



OFFICIAL REPORT
AITHISG OIFIGEIL

Environment, Climate Change and Land Reform Committee

Tuesday 15 September 2020

Session 5



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ENVIRONMENT, CLIMATE CHANGE AND LAND REFORM COMMITTEE
22nd Meeting 2020, Session 5

CONVENER

*Gillian Martin (Aberdeenshire East) (SNP)

DEPUTY CONVENER

*Finlay Carson (Galloway and West Dumfries) (Con)

COMMITTEE MEMBERS

*Claudia Beamish (South Scotland) (Lab)

*Angus MacDonald (Falkirk East) (SNP)

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

*Liz Smith (Mid Scotland and Fife) (Con)

*Stewart Stevenson (Banffshire and Buchan Coast) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Professor Tahseen Jafry (Centre for Climate Justice)

Mike Robinson (Royal Scottish Geographical Society)

Chris Stark (Committee on Climate Change)

Sara Thiam (Scottish Council for Development and Industry)

Dr Katherine Trebeck (Wellbeing Economy Alliance)

CLERK TO THE COMMITTEE

Lynn Tullis

LOCATION

Virtual Meeting

Scottish Parliament

Environment, Climate Change and Land Reform Committee

Tuesday 15 September 2020

[The Convener opened the meeting at 09:00]

Green Recovery Inquiry

The Convener (Gillian Martin): Welcome, everyone, to the Environment, Climate Change and Land Reform Committee's 22nd meeting in 2020. We continue to take evidence from stakeholders as part of the committee's green recovery inquiry.

We will hear from experts in three separate panel sessions this morning. First, I welcome Chris Stark, who is chief executive of the Committee on Climate Change. It is nice to see you again, Chris.

Chris Stark (Committee on Climate Change): Good morning, everyone.

The Convener: The Committee on Climate Change has identified six resilience principles that should be used in prioritising action on a green recovery. For the benefit of people watching, I will run through them; they are:

"Use climate investments to support the economic recovery and jobs.

Lead a shift towards positive long-term behaviours.

Tackle the wider 'resilience deficit' on climate change.

Embed fairness as a core principle.

Ensure the recovery does not 'lock-in' greenhouse gas emissions or increased climate risk.

Strengthen incentives to reduce emissions when considering fiscal changes."

Do you see those six principles reflected in our programme for government, which was announced just over two weeks ago?

Chris Stark: Broadly, yes, I do. I was pretty pleased when I read the programme for government. The First Minister and her ministerial colleagues have clearly embraced the advice that we gave, and I commend them for that. Many, many people have been whispering, "We can't afford all this green stuff right now." The important point is that we cannot afford not to do this right now, so it was good to see the programme for government.

The most important of the six principles, clearly, is the first. In the short term, at least, using climate investments to support the economic recovery is

by far the most important principle. Here, I think that we can say that the Scottish Government has responded. I am sure that the committee will want to look at the issues more closely later in the meeting, so I will just say that the idea of using climate investments to recover from the Covid crisis is very clearly written right through the PFG.

The second principle on the list—leading a shift towards more climate-positive behaviours—is also reflected in the Scottish Government's stance and policies in the programme for government. We are really only at the cusp of understanding the lifestyle shifts that occurred during the lockdown, but some transport policies that have already been implemented, such as active travel support, give me hope that ministers are on the right track.

We will need to be responsive to how things develop. I am very worried about the potential for a rebound in the use of cars, which could undermine the wider effort on decarbonisation in Scotland. That is something to watch. However, on that second principle we are seeing a more responsive Government in Scotland than we are perhaps seeing in other parts of the United Kingdom.

There are three principles that I think need a bit more time to embed. That is not a criticism, but it is worth reflecting on them. The call to tackle the resilience deficit, as we described it, on climate change is our way of saying that, just as we were not well prepared for this pandemic—or certainly not as well prepared as we would have wanted to be, which is something on which we should reflect—we are not well prepared for climate change. We can say that in Scotland we are better prepared for climate change than in other parts of the UK, on many issues, but there is a very real risk now.

There are two risks that we need to worry about when it comes to climate change. The first is the physical impact of climate change itself. Scotland is not immune to that; the changes in climate that we are seeing reflected in extreme weather around the world are coming here too—indeed, they are here already. We are seeing changes in the weather each year, and we need to be better prepared in that regard, particularly when we think about the housing stock. That is the physical risk.

There is also the question of how well prepared we are for the transition to net zero—and we are not as prepared for that as we could be. There is generally a deficit in planning across the Scottish Government, the UK Government and local authorities. We will definitely have to keep returning to tackling that deficit.

We mentioned embedding fairness as a core principle. Good stuff is happening, particularly with the just transition commission, which will be critical

in defining how we approach the challenge of getting to net zero in a fair way. We can do more on that.

The final point that I will make is about the risks of locking in our use of fossil fuels and high greenhouse gas emission scenarios, or increased climate risk. We have not yet seen what the Scottish Government is going to do about that. In particular, we have not yet seen the infrastructure strategy that will go with the budget or what will happen if a high-carbon industry starts to look for Government support. That seems inevitable to me, and that is the point at which we will see whether ministers have understood and baked in the idea that we have to lock in a different trajectory for emissions as we come out of the pandemic. I wonder what environmental strings might be attached when the chips are really down and corporate support from ministers is needed.

I was extremely pleased to read the programme for government, but there is still more to do as we emerge from what is clearly still a health crisis into the economic crisis that will come next.

The Convener: You rightly mention that there will be real pulls on Government. There is the climate emergency, which you could argue is far more serious than the temporary—we hope that it will be temporary—emergency that we are going through, but there is the short-term issue of people facing losing their jobs. That will be a very difficult line to tread, not least in the north-east, where I am from.

Obviously, Government can set the tone and put measures in place, but what about behaviours? Later on, some of my colleagues will ask about locking in low-carbon behaviours, such as working from home. Looking beyond Government and local authorities, there is the private sector. What is your sense of where the private sector is going? Do you see it going back to normal and rolling back some of the more flexible approaches it took during the lockdown?

Chris Stark: It is still very early in the pandemic to make any clear judgments about how things will change. Going into the pandemic, we got a bit of behavioural science advice about such big changes to society. A modern society has never been locked down in such a way before, so it is difficult to know what will come out of that. The psychology advice tells us that the longer a change is enforced and maintained, the more it becomes normalised. We are seeing changes in working patterns in particular. I am speaking to the committee from my bedroom in Glasgow, which is a unique experience. Prior to the pandemic, such things would have been very odd, but they have now been normalised.

I will reflect a bit on another thing that I have been doing recently, which is supporting the Climate Assembly UK. That has been an excellent process, and I am looking forward to the Scottish version of that. The assembly brought together 108 citizens, who were randomly selected from the electoral roll to be a representative group of people from the UK on a whole range of metrics, including on their attitude to the climate.

In the process of asking the assembly how the UK should reach net zero, one of the issues that it grappled with was Covid. Right in the middle of the process, the Covid crisis hit and the pandemic really took hold. A clear thing that came out of that was the assembly's view that it wanted employers and Governments to support a shift to more climate-positive lifestyles coming out of the pandemic, including much more remote working and changes in commuting patterns so that we do not have to use fossil fuelled vehicles as often as we did prior to the Covid crisis. That was a really interesting moment to ask that group of people that question. Right at the peak of pandemic, they were really keen to see a change.

That is a story not just for Government, but for employers. I will probably be most interested in the shifts in lifestyles and working patterns as we come out of the pandemic because, if they change, they have the potential to quite radically change some of the transport patterns that we have seen in the past. Transport patterns are currently the biggest source of our fossil fuelled emissions in Scotland.

The Convener: Before I bring in my colleagues, I refer you to the priority measures that you outlined in your letter. You say that those would have

“clear economic, social and environmental benefits.”

There are five measures. Quite a few have made their way into the programme for government. Are there any measures that you would have liked to see in the programme for government that are not there?

Chris Stark: I think that you are referring to the way that we described the policies. I will make a distinction. We talked about six principles, which are the approach that ministers might take to developing a programme. Then we categorised the measures themselves in five ways. I will not go through them all in detail, but I will explain them briefly.

The first measure is about investments in low-carbon infrastructure and the second is reskilling and retraining for net zero. The third measure is about upgrades to homes and the fourth is to make it easier for people to walk, cycle and to work remotely—that is the discussion that we have just had about the lifestyle changes that may come

after the pandemic. The final measure is about changes in the natural environment, including green investments such as tree planting, restoring peatland and providing green spaces. I live in the middle of Glasgow and I have never more appreciated the park next to me. The idea is that we should build programmes around those five measures.

When we looked at the programme for government, we were happy to see that the Government has looked at those five broad measures. It is impressive to have that sort of focus on the green recovery written into the programme for government. There is a particularly welcome focus on housing retrofits, on skills and on training. We highlighted those as top priorities. There is a substantial package of infrastructure investments for net zero. We have not yet seen the strategy for that, but it is a strong message.

We could look at each of the five measures in turn—there are actions in the PFG attached to each one. For the low-carbon infrastructure measure there is infrastructure investment of £2 billion over the next parliamentary session. There is £70 million for refuse collection infrastructure and £150 million for flood-risk management, which is important because that is a climate impact that we can expect to be more prominent in Scotland.

