Carbon Investment Conference. As well as looking at large scale investments, support to help community and small scale will be discussed at this event. |
• Provide advice and financial support - £8M this financial year and £7.5M for 2010/11 - through the Communities and Renewable Energy Scheme (CARES), building on the previous support under the Scottish Community and Householder Renewables Initiative (SCHRI). Extensive consultation was conducted to inform the redesign of the scheme. The focus is now on developing community owned projects which ensure maximum benefit for communities. The scheme is managed for Scottish Government by an independent charity, Community Energy Scotland and now provides capital grants up to £150k - the previous maximum amount available was £100k. It also
continues to provide dedicated support from a team of development officers across the country, developing projects from the initial inquiry stage to post installation. Fuller details are available at: [http://www.communityenergy.scotland.org.uk/cares.asp](http://www.communityenergy.scotland.org.uk/cares.asp).

Other relevant sources of Scottish Government funding include the Scottish Rural Development Programme (£1.6B from 2007-2013) and the Climate Challenge Fund (£27.4M over 3 years 2008-11).


We will ensure the Committee are kept informed of all developments.
125. The Committee considers that Scottish Planning Policy 6 has been an important tool for planning authorities and calls on the Scottish Government to ensure that any standardisation/simplification of the planning policy into a more unified framework does not dilute the full force of Scottish Planning Policy 6 in delivering the renewable energy targets and supporting the renewable energy industry in Scotland.

The current series of nineteen Scottish Planning Policies and National Planning Policy Guidelines is being consolidated into a single, shorter document as part of the Government's commitment to practical and proportionate planning policies. The consolidation is not a review of national planning policy, but a new style of presenting national planning policy is being adopted which is clearer and more concise. The advice, contextual information and duplication in the existing documents have been removed.

The draft consolidated SPP was published for consultation on 1 April 2009. The consultation period closed on 24 June 2009. The committee's comments will be taken into account alongside the consultation responses when the SPP is finalised. The Scottish Government remains committed to existing national planning policy for renewable energy, and the policy will continue to be supported by a Planning Advice Note, which will be updated later this year.

126. The Committee welcomes the agreement as part of the recently passed Climate Change (Scotland) Bill in relation to the extension of Section 51A, domestic microgeneration, will come in to force on the day after the Bill receives Royal Assent. This is specified in section 67(3A).

| general permitted development rights for air-source heat pumps and for micro wind. This has been an issue recently called for by the Committee. The Committee calls for this provision to come into force as soon as possible. The Bill contains no equivalent requirement in respect of Section 51B, non-domestic microgeneration. The Scottish Government intends to bring this section in to force during 2010 in a manner which dovetails with ongoing work on changes to the remainder of permitted development rights as part of the implementation of the Planning etc. (Scotland) Act 2006. |
|---|---|
| 2010/ssi_20100027_en_1 http://www.scotland.gov.uk/Publications/2010/03/05114236/0 A further consultation proposing to extend those permitted development rights closed on 30 April.  http://www.scotland.gov.uk/Publications/2010/02/05083644/0 Responses are being analysed and a report is expected at the end of July with further work being conducted during 2010 by the Scottish Government’s Directorate for the Built Environment. Ideas on thresholds for non-domestic microgeneration are being floated in this flyer  http://www.scotland.gov.uk/Publications/2010/06/01094402/2 prior to a formal consultation in relation to section 71 of the Climate Change (Scotland) Act 2009. |
| 127. The Committee welcomes the amendments made to the Climate Change (Scotland) Bill at Stages 2 and 3 which will now see the Scottish Ministers gaining powers to consider introducing some form of local tax rebates and business rate subventions for investments in renewables, micro-renewables and energy efficiency. This has also been a change supported by the Committee. The Scottish Government welcomes the Committee’s support for these amendments. These amendments will help to incentivise uptake of energy efficiency measures and renewable technologies by requiring local authorities to establish council tax rebate schemes, and, giving Scottish Ministers a power to introduce reductions in non domestic rates for business rates. |
| The Scottish Government welcomes the Committee’s support for these amendments. The measures involved can save energy, reduce carbon emissions, and lower energy bills. The Climate Change (Scotland) Act places a duty on individual councils to introduce discount schemes. The Scottish Government has no formal role. However, we have been working closely with COSLA in helping it |
by the Committee. energy efficiency measures. The measures involved can save energy, reduce carbon emissions, and lower energy bills.

develop guidance on the practical application of the duty for its members. This has included the development of a scheme in partnership with Scottish Gas.

We are also supporting work through providing a small amount of funding (of up to £20,000) to enable COSLA and the Improvement Service develop a series of options for practical schemes for local authorities to consider.

We understand that currently 15 Councils have a scheme in place; 11 have plans for a scheme which are at an advanced stage with the remaining local authorities planning to introduce schemes for the start of the 2011/12 financial year.