For the reskilling measure, one of the big announcements was the £100 million green job fund. There is also a national transition training fund, expanded apprenticeships and a climate emergency skills action plan. There is a Grangemouth future industry board. That is great. The point of us offering our advice was that the Government would make that kind of response.

[Inaudible.]—uplift, which is what we should be doing. The period over which the uplift is there is a problem: we would like it to be front-loaded as much as possible.

For walking, cycling and working remotely there is £500 million over five years for active travel. That is a big number. Again, I would like to see that front-loaded. There is £40 million for local authorities for pop-up cycle lanes and there is a digital action plan that will help to support remote working. Lastly, for green infrastructure and investment in tree planting and peatland restoration, there is £150 million and the idea of a 50 per cent increase in woodland creation by 2024.

That is exactly the kind of package that we hoped that we would see when we offered our advice to the Scottish ministers. They are to be commended for their immediate response, but the situation requires more than an immediate response. Some of that money is stretched out over a long period. It is therefore difficult to

characterise it as a major response to a spiky economic crisis. As much as possible of the money should be front-loaded so that we get the maximum advantage from it, particularly from the climate investments that we talked about.

The Convener: We can see that other countries are investing a proportion of their gross domestic product in their green recovery. They are putting in a lot of money right away. Do you see any particular difficulties for the Scottish Government in that regard, given the fiscal settlement?

09:15

Chris Stark: If the fiscal settlement is preventing that kind of immediate injection, I might agree with you, but the question of what fiscal and devolved constraints there are is not one that the Committee on Climate Change has looked at yet. Obviously, the standard logic in a recession is that the Government steps in to replace lost capacity in the economy.

I will be careful in the language that I use, because Covid is definitely not an opportunity and should not be thought of as a positive development, but a big message that has run through all our advice over the past six months has been about the idea that bigger change can come after the pandemic than was possible before it began. That means that pump priming—pushing investment towards things that will drive us towards net zero more quickly as we come out of the pandemic—gives us the chance to grab a silver lining from the pretty desperate situation that we have faced for the past six months, whereby we can move more quickly towards the climate targets that we have in Scotland, while supporting the economy and new jobs.

We can use those climate investments as the basis of the approach that the Scottish Government is taking to promoting the recovery. That is not what happened in previous recessions. Let us use all the levers that we have available to us.

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): I am looking for quite a narrow answer to this question, because other members will ask wider questions about the generality of the issue that I am about to ask about.

You said that the test will be how Government supports industries that are in difficulty, and I want to focus on two of those. It is clear that aviation is such an industry. Domestic air services between central Scotland and London could sensibly be replaced by rail services; travel times are similar and so on, and pilots on domestic air services make about the same income as train drivers do. Would one of the tests in that area be that pilots and cabin crew would be retrained so that they

could perform equivalent roles in the rail industry? It has always struck me as bizarre that about five or six times as many people fly between central Scotland and London as use the railway. Might that be one test?

The other test, which I am sure that Angus MacDonald will come on to later, relates to the generality of big industrial complexes such as refineries, many of the products of which are ones that we have not yet found ways of replacing. Will the test be that, if the Government finds itself having to support that kind of industry for economic reasons, it tailors the support to protecting the employment but moving the products to ones that are more sustainable?

Chris Stark: There was a lot in that question. The first part of it, on aviation, was extremely interesting. The major driver of the climate problems that come with aviation is not domestic travel. In fact, air travel is a really efficient way of using fossil fuels. Domestic travel by plane in the UK is a problem when it comes to climate change, but it is not the major driver; the major driver is international travel on long-haul flights. Again, air travel is a very efficient way of using fossil fuels, but because there is a long way to travel on long-haul flights, a lot of fossil fuel is used.

You ask an interesting question. I would very much prefer us to use domestic surface transport as an alternative to flying, because that is better for the environment, especially if we are talking about an electrified rail link. Whether staff could be retrained and could move between those sectors is an interesting question. It is clear that there are some transferable skills.

Your second question is the more interesting one when it comes to the test that I described earlier. It is clear that it would not be easy to say to a refinery, "You can't have public support, because there's no basis for that in a net zero world." Rather than making black and white decisions about which corporates to support and which not to support when the chips are down—after all, we are talking about real companies that employ real people and which have important impacts on the Scottish economy—I would like us to consider attaching as a string to the provision of such support a plan for decarbonisation.

Each industrial facility in Scotland needs to be supported to go on that journey. This is a really important moment for the Scottish ministers and UK ministers to tie that environmental string to any support that they offer, such as loans or grants. It is an important moment to effect a bit of change that will help to reduce industrial emissions immensely.

To agree with the premise of your question, there are alternatives to using fossil fuels in

industry and we know what they are—broadly, it is about electrifying the economy as much as we can and using electricity as the basis of industry, rather than using fossil fuels. That will not be the only answer and does not meet every application, particularly in heavy industry. Alongside that, we need a strategy for carbon capture and for using alternative low-carbon fuels such as hydrogen. Imagine a moment where the Scottish ministers are asked to provide some sort of support to prop up those corporates over a difficult period and ensure that they maintain their employment—that is an important thing to do and not something that I would object to—and let us imagine that attached to that is a coherent and realistic decarbonisation plan, which is tied to the policies that ministers will have to implement over the next 10 to 20 years. That would be a big step forward. That is what we have not seen prior to Covid. As we come out of this, that might mean that we can move more quickly afterwards.

Mark Ruskell (Mid Scotland and Fife) (Green): The point about coherent decarbonisation plans for different sectors is interesting. Is it a role of the UK CCC to judge whether industry corporate plans for the oil and gas sector, the aviation sector or other sectors are competent and will enable us to achieve our net zero ambition?

Chris Stark: We cannot be the ultimate arbiter of that, but we can offer some advice on it. A good development in the past two years has been the number of corporate commitments to net zero, which is great. As Mr Ruskell may be aware, that is part of the science-based targets initiative, which is something that corporates can sign up to and is the basis on which they can consider their own corporate plans for decarbonising. There are other things in the mix, such as the financial disclosure rules that are coming, which include the disclosure of climate risks in a coherent framework. Those are all important steps forward. However, it is a bit of a mishmash at the moment.

It is difficult. Where does a well-intended corporate that wants to do the right thing go? This year, we want to offer some advice on that. There are two points to that advice. At the end of the year, in our next major report, we will give our advice on the trajectory of emissions for the UK and Scotland. Alongside that, we want to do two things: to frame more coherent advice to any corporate that wants to sign up to the net zero journey—we will look at the emerging standards for net zero compliant corporate commitments, for example—and to look at what it means for local authorities to sign up to the net zero goal.

Recently, we have seen many local authorities declaring climate emergencies and signing up to a policy that is tied to the net zero goal. That is a

great development but, again, it is a bit of a mishmash.

It is not strictly our role to provide that advice—we are the statutory advisers who look at what the Government is doing. However, more and more, we understand that system-wide, economy-wide and society-wide change is happening, and all parts of society and the economy need to be integrated on that journey. It would be useful for us to provide some advice on what those local authority strategies should look like, and you can expect us to do that.

Finally, I do not really want to be in a position in which we are judging, plan by plan, whether Government support is in the right place for each sector or for each corporate support package. We do not have the capacity to do that and we do not have the information to look at that. You can expect us to continue to stand back and look at what is happening in the economy more broadly.

Claudia Beamish (South Scotland) (Lab): Will you expand a bit on the issue of carbon capture and storage? As you will know, some have argued that CCS is a distraction from marine renewables and that we have enough natural resources to go down that road. Some have highlighted that it is speculative and not in any way at commercial scale in the UK. There are also the safety issues. If I have understood your comments correctly, you have come out quite strongly in support of CCS. I am not saying whether I support it or not, but I would appreciate some further comments.

Chris Stark: Let us look at the challenge of achieving net zero in the round. What does that entail? It involves putting steps in place to get almost every sector to near zero carbon in total. We should think about how we heat our homes, transport, power provision, and how we generate electricity. We need to get those sectors to zero carbon. That is the straightforward question, and we have to do that.

However, there is a set of sectors for which that will be difficult or not possible. I will highlight three of them. The two that we often talk about are agriculture, in which there is an on-going problem with emissions that is not simple to solve, and aviation, which, as we have already reflected on, is a sector that can decarbonise and use alternative fuels, but emissions from long-haul flights will endure probably even to the mid-century. The third sector is, to use a catch-all term, industry. Those three sectors will struggle to get to zero carbon or zero emissions, so we need a set of accompanying strategies to manage that.

If we stand back and look at the industry question, we see that that sector is particularly important for CCS. A set of strategies is in place that would allow us to decarbonise industry,

manufacturing and, indeed, refining quite substantially. As we have said, the central strategy is electrifying those industries as much as we can, because we know that the power that is supplied to them will increasingly be zero carbon.

However, that is not enough. Unless we are willing to lose that industry altogether, there are two ways in which we have to go further. The first is through what we call fuel switching—moving from using fossil fuels to something that is zero carbon at the point of use. You could imagine a world in which lots of the uses that we have for natural gas, particularly in industry, could be switched to hydrogen.

The other strategy is using carbon capture, which will be important to the journey that Scotland is on. It is important in two ways. The first relates to post-combustion carbon capture, which involves continuing to use fossil fuels and capturing the carbon from that. That is not a zero-carbon process, but it reduces the amount of emissions from industry. The second relates to the production of hydrogen, which is an enormously useful fuel once we have it, because it can be used at the point of use without causing greenhouse gas emissions. We need to think about how that hydrogen will be supplied.

There is a role for what we call blue hydrogen, alongside green hydrogen. Blue hydrogen involves putting natural gas through a chemical process, capturing the carbon and storing it. Scotland stands to benefit very well if we have that process in place. Green hydrogen involves electrolysis of water. That tends to be a much more expensive process, although lots of people think that it could be made cheaper.

If we wait for the zero carbon processes that we would love to have in the future, we will be too late. Carbon capture is a really important part of the transition that Scotland needs to go through to get to net zero. There are two or three places in Scotland where it would make a lot of sense to put carbon capture facilities. We can also start to think about what we might do with some of our bioenergy resource and about negative emissions. BECCS—bioenergy with carbon capture and storage—will help immensely on Scotland's journey to its net zero target by 2045.

I do not know how the situation will play out, but carbon capture and storage is an option opener. If we have those facilities, we will have more options to decarbonise the economy. It makes sense to plan ahead and invest in such facilities, because Scotland is a particularly good place in which to do carbon capture and storage. We have resources in the oil and gas sector that could be turned towards CCS, and Scotland could be a hub for the rest of the UK, and even for Europe. It is an economic opportunity as much as a decarbonisation

opportunity, and I would love to see CCS more obviously baked into Scotland's overall economic plans.

10:30

Finlay Carson (Galloway and West Dumfries) (Con): We have touched on some of the priorities in the Government's programme, such as investment in low carbon and supporting skills. You mentioned the £150 million that has been put towards tree planting and peatland restoration, but surely the issue is outcomes. It is all very well looking at the money that we are investing, but it is not clear what the return will be from those investments or what the effect will be on climate change.

For example, we have ambitious targets for planting trees, but the vast majority of the trees that are being planted are Sitka spruce, which have a limited long-term effect on the climate, given that around 65 per cent of them are cut down and burned within 35 to 40 years and another 20 per cent are used in short-term production. Therefore, the ability to affect climate change over a long period is not as impressive as it might seem.

You touched on agriculture, which is one of the biggest emitters. The Government has failed to put in place a clear policy on that. We had a chance to do so with the recent agriculture bill, but we do not have a policy. Surely, that is urgently needed. It is not just about the money—there is a £10 million fund for farmers to buy equipment—but surely we need policies. Does the Government's programme contain enough for us to be happy that it will tackle the issues in future?

Chris Stark: No, it does not. I am on record as being particularly concerned about the agriculture issue. It is not that I am concerned about agriculture per se; rather, I do not see a plan to modernise agriculture and bring us to the point at which it has a role in the net zero economy. I get the sense that, even now, we are clinging to the old model of agricultural support.

I have made this point to the committee before, but I will make it again and I will keep saying it until we see a bit of progress: we have to look at the agriculture question alongside the broader question of how we use our rural and agricultural land in Scotland. We need to grab the opportunity to change that approach. We can either be dragged to that, which will result in the kind of changes that no one wants and which will see agriculture wither, or we can move to a world in which we start to view agriculture differently and embrace the changes that need to come so that agriculture plays a strong and meaningful role in

the net zero economy. That includes thinking of carbon as a crop.

If we are to move to that world, we need to think about where land managers and farmers working the land can continue to have livestock—we are not talking about big changes in livestock; we are talking about improved farming practice that allows emissions to fall—but alongside that use agricultural land in a different way. That means, where possible, restoring peatland, which provides an important service, as it is one of the quickest ways to get the return that we need on natural carbon sequestration, and planting trees. Those planted trees should not be thought of as an industry of carbon sequestration—at least I do not think that they should—as there is an important nature and biodiversity impact if the right trees are planted in the right places. Land managers need to be rewarded in the right way for doing that.

I would love us to move to a world in which Scotland has that kind of policy in place. There is a broader set of objectives that land managers and farmers can provide, including some of the natural protections from things such as flooding that can come with the benefits of changing agricultural land in that way. However, we do not have the policies in place in Scotland to do that, and nor do we have a good sense of what those policies will look like.

I have to say that the Department for Environment, Food and Rural Affairs has been pretty good at setting out the idea of public money for public goods. I know that we have not been discussing that in the same way in Scotland, but at least there is a sense of how the environmental land management scheme in England will work.

I would like to see more creativity and policies that will help farmers and land managers to put in place measures that we need in the net zero world overall.

Finlay Carson: That is useful. We can see budget lines but, ultimately, we are way behind when it comes to land use strategy. We have documents that were created some time ago—probably when you were still working for the Scottish Government, Mr Stark—and that have not, unfortunately, really progressed.

I know that colleagues will touch on regional land use strategies a bit later, but we have heard in other evidence that we need to look at carbon price and do far more work in identifying the potential of each piece of land in Scotland to deliver. We are uniquely placed to go that bit further than everybody else because of our environment.

To go back to supporting the green recovery, you have touched on peat and trees. Some of those issues—certainly when it comes to peat—

are long-term ones. What are the three most significant measures that Scotland can take over the immediate term—right now—to support a green recovery that will actually have an effect?

Chris Stark: That is a really good question. We gave advice to the Westminster Parliament in our last major report. We turned that into a piece of advice as best we could on supporting the economic recovery because of the timing of that report.

One of my ambitions in that report was that we would rank measures by their impacts, but we found that extraordinarily difficult. It is a bit of a dark art; you are kind of licking your finger and putting it in the air when it comes to some of the employment impacts, for example. In the end, we did not try to rank the measures, but other commentators did.

I will come to what I think the most significant measures are, but there are three broad objectives. The first objective is programmes that can begin quickly. They need to happen over the next year or two, otherwise they will not be part of the economic recovery effort. Some of the measures that were announced in the programme for government are not in that period; they are over a longer period—over the next parliamentary session, for example. That is all worthwhile stuff, but it is not, strictly speaking, about the recovery unless it happens quickly. Those are programmes that begin over the next 12 to 24 months.

The second objective is programmes that get money cycling in the Scottish economy. That relates to the idea that we need to pump-prime the spending in the Scottish economy.

The third, obvious, objective is jobs, jobs, jobs. I am talking about labour-intensive steps and climate investments that support labour, of which there are many. Some of the things that we have already talked about, such as tree planting, are really important steps. They are labour intensive and the kinds of things that we can get going quickly. They should be front and centre.

I will highlight two or three things from that. The first is housing retrofits—making homes more energy efficient and less draughty. The Scottish Government has put some really good policies in place, but we need to turn those policies into more of a stimulus. There has been that effort from the chancellor down south, but we have not seen the same focus on the need to do that in the immediate term. A sensible set of packages could allow us to have a labour-intensive set of investments that make our housing stock more ready for climate change and more energy efficient.

Secondly, investing in nature and green spaces, tree planting, restoring peatland and all the green

infrastructure that I talked about are sensible things to get going quickly. The Scottish Government has been better on that, but bringing all that spending forward as best we can is an important step.

The third thing is energy infrastructure investments and strengthening the electricity networks. The energy companies are investing in that, but that is also a consenting issue for the Office of Gas and Electricity Markets. We need to make sure that that investment is brought forward as much as possible so that we are investing in those energy networks to be ready for net zero.

There is much more capacity for the Scottish Government to be involved directly in the charging network for electric vehicles, which will help immensely on the journey away from petrol and diesel cars. There are also the networks for carbon capture and hydrogen. That work is probably slightly further out, but we could see some investments over the next 12 to 24 months that might help with that.

Those are the three broad steps that I think are the most significant measures that Scotland might want to take over the immediate term to support the green recovery. Lots of other things could happen, but they are the ones that I am really looking for.

Angus MacDonald (Falkirk East) (SNP): You have already helpfully listed the relevant contents of the programme for government, which

“Set out the first tranche of our £2 billion Low Carbon Fund, including: helping to secure investment of £1.6 billion over the next Parliament in heat and energy efficiency in our homes and buildings, delivering a £100 million Green Jobs Fund, and providing £60 million for industrial decarbonisation”.

The low-carbon fund was previously highlighted in the 2020-21 budget. The £2 billion will be provided over the next parliamentary session, so the money will total around £400 million per year. Do you think that the investments that are outlined in the programme for government under the low-carbon fund are adequate? Will they be delivered quickly enough?

I will give an example. Is the £60 million enough to drive decarbonisation of the industrial and manufacturing sector, particularly when we consider the situation at Grangemouth? It is clear that the Grangemouth future industry board needs to move forward at pace. Is £60 million adequate to help that along?

Chris Stark: The £2 billion low-carbon fund that was included in the programme for government is pretty chunky, to use a technical term, so I was pleased to see that. However, it is worth saying that that £2 billion will be provided over a whole parliamentary session, which means that it

amounts to about £400 million a year. That is not to be sniffed at, but it is quite far off in time for the present crisis—[Inaudible.]—the better it will be for the economy.

I am pleased that the £2 billion is there. That is a big figure. The rule of thumb is to multiply by 10 to get to the UK-wide figure. That would be a big announcement at the UK level. I am pleased about the level of funding that is being provided—it seems to be the right quantum, at least to get us going, and is not to be sniffed at.

You mentioned the £60 million for decarbonisation of the industrial and manufacturing sector. Self-evidently, that is not enough to achieve the decarbonisation of industry in Scotland. We must get real on that. We need to have a strategy that looks much more fundamentally at the issues.