These amendments also give Scottish Ministers a power to introduce reliefs in non domestic rates for energy efficiency measures.

| 128. The Committee calls on the Scottish Government and the UK Government to work constructively together to see if a way can be found that will release the funds held by Ofgem in its fossil fuel levy account in a manner which will not impact on the Scottish Consolidated Fund. The Committee requests that a | The Fossil Fuel Levy fund currently stands at £164 million, and remains unspent in an OFGEM bank account. This matter has been the subject of continuous correspondence from Scottish Ministers and officials to UK Government counterparts since May 2007, with the most recent correspondence dating to the end of July 2009. Treasury Ministers thus far remain adamant that no flexibility | The UK Government have given a commitment to “review the control and use of accumulated and future revenues from the Fossil Fuel Levy in Scotland.” The Scottish Government continues to work with UK Government Ministers and officials to agree a resolution to this issue, to ensure that the levy is released for investment in renewable energy in a way that is additional to the Scottish budget. |
report on this matter be produced ahead of the UK Government’s next budget expected by April 2010.

| can be found to Treasury rules on Departmental Expenditure Limits (DEL), and that FFL surplus resources, if released to Scotland, would not be additional to Scotland’s block grant, which Treasury would therefore reduce by a corresponding amount. If the FFL funds were released according to the Treasury’s interpretation, Scotland would therefore receive no additional monies, and the benefit would instead accrue to the Treasury itself. With a concrete set of proposals in hand for how the FFL could be invested to increase Scottish renewables capacity, and thereby contribute further to UK renewables targets, Scottish Ministers continue to press for a flexible solution (for example a temporary increase in DEL cover), which would enable the funds to be released as additional spend on the renewable energy sector in Scotland. |

| 129. The Committee calls on the Scottish Government to hold an immediate meeting with banks and financial organisations to assess the scale of the reported drop in the availability of project finance and other forms of financial support available to renewable energy developers and to identify solutions and to As an area of immediate focus the Scottish Government reconvened the Marine Energy Group (MEG) to coordinate the production of the Marine Energy Road Map which was published on 26 August 2009. The MEG finance sub-group will have a number of key recommendations. In addition a number of studies have been commissioned including a baseline study, supply chain, |

| As part of its considerations the Scottish Government, in partnership with DECC, has commissioned a study to assess the current and forecast future costs facing wave and tidal projects and estimating the levels of financial or market support required at various stages. The conclusions and evidence from this study (due for completion this summer) will be helpful in assessing whether any further changes to the current ROC regime are justified. |
consider what support the Scottish Government could provide to ensure that continued growth can be promoted in renewable energy in Scotland. The Committee requests that the Scottish Government provide a report of this meeting once concluded.

Prior to the completion of such studies any estimate of financial commitments required would be incomplete. Ministers will consider these and funding recommendations for other sectors in due course.

More broadly Ministers and officials continue to meet banks and financial organisations on a regular basis. The Scottish Government and its agencies continue to consider how to address any market failure and any substantive outcomes will be reported in due course.

| 130. The Committee is concerned about the hurdles in developing renewables (including hydro, wind and biomass) and other forms of energy production that arise out of the tensions in the functions of the Scottish Environment Protection Agency and Scottish Natural Heritage. Whilst the Committee concurs with the need to protect Scotland’s environment and natural heritage, it also recognises the pressing need for the promotion of renewable energy to address the problem of climate change. It therefore calls on the Scottish | During 2005 to 2008 SNH commented on 1504 renewable projects of which only 5% were objected to and a further 6% had conditioned objections. SNH engages with developers and local planning authorities as fully as it can throughout the whole planning process with the aim of ensuring that significant issues are identified and dealt with at an early stage. Since 2008 SNH and SEPA have been working together to streamline the handling of planning applications where there are issues of interest to both organisations and in particular on hydro electric proposals. This has had a significant impact and has contributed to the overall performance | We have also responded to MEG’s call for a new support scheme and launched WATERS in March (see answer to recommendation 143). The Scottish Government is leading work on the Scottish Low Carbon Investment Conference to attract international investment to low carbon projects across Scotland. This will involve bringing leading players from the energy industry and finance community together. The project will culminate in a high profile international conference in Edinburgh on 28/29 September. The project website is now live at www.SLCIconference.com. |
Government to consider how the statutory and regulatory functions of these two bodies can be reconciled in order to ensure that they fit with the Scottish Government's own commitments to reduce carbon emissions.

Increases with regard to determinations made by Scottish Government (see answer to recommendation 131). This work has been widened to involve other public sector consultees and has become an integral part of Scottish Government's agenda to reform the planning system. Both SEPA and SNH are represented on FREDS, and SEPA will be represented on the new FREDS heat, micro-hydro and hydrogen sub-groups that are being established. Action on Climate Change

SEPA and SNH have been working to ensure that our functions and efforts are as efficient and effective as possible.