We have talked about this already, but there are several things that will matter when it comes to industrial decarbonisation. The first is a straightforward issue that is causing a productivity drag for us now, which is the energy inefficiency of many commercial firms in Scotland. Driving more efficient use of energy to reduce energy costs for commercial firms in Scotland should be a fundamental part of the Scottish Government's focus on energy efficiency. That is a really good thing to do from any perspective.

The other three things are more difficult to do and require a proper strategy and a good vision of what Scotland hopes to achieve. First, I think that we lack the vision part when it comes to industry in Scotland. We need a plan for manufacturing and industry that talks about how we will electrify it as much as possible. That plan needs to be endorsed by industry and by Government. We do not have such a plan. We have not talked enough about the idea that we will electrify industry, but that would be a very sensible thing to do, given the amount of green electricity that is now being produced in Scotland.

Secondly, we have already talked about carbon capture, but we need a realistic appraisal of where we will use it in Scotland. The potential for it is big, but it is worth saying that, when it comes to what we are doing on carbon capture, there is competition in other parts of the UK. It will not happen by osmosis, so I would love the Scottish ministers to support a few key sites for carbon capture in Scotland.

The third thing that matters when it comes to industrial decarbonisation is the idea of fuel switching, which we have talked about a couple of times. That involves switching from high-carbon or high-fossil fuel use to—in circumstances in which it is not possible to electrify—alternatives, the most notable of which is hydrogen.

That would amount to a serious industrial plan. We are not going to get that for £60 million, but we need to build a proper vision of how we will move from where we are today to the kind of outcome that I have described over the next 10, 15 or 20 years. That would give investors a lot of confidence and would provide an impetus to start that transition, which we have not really seen the manufacturing industries, such as refining, do.

Angus MacDonald: I certainly agree that a vision is required. However, if the convener will allow me to be a bit parochial, there has been such a vision in Falkirk district and Grangemouth for decades. A district heating scheme was proposed in the 1950s, which, unfortunately, never got off the ground. Recently, a major district heating scheme failed because some of the major players in Grangemouth refused to come on board. That vision is there locally, but there needs to be a joint effort on the part of everybody involved, including industry. With many such schemes, it is imperative that we encourage industry to come on board.

09:45

Chris Stark: I completely agree with that. In these discussions, it is often tempting to just look to the Government and say, "It's all on you. Where is the plan? You need to do it all." However, it has to be a partnership.

One thing that has been a good development down south is sector deals. They are almost like a quid pro quo: there is a joint vision about what needs to happen and a strong idea about what Government will deliver alongside what industry will deliver. I agree with you about the Grangemouth area. That is the kind of thing that led to the industrial complex that we have in Grangemouth now: that kind of partnership determined that that was a sensible place to put those industries. It was done in partnership with Government throughout.

I am familiar with some of the things that you talked about. It is very disappointing that we do not have that district heating scheme in Grangemouth. Lots of industrial heat is being vented and wasted, and that very cheap, if not free, heat could be used to support citizens and consumers in that area.

We could put in place plans in which there is a proper partnership between Government and industry. It would be absolutely brilliant if there was a proper plan for decarbonising that sector alongside those plans. I would like to see more of that kind of thing, rather than the important but bitty spending pots. If I stand back and look across the programme for government, I see that there is a bit of that still playing out. There is a kind of

announcementitis, with lots of little pots of money that do not have the scale and impact that they would have if there was a good, coherent plan in place with industry.

The Convener: Finlay Carson is looking to ask a supplementary. Could you make it succinct, please? I would like to move on to the next theme.

Finlay Carson: Certainly, convener. Chris, you started by saying that you welcomed the programme for government, but as the conversation developed, you mentioned a lack of strategy, policy and vision, and you said that the programme for government is just little pots of money. Do we urgently need to address that?

In the past, we have had big announcements that have not gone on to be delivered. For example, in 2016, £600 million was announced for the reaching 100 per cent programme—*[Inaudible.]*

How do we get the Government to deliver right now? There is a climate emergency, so do we need more than just funding announcements? Do we need a national strategy on how we will roll out these policies?

Chris Stark: I will be succinct, convener. First, I think that the programme for government is good—I want to put that on the record. However, it could be even better if it had that kind of vision injected into it. It is hard when you are putting together an annual statement, particularly in the middle of a pandemic, but that is the kind of thing that we will need. I am looking more towards the update to the climate change plan that is coming later this year and, crucially, the infrastructure strategy that will go alongside the capital budget in the Scottish budget for next year.

Again, let us stand right back from this. Right now, there is a soup of uncertainty about what is going on in the world, and that is not going to clear up in any way. This moment of genuine uncertainty will last for some time, I suspect. In that circumstance, let us hitch our wagon to what we know. We know that over the next 25 years, we have to decarbonise the whole Scottish economy, and we know what needs to be done to deliver that. It seems to me that we should be looking beyond this crisis and hitching our wagon to the priorities for investment that will lead to that net zero 2045 outcome.

We and others can spell that out, but the issue is more about being clear that that is indeed the strategy, and about looking to the long term. The Government needs to pin to those long-term priorities the capital investment that it will make and the financial support that will be put in place. That would be a vision.

The PFG starts us on that journey, and I commend the Scottish Government for putting it together in the circumstances in which it did, but we need to look beyond this year and beyond even the next parliamentary election. This is the moment to put in place the very clear strategy that will get us to net zero by 2045.

The Convener: Stewart Stevenson has questions on the Scottish National Investment Bank.

Stewart Stevenson: The £2 billion funding for the Scottish National Investment Bank sounds like a lot of money, but is that enough to deliver priorities “at pace and scale”? Should the Scottish National Investment Bank publish something each year that shows it is aligning its activities with a net zero future?

Chris Stark: There is no question but that £2 billion is a lot of money. However, we should remember that that will not be the only investment that will be made in the Scottish economy—it is planned to be the cornerstone of a broader set of investments. The idea of crowding in private investors to go alongside that investment is a really good one. It is difficult to—*[Inaudible.]*—whether that is sufficient. The question whether it might make a big impact is more difficult to understand, but it is certainly a big-scale investment.

It is worth reflecting on what needs to be done to get to the net zero goal that is now law in Scotland. We are talking about turning over the whole capital stock of the economy over the next 20 years or so, and that is primarily a capital expenditure challenge—it is to do with capital investment, which is primarily private investment. It is worth thinking about that. We will achieve that only if there is a focus on keeping the risk to investors low so that the cost of capital is similarly low. That is what will make the transition cheap.

I think that there is a role for the Scottish National Investment Bank to act as a cornerstone investor in addressing some of the big investment challenges that, as we have discussed, need to be addressed if we are to deliver net zero. If it is canny, the SNIB will crowd in private investment by giving private investors confidence to put money in, but if it handles things badly, it will scare them off. For me, the question is not about the scale of the investment, but about whether the bank achieves that. We need scale and we need the SNIB to be focused, but we also need clarity of vision on the investment priorities, particularly in industry, as we have discussed.

Alongside the investments that the SNIB finances, I would like there to be a commitment to transparency on the climate impacts of those investments. We have all the rules that we need to

allow it to do that. The TCFD—the Task Force on Climate-related Financial Disclosures—has, in effect, given us a rulebook on how the bank should disclose the full carbon impacts of its investment portfolio, and how well aligned that portfolio is with the Paris goals and the Scottish target. If it does that, we will have a really good sense of the contribution that it is making, as an institution, to the net zero target in Scotland. If its investments are not aligned with the Paris goals, they had better have a very strong decarbonisation plan attached to them. We would like to be able to make and to see such an assessment, so I hope that, when the SNIB plans its programme and its calendar each year, that is one of the things that it plans to provide.

Stewart Stevenson: Thank you; that was interesting.

I disagree with you slightly—I do not think that £2 billion is a lot of money. It is 2 per cent, or thereabouts, of annual GDP, and it is a one-off.

You made the point that private investment will be vital to achieving our goals, so do you think that the SNIB might be most useful if it is a partner in projects, such as a second-tier lender—in other words, a participant in a finance package through which major investments will be made by the private sector? Will it be able to support activity in that way? As a state-owned bank, it is inevitable that it will be able to take a longer-term view than private investors—especially venture capitalists, who tend to work on three-year investment cycles. In this area, we need much longer timetables. Is that the essence of what the SNIB brings to the table, which we cannot normally expect to get solely from private sector finance?

Chris Stark: Yes. That is a very good description of what I think that the SNIB is there for. I agree that £2 billion will not be enough to crack the issue, but it is still a significant amount—I do not want to dismiss it.

For me, the key thing is that the SNIB needs to give confidence to private investors, who will still do the lion's share of the financing of the transition to net zero. If we instil confidence, we will get capital cheaply, and because consumers will eventually pay for that, the transition will be cheaper.

I absolutely agree that the idea of patient investment or patient capital is at the heart of the SNIB. That is about looking to the future, understanding the priorities and making sensible investments that match with that. If we do that, we will give private investors the confidence to do the same thing, and the transition will be easier and cheaper. I think that that is the role of the SNIB, and if it works, it will be a useful addition to the landscape.

Stewart Stevenson: Is the £2 billion enough to get us moving at the pace and the scale that we require? Do you have a sense of the multiplier effect? Will £2 billion from the Government give us £20 billion from the private sector? Do we have a sense of that?

Chris Stark: It is difficult to say what the right scale is. The next major advice from us will come at the end of the year—on 9 December—when we will spell out what we see as the best path for the UK to take to get to net zero and for Scotland to take on its journey to net zero by 2045. I am excited about that advice because we have pushed hard for but never been able to show before the profile of investment that will deliver net zero—the committee can see from the shape that I am drawing how that builds over time.

What is crucial and what I have been desperate to demonstrate is that from those investments, which represent a big capital endeavour—it involves a lot of capex, most of which is private investment, as I mentioned—there is a return in the form of the savings that we get from not spending on fossil fuels. Opex savings will come with the capex. We will show how that plays out, which I hope will make the case that such spending is worth it.

On any sensible ground, we should take such an approach because it will not just help the climate but boost the economy. The scale will be surprising because, although the number is big, it is not as big as people might think. The £2 billion that we are talking about will not cover what is required, but it is not designed to. Raising the profile of investment so that investment is higher at the start will make the transition easier overall and mean that the opex savings come earlier. The SNIB can really help with that central tactic or strategy.

Liz Smith (Mid Scotland and Fife) (Con): I will build on Stewart Stevenson's questions. There is an important balance to strike between stimulating demand in the right place in the economy and incentivising the right behaviour, particularly if we are to have a green recovery. What is your advice on the priorities for fiscal levers to achieve that balance?

Chris Stark: Gosh—I am afraid that our committee has not really looked at the fiscal levers question. Having not made the appraisal, I do not want to say too much about that. At the start of October, we plan to publish our next appraisal of Scotland's progress—we publish an appraisal every year. In that, we will look at such questions, but I am not sure that we will look closely at the fiscal policy levers. However, I can say that, in the round, we have talked about the need to inject public spending as quickly as possible. The more we front load the public spending commitments

that are in the programme for government and whatever comes next, the better that will be for the economy and the sharper the impact will be on the net zero trajectory. That is a fiscal policy question. If there are barriers to that, we should remove them as much as possible to get the green recovery.

A more interesting question is whether using any tax levers might amount to a sharper carbon signal. I have not assessed that, but we have said in the round that efforts are needed to push us on a sharper transition towards net zero, which include using tax levers. Most of them are at the disposal of the chancellor in Westminster, but some levers that are now or could in the future be with Holyrood might help with the transition overall.

The big one is the tax levers—they can be penalties or incentives depending on how they are structured—over heat decarbonisation. Members might know of the in-built VAT benefit to using fossil fuels such as natural gas as opposed to electricity, which is daft if electricity is increasingly green.

That is one thing that I am looking for from the chancellor; the other is the transport taxes. Where possible, we should use levers to drive the transition from internal combustion engine petrol and diesel vehicles towards the cleaner alternatives, which are mainly electric vehicles. Again, the tax system can play an important role in that. I do not know whether the Scottish Government has levers at its disposal to support that transition but we might want to look at that in the future.

10:00

Liz Smith: With your expertise, would you agree that there is an important question about how we balance the essential stimulation of demand—which has a huge effect on economic growth, investment and jobs—against trying to change our behaviour a bit? There are important areas where fiscal levers, particularly tax, can help in that. It is an important question, because, in one of your earlier answers, you rightly pointed to the fact that it is not just about spending money, it is about the outcomes that we get from environmental—[*Inaudible.*] We need to do more of that kind of work, so it would be helpful if you could look at that. Did you say that you would be looking at that issue in October?

Chris Stark: In October, we will do a progress appraisal. We have not yet seen the Government's climate change plan update; nor have we seen the infrastructure plans, so it will be a staging-post update rather than a full assessment, but we will

offer some assessment, in particular, of the programme for government.

At the end of the year, there is the big report that I have been referring to, which will advise on the UK's sixth carbon budget. That is important, because it is about the target in the mid-2030s. We will also be able to build a full emissions pathway for Scotland as part of that work. That is the big piece of work that we are working on right now, which will have lots of interesting things in it and, potentially, will have policy advice around some of those big fiscal levers. I am happy to take that question away and think more about it.

Liz Smith: Thank you.

The Convener: Thank you. Claudia Beamish has questions on conditionality around Government support.

Claudia Beamish: My questions are also about policy coherence and alignment. We have already touched on some of the issues, but there is a pattern of stakeholders highlighting the need for a green coherence principle. Do you agree with what Unison said in its submission? It highlighted concerns about

“contradictory and conflicting government strategies and plans, for example the continued emphasis on roads and cars within infrastructure budgets, city region and regional growth deals.”

I appreciate that it is a hard issue for any Government to grapple with, but is the Scottish Government addressing it in a way that supports the just transition and a secure wellbeing economy? How should the Scottish Government ensure not only that it is doing so but that it can show that it is doing so in practice?

Chris Stark: The question of how we bring together those objectives, some of which compete, is right at the heart of what the Government will have to make decisions about; I do not dismiss how difficult that is.

I will go back to something that I said earlier; we can look out to that net zero goal as a way of anchoring some of those big decisions that need to be taken. The Parliament says that we have to achieve that outcome over the next 25 years. It involves a very big set of changes across the whole economy, so, although we should anchor what we are doing on that goal, it is not the only objective; we must also protect things like natural capital. Although I am not sure what a wellbeing economy is, the economic objectives that go with that—as well as net zero and a set of other important environmental objectives—need to be thought of in the round. It is a massive issue. It is perfectly possible to achieve net zero and it is completely worth doing so, because in doing so, we will modernise the economy and make it fit for

the future, but it is a fundamental shift and it is the ultimate system-wide transmission.

I would like to see economic support being more clearly tied to some of the big system shifts that we need to see in power, transport, industry and land use. It is also important to make sure that we create jobs through a process that protects biodiversity and nature, so that we manage and improve the state of our environment. I do not think that it is difficult to put a strategy around that and I am willing to accept that there are trade-offs, but let us see them—we need to be transparent about the decisions that ministers are taking and the priorities that they are giving to those different things. We are crying out for a long-term vision of what we need to do to guide the delivery of the things that will get us to net zero.

It is reasonable to talk about the trade-offs that might be needed between net zero and some of the Government's broader objectives—I am up for that discussion. Net zero does not trump everything, but it is a useful anchor to guide the Government's long-term strategy. We have not quite seen that yet.

Claudia Beamish: Katherine Trebeck, who leads the Wellbeing Economy Alliance with others, will be in our next panel. My interpretation is that that aspect is important because it is about prosperity for all our citizens and ensuring that people are not left behind, which is vital in the climate emergency.

Chris Stark: I completely support that, which is exactly what we need to achieve. This will not work otherwise.

Mark Ruskell: We talked about ensuring that all levels of government and agencies take on the vision. Are you well placed to understand whether the vision to tackle net zero and create the wellbeing economy is being delivered by public agencies? We can have a conversation in the committee meeting today while an enterprise agency works on a high-carbon project that would take us in the wrong direction. What is your impression of what public agencies are doing? Are you well equipped to judge whether that is adequate?

Chris Stark: There is still a way to go to have the full alignment that we need across all public bodies and agencies. I am not well equipped to judge that, but I would love to be better equipped to do so. In its programme for government, the Scottish Government recommitted to establishing a Scottish office for the CCC, which would allow us to do more such work. Having a more physical presence in Scotland would give us that advantage; I am in Glasgow, but my interests are across the UK. I would be keen to do more on understanding the position in depth.

The situation is not easy. I accept that there has been huge progress on the net zero goal in some public agencies, but that is not there in all agencies. There is not much room for public disagreement among public bodies about the steps that need to be taken in the period that is ahead. Things are improving, but we could do more.

I praise the strategy from Scottish Water, which is a good example of a public body that has grabbed the net zero goal and run that through its corporate plans. The important bit of that strategy is that it talks about driving emissions reductions through Scottish Water's supply chain. That is a good example of a big player in the Scottish public sector understanding its broader impact, which will probably have a bigger impact than any single policy from the Scottish ministers might have.

I would like to see such strategies from other public bodies and agencies. That matters not just in enterprise agencies but in education, health, transport, justice support and rural support. All the public bodies that operate in those sectors have broadly similar impacts to that of Scottish Water, and I would like them to embrace the net zero goal and ask what they can do to support it.

That promotes the idea of using public procurement levers, which the Scottish Government has talked about. If those levers were more in line with the net zero goal, that would help to drive the transition more quickly. When we look beyond the usual players, we see the biggest coherence challenge, but we should not be scared of any of this—a lot of good stuff could come quickly if we built a better understanding of what tackling net zero means for agencies.

Mark Ruskell: You gave the example of Scottish Water, which is a publicly owned utility with objectives that ministers set. I will look at other sectors. I asked whether you are in a position to judge whether the plans that sectors are producing are adequate to deal with the climate emergency. You suggested that you cannot get into the granularity of that, but you have a clear position on hydrogen, for example, which needs granularity because of the technical questions about the mix of different types of hydrogen production, natural gas and heating. Who does that work? Who takes the hydrogen strategy and says, "Okay, this is absolutely the best way forward"? Alternatively, do we just in effect leave the corporate sector to say, "This is what we'd like to do; is that okay?"

Chris Stark: You make a really important distinction. The granularity that we would struggle with would be corporate plan by corporate plan. I distinguish that from the system transitions that we have talked about, which transcend sectoral boundaries.