Current joint work between SEPA and SNH that contributes to the Scottish Government's commitment to reduce carbon emissions include:

- Joint work project to develop and deliver a 'best practice guidelines on windfarm construction'.
- Joint project to deliver a sharing best practice hydro seminar 16th September 2009 SEPA working with SG energy consents and SNH on

Scotland are leading the co-ordination of an ambitious project Good Practice Wind (GP WIND), set to begin in August this year (2010) . Securing €2m funding from the Executive Agency for Competitiveness and Innovation (EACI) as part of the Intelligent Energy Europe programme the project will work in 8 areas of the EU: Scotland (Scotland wide and specific case study in the Western Isles), Ireland, Spain (with a focus on Catalonia), Greece, Italy (with a focus on the provinces of Savona and Benevento), Norway, Belgium and Malta.

This project will address barriers to the deployment of onshore and offshore wind generation, specifically by developing good practice in reconciling objectives on renewable energy with wider environmental objectives and actively involving communities in planning and implementation. By bringing together developers, regional and local government, environmental agencies and NGOs from differing countries to share experiences, it will be possible to develop a guide to good practice and a 'how to' toolkit, which can be used to facilitate deployment of renewable energy in support of the 2020 targets.

The key added European value from this proposal will be to demonstrate and disseminate good practice from individual countries to target audiences across Europe,
<table>
<thead>
<tr>
<th>Streamlining consenting processes, August 09.</th>
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<tr>
<td>- 8th Sept event on smaller scale (&lt;1MW) hydro consenting with Scottish government and SNH.</td>
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<tr>
<td>- Joint working between SEPA, SNH and Scottish Government to streamline the consenting process for all energy developments, including the EIA process.</td>
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<tr>
<td>- SNH and SEPA have also been working in partnership on joint guidance for hydro developers. The guidance will focus on the information requirements for planning applications and will offer detailed guidance on survey methods for certain species; legislative requirements and the environmental impacts of hydro developments. A working draft has been published and we will be working collaboratively over the coming months to complete this task. The draft is available here: <a href="http://www.sepa.org.uk/water/water_publications.aspx">http://www.sepa.org.uk/water/water_publications.aspx</a></td>
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| Providing tools which can be used by industry, developers, European, national and local policy makers, regulatory authorities, environmental agencies and groups and local communities to improve the policy, guidance, process and practice of dealing with applications for new renewable energy projects. A common methodology will be developed to ensure that the good practice focuses on solving practical problems and is valid despite differences in geography and administrative systems. |

The project will involve key stakeholders and policy-makers at all stages, including government, developers, environmental agencies, community groups and NGOs. Specifically the project will be undertaken in consultation with Bird Life International, the European Wind Energy Association (EWEA), the network of European Nature Conservation Agencies (ENCA), and the Conference for Peripheral and Maritime Regions (CPMR), all of which will participate in surveys, stakeholder events and dissemination activities.

<table>
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<tr>
<th>The Scottish Government is committed to processing all new section 36 applications within a 9</th>
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<tr>
<td>Scottish Planning Policy (SPP) states that planning authorities should set out in the development plan anspatial framework for</td>
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131. The Committee is concerned by the level of consent refusals, especially in...
relation to onshore wind. It calls on all the relevant authorities to be far more positive in relation to the planning and consents system and to accelerate agreements for projects within our energy sector.

month timescale, except those cases which have been referred to Public Local Inquiry. We have determined 27 large scale renewable applications since May 2007 – more than the previous administration did over 4 years. 22 of these determinations gave consent to the proposed projects. The Scottish Government does not believe this constitutes a poor record on consent refusals and indeed this is supported by industry experts including the BWEA (see answer to recommendation 122). The Scottish Government acknowledges the need for more consented renewables projects but not at any price - the best applications are those that take care to resolve environmental and planning concerns in advance. Indeed we have established pre-applications groups, involving our statutory consultees and other organisations, for large scale developments involving regulators, developers and planning authorities to assist in this task – an unprecedented approach to the consents process. In this way we will encourage better, more carefully thought out applications with a greater chance of positive determination. Such projects are also more likely to retain public support.

onshore windfarms of over 20 megawatts generating capacity. The frameworks are intended to put in place a sequential approach. Paragraphs 187 -191 of the SPP refer. More than half of Scotland’s planning authorities have done so and more frameworks continue to be developed.
Heat, including combined heat and power and energy-from-waste

132. Given that heat accounts for the majority of our energy demand in Scotland, the Committee supports a marked increase in investment in combined heat and power plants, particularly those using renewable fuels and those combined with district heating. The Committee believes that biofuels, as well as increased waste combustion, could play an important role in delivering more combined heat and power. This, however, must be in line with the waste hierarchy where efforts are made first to reduce, reuse, recycle and recover the energy contained within the waste. The Committee believes that only material that does not fall into one of these categories should go to landfill.

The Sustainable Development Commission (SDC) report commissioned by the Scottish Government shows there is very significant potential for a substantial increase in small to medium heat only biomass including CHP. Meeting a further 2-3% of heat from small to medium scale installations by 2020 is feasible. The Scottish Government recognises initial capital cost for purchase and installation of the required equipment (CHP/Biomass boilers, distribution systems) can be quite considerable compared with fossil fuel systems, particularly district heating networks. This represents both a barrier to uptake, and an opportunity for business in driving innovation on cost reduction. This issue is canvassed in the SG forthcoming Energy Efficiency Action Plan consultation.

Financial assistance to support renewable heat technologies is currently provided through a number of Scottish Government grant schemes. Further support, is provided under the Renewable Obligation where biomass CHP plants


The new UK Government has still to confirm its position on the RHI. The Scottish Government has requested this information.

Financial support has continued through our grant schemes, the Community and Renewable Energy Scheme and the Scottish Biomass Heat Scheme. The third round of the Scottish Biomass Heat Scheme closed recently. 16 projects received a total of £1.1 million, reducing carbon emissions by 7000 tonnes.

An Energy from Waste report, commissioned by the Scottish Government and written by the SDC, was published on 18 June, setting out the theoretical potential for generation of heat and electricity from waste. However, the report fits in with our policies contained in the Zero Waste Plan, and the waste hierarchy of reduce, re-use and re-cycle first.

http://www.scotland.gov.uk/News/Releases/2010/06/18105749
now receive 2 ROCs. The introduction of the RHI which is proposed for April 2011 should help to stimulate demand at the scale necessary to meet the 2020 target.

The Scottish Government's policy on waste is based on zero waste and the waste hierarchy contained in the EU Waste Framework Directive. The Government has indicated that all energy from waste plants should aim for high levels of efficiency. Therefore, SEPA have produced guidelines on the Thermal Treatment of Waste (http://www.sepa.org.uk/about_us/news/sepa_publishes_revised_guidelinespx) which seeks to encourage that energy from waste plants treating any form of waste aim to capture the heat efficiently and seek markets for the heat. A future focus for action is that this guidance is enforced and that we enable the creation and growth of CHP and/or heat networks in relation to energy from waste facilities with the aim of improving the competitiveness of business locations. However, given that in waste policy the priority will remain action to reduce, reuse and recycle waste, SDC’s assumption in their report is that if 25% of suitable wastes (such as waste wood and other biological wastes suitable for anaerobic digestion) are used, this could provide just below 5% of
Scotland’s heating needs.

The Scottish Government, along with the other administrations in the UK, has commissioned, through the Waste and Resources Action Programme Scotland, a project on the practicalities of introducing more landfill bans. This project is due to report later in 2009.

133. The Committee calls on the Scottish Government to carry out immediately a “heat-mapping” exercise in order to assess how combined heat and power and energy-from-waste could be most efficiently and effectively developed in Scotland.

The Scottish Government is funding a heat mapping pilot with Highland Council and in conjunction with CoSLA. The terms of reference have been agreed and work tendered over summer 2009. This will be a significant contribution towards developing a consistent approach to heat mapping as the results of the pilot exercise will be disseminated to Councils across Scotland.

Work on district heating, industrial waste heat and Combined Heat and Power (CHP) is being taken forward as part of our Energy Efficiency Action Plan, and we are appointing a dedicated officer to take forward district heating activity and policy. Our proposed work includes support for a number of local heat mapping and feasibility projects over the next year.

The Scottish Government is funding a Heat Mapping Pilot in the Highland Council area. Work is currently ongoing and due for completion in Summer 2010.

It is intended that the lessons learnt and methodology used, can be disseminated to other local authorities across Scotland to begin to build a detailed and comprehensive heat map of Scotland.

134. The Committee recommends the rapid introduction of heat initiatives modelled on the renewable

The Committee will be aware that, following the review of the RO, biomass CHP plants will receive 2 ROCS. The introduction of the