In the past 10 years, Scotland has been really successful in decarbonising the way in which we generate electricity. That is a system transition, because all the sectors that use electricity have benefited from the decarbonisation plan.

There are other system transitions, such as hydrogen. Hydrogen will be a super-important fuel in the future because it provides something that electricity does not. It presents another system challenge, for which a plan is needed. I would love to see Scottish ministers have that plan, but it will also have to be wedded to a UK strategy.

We need to understand the broad question of where we get our hydrogen from. The question of how we use it, in the right places, goes alongside that. We need a strategy for that, otherwise industry does not know what to do. Again, it is one of those areas in which the Government of the day needs to lead.

I am really excited about hydrogen, but it is a chicken-and-egg problem. At the moment, a small amount of hydrogen is being supplied and used in Scotland. We are going to have to scale that up, possibly tenfold, to meet the plan that we set out last year for our work on net zero. We will say more on that at the end of the year, so we will give you a stronger sense of how the hydrogen story might play out.

It is one of those things in which a vision from Government is needed, and then industry needs to come along with that—it is more of a partnership, overall.

I would distinguish that situation from the kind of line-by-line support that we might offer to a corporation or business in one part of the country—that is the kind of thing that I would struggle more to track and assess. However, we can look at those big system questions.

Claudia Beamish: I would like to look at what some have described as the implementation gap. In the Scottish Government's own commissioned work, such as the infrastructure commission and the just transition commission, and in other areas, there has been some criticism about things not being followed through, and there has been similar criticism, more broadly, in relation to pressing environmental, social and economic support mechanisms, if one can call them such—the national ecological network has been talked about for so long, but has not actually been joined up as a national network.

With that emphasis, what is your view on the implementation gap, and on how the Scottish Government should seek to address it?

Chris Stark: I agree that there is an implementation gap. On the other hand, I am simultaneously pleased at the strategic intent in

the programme for government to tackle climate priorities.

One of the more interesting developments in the past few months has been the advisory group on economic recovery, chaired by Benny Higgins. An implementation plan is attached to that, which you can see in the Government's response. In that plan, there are promises on the £2 billion capital for green recovery, and a variety of commitments, which we have already discussed, on things such as heat, energy efficiency and, of course, the Scottish National Investment Bank.

However there are also a lot of promises about jam tomorrow. We are promised a heat decarbonisation strategy later this year, a hydrogen policy statement later this year, a toolkit for transition planning for Scottish businesses and a sectoral plan for offshore wind energy—there are lots of those kinds of commitments, which are further out. It is easy to make such commitments; it is much harder to deliver on them. We are going to have to screw down on that kind of thing.

There is no great secret about how to decarbonise the Scottish economy; there is no great secret to the steps that we need to take. Rather than setting out those strategies and visions, I would love to see us move more into delivering them. That is an important issue for Government, of course, but it is also an issue for us in the CCC. We are going to become increasingly boring, if I can put it that way, about the things that need to be done. The really interesting work that the CCC will do will be about how to effectively deliver what needs to be done. The journey that we will be on is the same journey that the Scottish ministers need to go on. We need to focus much more on getting these things done than on setting out the strategies to do them. Let us put that vision and those strategies in place and make sure that they are coherent, then let us set that aside and get on with delivering it. That would be a good strategy.

We are not talking about this being a priority for the next few months. We need to see it happening quickly so that we say that these things are a meaningful part of the green recovery. I agree that there is a gap in implementation, but we could close it quite quickly.

10:15

Claudia Beamish: Your comments are encouraging, and they lead seamlessly to a further question about how we mark progress. What would you see as the key indicators or milestones that the Government and the public and private sectors should be telling us about that would indicate that Scotland is on a green and—I stress this—just recovery pathway from Covid-19?

Chris Stark: Given what I said just a few seconds ago about our focusing more on delivery, you can expect more from the CCC on that soon. I am afraid that you will have to wait for just a few more months to see the full list of recommendations that we are coming up with for the next Scottish progress report.

If you are looking for a clue about what we will publish in October in the progress report, look at what we published for Westminster a few weeks ago. In that, the novelty of it is that we looked across the piece on progress, as you would expect us to, but we narrowed our recommendations down, Whitehall department by Whitehall department. That required immense effort from us because it takes ages to do. I have to say that I was in two minds about whether that was going to work, but it appears to have had a much bigger impact than any previous report we published, because suddenly a particular department can look at a table and understand what we are saying about it.

We will do that for Scotland. The recommendations will be split by cabinet secretary. We are quite excited about doing that, although it is quite difficult. You will get that in October.

The other thing is the deployment metrics that go with the transition that we need to go through in Scotland. That will come at the end of the year, tied to the emissions pathway that I talked about that we will set out on 9 December. I am so excited about how that is shaping up. It is looking really tasty, as they say.

Right now, we are building a stronger assessment of the policies that need to be delivered in order to deliver the emissions pathway that we will recommend, and of the key metrics about how many heat pumps you need to deliver, for example, or the number of vehicles that need to be transitioned to zero carbon on the roads. The idea is that we know what the end state looks like, but we also need to know what the journey looks like. We will be able to set those metrics out at the end of the year and then bring it all together after that point as the primary tool for scrutiny of Scottish ministers thereafter.

As of this year, I hope that we will have a coherent set of recommendations and metrics against which we can judge progress, and I hope that that will be useful to the committee, particularly in its scrutiny of Scottish ministers. I would like to hand the committee something that you can use when you are asking questions of Scottish ministers in whatever part of the Scottish Government they lie. I hope that that will be a useful development.

At the moment, I cannot quite say what that tool looks like because I have not quite finished the work, but in a few months' time you will have something that, I hope, will be dynamite.

Claudia Beamish: That is really encouraging. This is not in any way to take away from the really important work that you have described but, although we will be able to drill down into departments, I want to ask about the cross-cutting issues, how we grapple with them and stop ourselves being siloed. I am not trying to contradict what you are saying, Chris—

Chris Stark: We need to do both. Again, that is what we tried to pull off with the UK progress report, and it worked quite well. There are a set of economy-wide and society-wide transitions that sit with, in particular, the finance secretary and the First Minister. Those are the really important transitions that need that kind of oversight. However, there is also a set of cabinet secretary by cabinet secretary recommendations that support those big transitions. The advantage of doing that work is that we can break down the work into the steps that need to be taken by each cabinet secretary. It sounds mechanistic but it will be more useful to the Scottish Parliament in your job of scrutinising the Scottish ministers. I am excited about all that; it seems to have worked well for Whitehall, and I have no reason to believe that it will not work for Holyrood.

Claudia Beamish: Thank you; we look forward to seeing that.

The Convener: We will take advantage of the fact that we have 10 minutes of Chris Stark's time left. We have been scrutinising the UK Withdrawal from the European Union (Continuity) (Scotland) Bill and we are in the middle of producing a report around it. Of course, one of the aspects of the environmental governance proposed in the bill is the establishment of environmental standards Scotland. Mark Ruskell has questions about Chris Stark's views on that.

Mark Ruskell: It has been put to us that there could be a governance gap year, because we will lose the European Commission—we have already lost it—and its role with regard to climate oversight, which is different to the role of the Committee on Climate Change, in terms of advice to Governments. It would be useful to get your views on that.

Chris Stark: I have only just looked at the latest proposals, but it is worth making a distinction between the advice that we can provide and the harder-edged regulatory stuff, which is the enforcement. There is a potential enforcement gap, with regard to the environment more generally, which is worth considering.

We will continue to do our work in providing insight and advice. We are advisory and I do not have any desire to be anything other than an advisory body, because if we became a regulator, it would fundamentally change the way that we would describe some of the things that we have been talking about today. I would be much cagier if I was in a regulatory position. The advantage of the CCC model is our ability to speak freely about those things.

At the moment, the enforcement of the climate targets is handled by the Climate Change (Scotland) Act 2009 and the enforcer is the Parliament; I would like to see that continue. In England, the office for environmental protection, which is analogous to the new ESS, has been given an enforcement role over the UK-wide carbon targets. I question that role, because some of those carbon targets will be difficult to enforce. I ask members to imagine a world where the UK's targets are off track because, for example, Scotland has not planted enough trees. Who would the enforcement proceedings be launched against? I do not see that that model has been thought through as carefully as it could have been.

One of the interesting things with the proposals in Scotland is that the continuity bill excludes parts 1 to 3 of the Climate Change (Scotland) Act 2009 from the definition of environmental law, and that potentially creates a gap. I am not overly concerned about that, because the apparatus for climate change is probably in a stronger place than other parts of environmental protection are. Therefore, I understand that willingness to carve out the Climate Change (Scotland) Act 2009 from environmental protection more broadly, but I am interested to see how that plays out.

Parts 1 to 3 of the Climate Change (Scotland) Act 2009 deal with emissions reduction; part 5 deals with climate change adaptation, which is included in the continuity bill. There is an interesting question whether it is the intention of the Scottish ministers that, somehow, the enforcement of climate change adaptation practices—which is how well adapted we are to climate change—should sit with the new body that is being created.

The last thing that I will say is that we have made a big effort on the UK—or, rather, English—legislation on the office for environmental protection. I am not worried about the existence of the OEP or ESS, but we want to co-operate with those bodies. There is nothing in the Scottish bill that lays out a basis for strong co-operation between ESS and the CCC. Legislation could be a way to get that co-operation; I would welcome the new body in Scotland being charged with co-operating well with the CCC, so that we get that

well-rounded, integrated approach to the environment overall.