The Scottish Government provided a full and comprehensive response to the RHI consultation, which closed on 26 April 2010.
| obligation certificates and the consideration of financial incentives, including local taxation or non-domestic rate rebates, for renewable heat installations. | Renewable Heat Incentive (RHI) which is proposed for April 2011 should help to stimulate demand at the scale necessary to meet the 2020 target. Renewable heat is a mixture of devolved and reserved provisions (while Scottish Ministers have powers to promote renewable heat, any regulatory incentive administered by Ofgem will cut across reserved functions). Scottish Ministers have agreed with the UK Government that Westminster can legislate on their behalf in terms of the renewable heat incentive (RHI) but that Scottish Ministers will be consulted on its introduction to ensure specific Scottish interests are taken into account in the design of the scheme. The initial consultation on this incentive will take place towards the end of 2009. We will continue to work closely with the Department of Energy and Climate Change (DECC) to highlight Scottish needs in the consideration of mechanisms to enable the wider use of renewable heat, in particular the introduction of the RHI and the banded RO. | This response was partly informed by a stakeholder event held in February organised by the Scottish Government and Chaired by the Minister for Enterprise, Energy and Tourism. Over 150 stakeholders were present from across industry, government and academia. |

| 135. The Committee calls for the Scottish Government to conclude its consultation on section 36 (of the Electricity Act 1989) consents as soon as possible and to use this | The Scottish Government has decided to delay the issuing of its final guidance in relation to the consenting for thermal power stations in order to coincide with the current consultation on CCS and CCR matters being run | Scottish Government published its guidance relating to applications for Thermal Power Stations in Scotland under Section 36 of the Electricity Act 1989 on 10 March 2010. The guidance can be found at the following link: http://www.scotland.gov.uk/Topics/Business- |
opportunity to accelerate the take up of district heating associated with power stations. It should no longer be acceptable for a power station to be built without consideration of how to use its waste heat either through such technologies or in some form of localised heat network.

by DECC. This is to ensure that the regulatory background on this matter is as broadly consistent as possible, a view which the industry has expressed its support for. The final guidance will contain guidance relating to Heat matters although we acknowledge the point made in the report with regard to Heat and we recognise that this is an area which will require more work. Wherever possible, we want to see the option of heat utilisation being seriously considered although there are a number of challenges which still require to be considered.

Scottish Government policy on CCR and CCS is broadly aligned with the UK government approach, a position which reflects the current nature of the generation market. We are currently discussing with the UK Government their plans to take forward CCS development.

With regards to waste heat, we are shortly to commission some research to inform energy and planning policy and guidance. This will assess a number of issues including potential capacity; barriers to its implementation and the potential role for government. The use of waste heat could be a way to assist security of supply whilst reducing overall emissions, although the challenges involved in realising this aspiration in the short term are recognised.
### Transport matters

<table>
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<th>136. Given that transport does not fall within the remit of the Committee, the Committee limits its calls for action in this key area to highlighting the need for a comprehensive strategy to address the development and delivery of more sustainable transport as well as a reduction in energy consumption. The Committee considers that this is particularly critical given Scotland’s dependence on oil and its consequent vulnerability to increases in the price of oil.</th>
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<td>The Scottish Government recognises in its Climate Change Delivery Plan that it is essential to achieve almost complete decarbonisation of road transport and rail by 2050 (with significant progress on the former by 2030 through wholesale adoption of electric cars and vans). It also recognises the need for additional planning and demand management measures through to 2020 to reduce the need for travel and the carbon intensity of travel; and to maximise active travel (e.g. walking and cycling). The Scottish Government's Low Carbon Vehicle consultation (29 June-2 Oct 2009) considers how the public sector and the wider Scottish fleet will make greater use of low carbon vehicles and alternative fuels. In doing so, it poses questions around vehicles powered by renewable electricity and other sources of renewable energy. It also demonstrates why emissions from road transport must be addressed, and how low transport technologies and renewable fuels are expected to play an important part in helping to reduce the need for travel and the carbon intensity of travel.</td>
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<td>The Scottish Government launched the Low Carbon Vehicles Procurement Support Scheme on 16th June 2010. The scheme will make available £4.3m (£3.3m from UK Budget Consequentials) for:</td>
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<td>- allocation of funds through Community Planning Partnerships (£3.6m). CPPs would coordinate the purchase or lease of vehicles and limited public charging points with their allocated funding;</td>
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<td>- providing funds to non CPP public bodies (e.g. SNH, SEPA and Historic Scotland) (around £300k depending on uptake); and</td>
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<td>- direct support for charging infrastructure in park and ride areas (or equivalent public areas such as railway station car parks) and or a fast charging demonstration project with a body such as Allied Vehicles (around £400k).</td>
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<td>Following analysis and publication of the Consultation on Low Carbon Vehicles results officials are developing the final action plan, to be published by the end of September 2010. As previously noted, various other devolved policy measures to make transport more sustainable – including reducing the need to travel – are being considered in the light of the...</td>
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<td>ensure that 10% of Scotland's transport fuels come from renewable energy sources by 2020.</td>
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### Supporting the oil and gas industry including diversification and skills development

| 138. The Committee calls on the Scottish Government and other public bodies to increase the involvement of oil and gas industry representatives in the various skills bodies (e.g. Scottish Funding Council, sector skills groups, Skills Development Scotland etc) and to promote the model of the oil and gas academy to other industries. | The Scottish Government is currently in discussions with Skills Development Scotland on the issue of skills in energy. We have also held discussions with representatives of the relevant sector skills council on how best to ensure that the various skills organisations communicate and share best practice as much as possible. This engagement and the lead shown by the Scottish Government has led to a secondee from Energy and Utility Skills being placed directly into the Scottish Government’s Renewable Energy Division. He will start work shortly to address the needs of that particular sector including engaging with the Renewable Energy Skills Group established by Scottish Government. | The Scottish Government, in conjunction with the Renewable Energy Skills Group (RESG), have established a Skills Framework for Action, as part of the Renewables Action Plan.

This comprehensive strategy covers 4 main areas: Provision; Standards and Qualifications; Sector Recruitment Attractiveness; and Intelligence. Lead organisations have been identified for actions within these four main headings.

Since the formulation of the Framework for Action, it has been determined that the RESG should be realigned to report directly to the Scottish Government’s Forum for Renewable Energy Development Scotland (FREDS).

The overarching purpose of the group will continue to be in line with the previous SFC run group, however, there will be a shift in process from one which aims to map out the landscape and identify a framework, to one which concentrates on delivery of the identified and emerging priorities for action.

The Scottish Government led group must now follow the lead of other FREDS industry groups, ensuring that focus is given to implementation of policy and strategy already |
| 139. The Committee calls on the Scottish Government to work with the relevant parties to urgently remove all the blockages to realising the €40 million EU investment in an offshore wind test centre in Aberdeen. | The Scottish Government strongly supports the proposal for an offshore test centre that meets navigational safety and aviation requirements. As the organisation charged with the promotion of European projects the Scottish European Green Energy Centre (SEGEC) was actively involved in the completion of the application for European funding which was successfully completed on time.

As the determining authority for any proposed development it would not be appropriate for the Scottish Government to comment further at this time. The Committee's comments have been noted. | The Scottish Government continues to strongly support the proposal for an offshore test centre that meets navigational safety and aviation requirements. Officials have remained in regular contact with the Scottish European Green Energy Centre (SEGEC) and others with an interest in this project as discussions on its progress with key stakeholders have continued. We understand that negotiations with the European Commission are now concluding and that an announcement will be made soon.

However, the Scottish Government cannot become directly involved in the progression of the project. As previously emphasised, as the determining authority for any proposed development it would not be appropriate for the Scottish Government to comment further on any project prior to any application being received. |
Supporting newer, emerging technologies, including cleaner coal and marine energy

140. The Committee supports efforts towards achieving a timely development of carbon capture and storage technology, through the EU and UK competitions to demonstrate functioning commercial-scale technology and through the pricing of carbon at appropriate levels. The Committee calls for these competitions to be speeded up as far as possible and fully endorses the proposed project by Scottish Power at Longannet. The Scottish Government should take all steps to support Scotland’s case for winning the UK competition.

Agreed. The Scottish Government has been and continues to be heavily supportive of Carbon Capture and Technology. We have supported the proposed project at Longannet, both with regard to the UK competition and also potential European Funding. We are also ambitious to see other CCS related projects develop in Scotland. We continue to support such activity and are ensuring that CCS projects in Scotland have the maximum chance of success. We were a significant funder of the study released in May 2009 which assessed storage capacity in the North Sea and we have committed ourselves to the publication of a CCS Roadmap in Autumn 2009. Further work, building on the May report, is currently being discussed with a view to commencing soon.

We are working closely with the UK on legislation to ensure Scottish projects benefit from the proposed funding announced in the 2009 UK Budget. We are pleased that both the UK and the EU are now committing to funding a range of CCS demonstrators. We are supporting the proposed project at Longannet which has been awarded money by DECC for FEED work. It is for individual companies to decide their own plans but SEGEC has been tasked with support for securing EU finance for CCS demonstration projects. It is working closely with Scottish companies to ensure they can benefit from the substantial co-financing available under the EU new entrants reserve.

The new UK Government has announced that it will introduce an Emissions Performance Standard to regulate CO2 emissions from thermal generation plant. We will discuss with the UK the effect of this new policy on stations in Scotland, in line with our existing commitment to consideration of an Emissions Performance Standard, set out in our section 36 guidance on CCS.

We have published our CCS Roadmap for Scotland (which was developed in conjunction with key partners. It sets out a vision for CCS in Scotland and identifies the key actions as
well as how some of the existing challenges and uncertainties around CCS might be dealt with. The roadmap can be found at the following link: http://www.scotland.gov.uk/Topics/Business-Industry/Energy/Infrastructure/Energy-Consents/Thermal-Guidance/CCS-roadmap

Scottish Government are also making a contribution towards the cost of the CCS successor project, building upon the work of the initial Scottish joint study which will enable more detailed assessments of potential offshore storage capacity as well as looking at skills and public engagement. This work is expected to conclude in the summer of 2010.