Mark Ruskell: How do you see that model working? You have laid out how the OEP's roles are in a different context in Scotland because of the Scottish Parliament's role in scrutinising targets. What do you see that model looking like, with ESS in Scotland, if the OEP has a role in relation to not just climate adaptation but targets?

Chris Stark: The approach taken with the OEP in the Westminster legislation is that the OEP will enforce the carbon budgets. On the face of it, that sounds quite appealing, in that a new body is created that steps into the role that the European Commission was playing in environmental legislation and enforces the—[Inaudible.]—of the carbon. The problem comes in implementation. As I mentioned, a major issue, as I see it, is that enforcement proceedings could be launched only against ministers who had control over English issues. That seems to me to be a gap. The biggest problem, though, is not so much that, but if Parliament steps back from doing the enforcement and scrutiny that it is required to do under the Climate Change Act 2008, because it thinks that the OEP is doing that.

It is worth considering how that might play out in Scotland. At the moment, the proposals in Scotland carve out parts 1 to 3 of the 2009 act from the definition of environmental law. That means that it is clear that Holyrood is still in the enforcement role for emissions reduction, but is not in that role for the steps to adapt the Scottish economy and ensure that it is ready for climate change. It seems odd that there is a difference between climate change mitigation and climate change adaptation. I would need to work through what that means, but I would also like to see more explicit recognition of that.

We should think through what it would mean to have those issues carved out from the role of the new environmental standards Scotland organisation. We should not imagine, however, that an easy fix would be simply to put ESS in charge of enforcement proceedings on carbon targets. The key question is who those proceedings would be launched against and what would be the implication of launching those proceedings. I would much rather have the Parliament continuing to play the role of enforcer, because I suspect that that would ultimately be a stronger set of arrangements over a long-term transition to net zero than a regulatory body somewhere in the mix of public bodies in Scotland would ever be. I am broadly happy with what has been proposed, but I would like to see more focus on how the new ESS will co-operate with the CCC. That is something to think more about.

Mark Ruskell: Yes. Are there any other aspects of the Commission's role beyond the setting of carbon budgets where you think that there might be a gap?

Chris Stark: Perhaps the other gap with the new ESS involves co-operation with the OEP. The question is how that will work. That might be an answer to the conundrum of how the OEP will manage its enforcement proceedings. There is a model whereby if the OEP sees that the carbon targets for the UK are off track, it could co-operate with the new ESS organisation to have those enforcement proceedings play out in Scotland as well. Again, that would need to be planned and thought through. I would encourage us to think about our situation in the future where we are off track for either our environmental goals or our climate goals—I make that distinction since the proposals before us today make that distinction too. The question is how we would remedy that situation and what the roles of the various public bodies would be in making that happen.

I have made this point before, but I will make it again: I would like to see the CCC continue to be the advisory body on climate, because I think that we are a strong expert resource on that for both mitigation and adaptation. I would like to be able to continue to offer those advisory assessments to whichever body, be it Parliament or a new regulator, is charged with ensuring that we get back on track. For me, the issue is less about the CCC's roles and more about how the institutions in Scotland will perform their roles when the chips are down. We have not thought that through as much as we perhaps should have. There is quite a bit of that in the UK proposals that benefited from that kind of war-gaming of the future. Perhaps that is what we should be doing in Scotland too.

Mark Ruskell: Finally, you talked earlier about the importance of budgets and preventative spending. Do you have any thoughts on the exclusion of budgeting from the continuity bill? It seems an opportunity to embed some of those principles around precaution and preventative spend that might have an impact on climate.

Chris Stark: It is one of those things that sounds, on the face of it, very appealing. In practice, though, it would have to work. Embedding principles in law is often a thorny topic. I am not an expert on that, but what we need is laws that work. I am happy to embed a principle, but only if the law can then be enforced. On preventative spend, I would like to see the precautionary principle, which runs through all environmental law and the approach to environment policy generally, enshrined in the bill. However, it can be difficult to write that into primary legislation, so I am not dismissing the challenge that is before the legislators.

The Convener: I thank Chris Stark for his time this morning. You have given us lots to think about as we go forward.

I suspend the meeting briefly to allow the panel to change.

10:30

Meeting suspended.

10:32

On resuming—

The Convener: We continue with evidence on the committee's green recovery inquiry. I welcome our second panel of witnesses: Professor Tahseen Jafry, who is the director for the centre for climate justice; and Dr Katherine Trebeck, who is the advocacy and influencing lead for the Wellbeing Economy Alliance.

We have received quite a few written submissions. Unison Scotland's comments on the tensions in the green recovery from an economic, market-led and wellbeing perspective interested me. It said that the advisory group on economic recovery's report

"displays some of the key barriers to delivering a green and just recovery.

One of these is the tenacity of belief in orthodox market-led solutions to deliver a green recovery, despite the evidence to the contrary."

Does the concept of the green recovery fit in with the aspirations that both of you—and many of us—have around equity, climate justice, biodiversity, recovery and a wellbeing economy? I ask each of you to respond, starting with Dr Trebeck.

Dr Katherine Trebeck (Wellbeing Economy Alliance): Thank you for inviting me to give evidence. I apologise for not being able to submit written material. At the moment, WEAll Scotland comprises volunteers only. We are working hard to change that, but it means that our capacity is constrained.

There will certainly be markets in a wellbeing economy, but the question is how they will operate. There are also issues about power imbalances and who is winning and who is losing. Markets should be in service of higher-order goals, rather than being left to run rampant. That is the core of the question.

There has been perhaps too much faith in the idea that markets, in and of themselves, will deliver the outcomes that we really need. Markets have perhaps even been seen as objectives in themselves. There have been a lot of challenges in the marketisation of some areas of life and

society that are not suitable or appropriate for marketisation.

It is a much wider conversation than that. There are many areas that the advisory group on economic recovery did not attend to, but something that it looked at was the idea of community wealth building from the bottom up, kicking off those local multipliers. That is a really good example of where we can shape markets and utilise spending to deliver different objectives. I would be keen to hear what Tahseen Jafry has to say on that.

Professor Tahseen Jafry (Centre for Climate Justice): It is a critical question. The concept of a green recovery is not new—it has been around since the 2008 financial crisis. It is quite clear that the key element that underpins a green recovery is to embed climate action in economic stimulus packages.

We all recognise that the principles that underpin equity and justice are about ensuring fairness and equality in the way in which we live and interact. The question is how we embed those values of justice and equity in the concept of climate action. There are good synergies between the two concepts but the framing needs to be clear and robust.

There are three key aspects to how we marry those two concepts: procedural justice, distributive justice and intergenerational justice. On procedural justice, we must recognise and involve everyone in the processes and conversations; on distributive justice, the cost and benefits of a transition to a green recovery must be distributed fairly, and, on intergenerational justice, we all know and understand that we want a new green recovery because it benefits not just our current society, but future generations. To embed all those principles together requires a clear framing that the recovery benefits the many and not just the few. That is one of the biggest messages that we need to work on and develop. We need to push a framework for our green recovery that embeds the principles of justice, equity and fairness within the climate action processes for everyone and not just the few.

The Convener: I want to refer to something that Chris Stark mentioned earlier about a tension that Governments face in meeting those aims in the immediate term. There could be a scenario where, as a result of Covid-19 and the current emergency, we see a high-carbon-emitting industry or sector face massive job losses but without there being any low carbon economy jobs available for people to immediately transition into. Given that a Government has a duty and responsibility to step in and protect jobs, it might be put into a situation in which it has to assist a high carbon sector. Do you recognise that that is a

tension at the moment? How can the Governments address that while aligning action with the points that you have made?

Professor Jafry: It is clear—there is no doubt—that the journey to transition will be uphill and will involve struggles and bottlenecks. To overcome that, rather than support for high-carbon-emitting industries being front and centre, we need to diversify into training, upskilling and the development of low carbon jobs in renewables, for example.

We need to make it clear that is the approach that we will take. If we do not do so, the danger is that we will follow economic models of the past and all the benefits to our carbon emissions that we have accrued so far as a result of Covid and the shutdown will be wiped out pretty quickly. All the data and statistics are clear on that. We need to plan ahead and come up with a framework and timescales that bring to the fore the jobs and sectors that will be involved, and who will be employed and where. We need to get the figures, facts and numbers on that, so that it is clear in terms of target setting what we are trying to do in order to protect jobs from the fallout from the move away from high-carbon-emitting industries.

Angus MacDonald: Covid-19 has had a tremendous impact. Which societal groups do you consider have been most affected, and how does that show itself in our wider society? What positive societal impacts are associated with how we have already adapted and responded to Covid-19, and how they should be locked in to an inclusive recovery?

Professor Jafry: On the societal groups that have been affected the most, the facts and figures are available. It is clear that Covid has affected the manual and lowest-paid sectors the most—that is, the poorest people who work across certain sectors, such as hospitality, retail, travel and tourism, as well as cleaners and so on.

If we break it down even more, within that group of the poorest people in society are black and ethnic minority groups. A recent study showed that people from ethnic minorities are three times more likely to have lost their jobs due to Covid than those from white groups. The statistics are out there. Those groups are the ones that live in overcrowded housing, have the poorest paid jobs and have the poorest health due to existing health conditions. In my mind, it is those groups that have been most affected, and we must do everything that we can to protect them.