141. The Committee calls for the Scottish Government to conclude its consultation on section 36 consents as soon as possible and to use this opportunity to drive the development of carbon capture and storage technology.

The UK Government has now issued a consultation on a number of aspects of CCS, including proposals for a levy on generation to fund up to 4 demonstration projects, consideration of the issue of Emissions Performance Standards and policy proposals for the basis on which coal fired power stations will be required to operate in the future. This consultation is due to end in September 2009 and the Scottish Government is working closely with the UK Government on this matter.

With this consultation in mind, we have decided to await the completion of the UK consultation process before issuing our final thermal generation See update on 135.
guidance. This will ensure that the regulatory framework in broad terms is similar across the UK as a whole, with the overall objective of encouraging CCS deployment and the objective of decarbonisation of the electricity sector by 2030.

| 142. The Committee calls for the accelerated injection of substantial financial resources in the necessary strategic infrastructure development that will be required to develop our marine renewable energy potential (e.g. the need for improved ports, harbours, manufacturing capacity etc). Initial steps should be taken in the next budget round. | Please note the answer to recommendation number 120 above | Please note the answer to recommendation number 120 above |

The Scottish Government is already supporting sector through capital grants (WATES), and the highest level of support across UK under our Renewables Obligation - 5 ROCs for wave, 3 ROCs for tidal as well as the innovative £10m Saltire Prize. However, the Scottish Government recognises that access to finance remains a concern for the marine sector. The Marine Energy Group (MEG), including Scottish Government involvement, has published a Marine Energy Road Map.

| 143. The Committee calls for the Scottish Government to step in and address the lack of continuity in financial initiatives that support project development, particularly the gap we have identified in development finance that is needed in order to bring projects up to prototype scale. We consider this gap will hinder the development of marine renewable energy. In particular, whilst we welcome... | The Scottish Government continues to support some members of the sector through capital grants (WATES) where they were able to meet the scheme criteria. The sector also continues to have the highest level of support across UK under our Renewables Obligation - 5 ROCs for wave, 3 ROCs for tidal as well as the innovative £10m Saltire Prize. Building on the recommendations of the Marine Energy Group (MEG) Ministers were delighted to launch the Wave and Tidal Energy: Research, Development and Demonstration Support (WATERS) scheme in March. This scheme will support the testing... |
the Saltire Prize, it does not fill the gap left by the commitment of all of the funds from the previous Wave and Tidal Energy Support (WATES) scheme and the Committee considers that a successor to this is required.

which addresses finance, amongst other key issues for the sector. It makes a number of recommendations for support to the various stages of technology development as well as identifying the investment needed for fit-for purpose infrastructure - ports, harbours, fabrications site and vessels. Ministers will consider this Road Map in full.

The Scottish Government welcomes the recent funding announcements made by the UK Government in its Renewable Energy Strategy, acknowledging the importance of Scottish renewable energy in helping the UK to meet its own Renewable Energy targets.

of new wave and tidal prototypes in the seas around Scotland and assist in the development of new technologies up to the prototype stage, particularly those which increase the effectiveness of installation, operation and maintenance of marine energy devices.

The Scottish Government will continue to work closely with the new UK administration as it determines its approach to marine energy development.
### The nuclear question

| 144. The Committee accepts that there will be a need to extend the operating lifetimes of the current generation of nuclear power stations in Scotland. Such extensions should only be permitted if the necessary safety audits prove that this is viable. | We recognise the role that nuclear power has to play in the immediate short-term to help ensure security of supply. Any extensions are not a matter for Scottish Ministers although we have made clear that any decisions need to be taken with safety at the forefront. We have made clear our view that nuclear power will not be needed in the medium to long-term as we focus on continuing to develop our considerable renewables potential alongside the development of low carbon technologies such as Carbon Capture and Storage. | No update |

<p>| 145. The Committee’s majority view on the construction of new nuclear power stations is set out in paragraph 99 (Scotland does not need a new generation of nuclear power stations to be constructed) | Agreed. The Scottish Government have made clear our policy of no new nuclear power stations in Scotland. Seizing Scotland’s wealth of renewable opportunities will meet our future energy demands, help tackle climate change, and ensure Scotland’s energy security. | No update |</p>
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<th>Job, skills, exports and economic opportunities</th>
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<td>146. The Committee is very concerned, as we were during our inquiry into the tourism sector, at the institutional clutter in the skills and training sectors that are supposed to support the energy industry. The Committee calls on the Scottish Government to spell out how it intends to address this issue and report before summer 2010.</td>
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<td>The newly formed Joint Skills Committee of the Scottish Funding Council and Skills Development Scotland is an expert body which will inform both agencies. The Scottish Government will ask the Skills Committee to consider the Committee’s concerns as an early priority.</td>
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<td>This issue was considered extensively by the by the Joint SFC and SDS Skills Committee. Building on this work a newly formed, and Scottish Government led, skills sub group of the Forum for Renewable Energy Development in Scotland (FREDS) will consider how institutional clutter in the skills and training sectors can be minimised as it takes forward the Renewables Action Plan Skills Framework.</td>
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<td>In addition, the Scottish Government will bring forward a refresh of the Skills for Scotland Skills Strategy with a renewed focus on the skills needed for economic recovery and long-term success. This will be published in the next few months.</td>
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<td>The strategy is structured around four key themes – supporting individuals, supporting employers, strengthening partnerships, and simplifying the skills systems for both individuals and employers across all sectors. This will include new commitments aimed at making engagement with the skills system as straightforward and effective as possible. Moving forward, the primary focus of skills and training provision will be on giving businesses the skills support, advice and opportunities that is right for them at the right time to boost competitiveness, productivity</td>
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147. The Committee calls for a boost in the resources available to provide for an increase in apprentice numbers and in the number of people with the required technical skills to support the newer, emerging technologies. We also need funding to develop the transferability of skills in employees within existing sectors of the industry, including the nuclear, oil and gas industries.

The Scottish Government is working with relevant Sector Skills Councils and Skills Development Scotland to support development of this key and expanding sector. We have already committed £16m to support an additional 7,800 apprenticeships in 2009/10. There will be over 300 apprenticeship places supported in the renewables and energy efficiency sectors, including oil and gas in 2009/10. A new home energy efficiency apprenticeship was developed earlier this year and SDS is providing support to 100 individuals in this year’s pilot phase. This will build a framework of energy professionals to support companies’ long-term ability to contribute to energy efficiency goals.

This year we are investing £202 million in skills and training through Skills Development Scotland £113 million of which is allocated directly to training programmes including Modern Apprenticeships. Modern Apprenticeship frameworks have been developed for areas such as the Gas Industry and Oil and Gas Extraction, and other frameworks have pathways specifically designed to meet the needs of the energy sector, for example the Home Energy Apprenticeship pathway within the Customer Services framework.

148. The Committee calls on the Scottish Government in the next budget round to consider increasing the level of support and resources available for the international promotion of Scotland’s energy industries. This would include increasing the number of ministerial-led trade missions (hosted by SDI, SCDI and UKTI) and ensuring co-ordination at Scottish and UK levels between these.

Over the last four years there has been a significant increase in SDI’s activity associated with international trade and investment related to the energy sector. Renewable Energy in particular has seen an exponential increase in activity which is reflected in the 250% rise in the proportion of SDI Energy team budget allocated to the promotion of renewables energy over that time. The rise in activity within the renewable energy sector over this same period has also been...
reflected in an increase in SDI manpower resources dedicated to the energy sector as a whole resulting from the realignment of SDI resources to concentrate effort behind Priority Industries and a strengthening of SDI manpower based within the new regional structure adopted by Scottish Enterprise.

This increase to SDI's Energy Team represents a major commitment from SDI to meet the expanding growth of the renewable energy sector along with increased activity in other contiguous areas such as:

- Energy Efficiency
- Micro-generation and Distributed Generation
- Carbon Capture and Storage
- Sustainable transport
- Energy Storage
- Smart Grid and Grid upgrades
- Decommissioning (Nuclear along with Oil and Gas)

SDI has already led international engagement in the areas of Clean Technology involving sustainable energy, through our work in conjunction with SDI Aid Funded Business (AFB) team to penetrate bodies such as the World Bank, Inter-American Development Bank, Asia Development Bank and recently the African Development Bank.
The Saltire Prize has become a key platform for promotion of Scotland's marine renewable potential, and SDI plays a key role in promoting the Prize. The current economic situation has underlined the on-going need to support and sustain the efforts of the Scottish Oil and Gas service and supply chain to internationalise. While the industry may not be as dependent as it once was on a strong domestic North Sea market the performance of the UK Continental Shelf market is still a major influence on the growth prospects and economic performance of what is a major Scottish industry. We will maintain our emphasis on the need to sustain outward trade support to Scottish Oil and Gas service and supply companies.

Recent Ministerial visits that include an Energy element include:

- First Minister – China – April 2009
- Minister for Enterprise, Energy and Tourism – USA – May 2009
- Cabinet Secretary for Finance and Sustainable Growth – Japan – July 2009

By way of example the First Minister's visit led directly to three separate inward missions from Chinese wind related companies.
Commercial confidence precludes extensive discussion of Ministerial involvement in the inward investment agenda. Nevertheless it is extensive and has a direct effect on the success of investment projects e.g. the recent takeover of the Vestas facility in Machrihanish by Danish company Skycon.