On the question of positive stories, the response to Covid has demonstrated a compassion in our society. There is general awareness of the benefits of lockdown, such as the clean air that people have been experiencing. People have

been walking and cycling, appreciating green space, and neighbourhoods have been coming together.

My fear is that we might lose that sense of compassion as we head into vast economic recovery. We need to try to harness the good values that came out in society during the hard lockdown, and embrace those values in a framework.

I am clear that we need to embrace those things, but we must also ensure that we protect the poorest and most vulnerable people. That very same group is also affected most by climate change, so I see it as a triple injustice. The poorest are affected most by climate change, they are affected most by Covid, and, when we get back to business as usual—if we go down that road—they will be affected again as we transition into the rebooting of our economies. We need to be mindful of that triple injustice, and do everything that we can to embrace the values that I mentioned.

Dr Trebeck: Before I come to the question about Covid, I would like to reply to the earlier question about businesses and high carbon sectors.

It would be a grave mistake if we were to double down on businesses with high carbon emissions. The more that we do that, the harder it is to retrofit and fix problems. Now is the time to really think about what businesses need to feature in an economic model that delivers social and environmental wellbeing for Scottish people beyond Covid.

10:45

We need to ask how we support transition and power down from those businesses. There is a question around the protection of livelihoods rather than the protection of positions. We need to have that mentality, and not go for the short-term benefits in terms of jobs that will come with immense carbon damage and make it harder to decouple those livelihoods from those carbon-emitting sectors in the future. It is important to state that it would be a mistake to go for short-term solutions that are not really solutions, because they will make things harder in the long term.

On Covid, Tahseen Jafry's answer was fantastic. I would add only that the Trades Union Congress has today produced a report identifying the fact that black and minority ethnic groups are more at risk than others, because of the nature of the jobs—they are asked to shoulder more risk in terms of work security and so on. That is a small example of the extent to which Covid has reinforced existing inequalities, whether those

inequalities are in income, socioeconomic status, gender or minority ethnic status.

People talk about a K-shaped recovery. Those of us who, like me, are lucky enough to be able to work from our kitchen tables and have incomes that are relatively secure are saving more money, whereas groups that are more likely to be in front-line and delivery services are experiencing not only economic insecurity, but are more at risk of Covid. That results in an exacerbation of inequalities.

There is a big issue around gender, too. Quite a bit of work has been done by various universities and the Women's Budget Group on the issue. Prior to Covid, women were already more likely to feature in jobs that were more insecure and in front-line service jobs that put them more in danger of catching Covid. Now, we are seeing them shouldering the additional burden of childcare and domestic work. That adds to those layers.

The question of what has come out of Covid that we can build on and utilise as we rethink our economic systems is a good one. To add to Tahseen Jafry's comment about compassion, we have seen the gift economy emerge as the thing that has kept communities and families going. None of the compassion, mutual support and reaching out to neighbours that we have seen will feature in formal gross domestic product statistics, yet it is what has kept communities afloat in these past few months.

One of the other useful directions of travel—quite literally—has been a recognition of the absurd nature of business travel prior to Covid. A couple of months ago, I was speaking to a group of fund managers who quite openly said that, in the fund management sector, to be seen as a serious account manager, they had to physically go to every meeting. Hopefully, that has now been wiped out for good, and we will think twice, three times and four times about whether our travel for business is necessary. We are already seeing discussions about a frequent-flyer tax, which I think is vital in terms of the make-up of our tax system and incentive structures as we build back after Covid.

Another heartening aspect is the recognition of the value of green space and how much it matters to our state of mind and mental health—that might have always been recognised, but it is perhaps more explicit now. Of course, we are seeing that there are huge socioeconomic inequalities in access to green space and with regard to the safety, quality and cleanliness of that green space. However, people are cherishing the ability to walk to a park, perhaps more than they have ever done before. We should hold on to that and celebrate it

as our society thinks about what is important to it as we build back beyond Covid.

I think, for some who are lucky enough—that is a big caveat, because a lot of folks are feeling more frantic and busier than ever—to travel less and attend fewer meetings physically, there is a new understanding of the cult of busyness that we had prior to Covid. I often say to colleagues that we might look back at the 2000s as an era where we had an obsession with being busy, regardless of all the damage that that did to our mental health, physical health, family life and our relationships. Hopefully, we can put that aside and celebrate this idea of a better work/life balance. However, as I said, I must make the big caveat that only some people have been lucky enough to experience that during the pandemic.

At a more macro perspective, globally, Governments have really prioritised collective health and wellbeing over the economy and have said that the economy is a second-order goal that must be in service of the first principle—the utmost priority—which is the health and wellbeing of citizens.

The other aspect that is heartening is the conversation around conditionality. People are starting to think twice about what public support is given to businesses and what conditions should go along with that. For example, the United Nations general secretary, António Guterres, said that no business should get a bail out if it does not have a plan to meet the Paris agreement. We should apply that across the board. I am really heartened to see the Scottish Government following the lead of Denmark by considering questions around tax havens when it thinks about what businesses will get access to precious public resources.

The Convener: Mark Ruskell is asking for a supplementary question. Can you keep it short, Mark? I want to bring in other members in order to get through all the lines of questioning.

Mark Ruskell: Is strong economic growth needed in order to invest in transition?

Dr Trebeck: It depends on the sort of economic growth. Something that I find frustrating in debates in Scotland is that, with all the ingenuity, wisdom and intelligence in Scotland, we seem to be unable to distinguish between means and ends and unable to think in a more nuanced way about what sort of growth is necessary for human and ecological wellbeing.

Growth, in and of itself, is a fairly abstract and bland term. There are plenty of things that we need more of. We need more local businesses, renewable energy, workers co-operatives, cycle paths and so on. Growing those will be a good thing, but just saying that we need more growth

and then keeping our fingers crossed that it might trickle down, that it might be sustainable and that it might be the solution to some of our environmental problems is no longer good enough. We need a more sophisticated understanding of what we need more of. However, we also need an understanding that GDP and the economic growth is not the objective. The objective is social and ecological wellbeing, and we need to think about how the economy can be structured in a way to service those higher-order goals. We need to have that conversation in Scotland. We see the economy being put on a par with social issues and the environment, when it should actually be in service of those aspects.

There is a failure to recognise the extent to which the economy is embedded in society and the extent to which the two of those aspects are embedded in nature. It is a hierarchy, but it is the reverse of how it is often understood.

Claudia Beamish: What indicators are you looking for to signal that Scotland is on a green pathway to recovery, and that that is inclusive and just and has wellbeing at its heart? I will leave that as an open question, because you have both highlighted issues that should be measured and which, even if they are measured at the moment, are not as high up in the hierarchy as they should be.

Professor Jafry: I will keep it short and simple. On indicators, I would like a framework that builds on the sustainable development goal of leaving no one behind and the human rights framework, and the principles that underpin those things.

If we are looking for a just and inclusive recovery, I would like specific indicators on diversity, equality, gender, representation, voice and inclusivity. I would like indicators that speak to those high-level goals, and for the approach to be values driven. In my mind, the delivery of the green recovery needs to be built on the principles of values.

A lot more work needs to be done to tease out each of the specific areas. That will involve looking at the things that I have mentioned earlier about the people who have been most affected by Covid. We need to start piecing together that framework. Those are the high-level indicators that I would like.

Dr Trebeck: The question of indicators is really exciting. We are lucky that, in Scotland, quite a few important dimensions of measures of progress are already counted. However, there is often a question about what we do with them and levels of accountability. With the suite of measures in the national performance framework, the question is which of those take precedence and really get political attention and media buy-in. In a way, in

the debate on going beyond GDP and better measures of progress, our colleagues in statistics offices in Scotland and other countries have done their jobs. We could probably always have better measures, but the issue is not so much about a lack of indicators anymore; it is a question of how we embed the indicators in decision making, budget allocation and accountability questions. That is more a question for the policy entrepreneurs rather than the statistics.

There is a question about building demand for those indicators. How do we ensure that they resonate with the general public and make sense to people in their everyday lives? Some of us think about indicators and dashboards a lot but, when most people talk about them, they are talking about their cars and not their quality of life. There is a question about how we ensure that initiatives such as the national performance framework and the SDGs resonate with and make sense to people who do not think about such metrics and measures every day but who are just trying to get on with their lives.

Therefore, we need public dialogue and bottom-up consultation on the issue. It is not my job to sit here and nominate what the measures of progress should be; they have to come from Scottish people and, in particular, those who are most marginalised in the current system. However, the outcome of such consultations will not be a surprise. It will be the sort of things that Tahseen Jafry has identified, such as voice, purpose, access to green space, quality of relationships and security and sufficiency of income. I have been involved in deliberative processes in Scotland and with colleagues in India and Namibia on what really matters to people. That is where we need to start when we think about what indicators and measures we lead with.

It is a sad irony that our dominant measure of progress today—gross domestic product—was in part created to measure how the US was emerging after the great depression. It was created to measure the new deal initiative, among other reasons. Now, 90 years on, there is a risk that we hold on to a measure of progress that was designed almost 100 years ago for extraordinarily different times, when people were not as cognisant of the limits to growth, planetary boundaries and finite resources. Its creator, Simon Kuznets, said that we should not measure the wealth of our nations using gross domestic product.

It is in a way quite devastating that we are still holding on to that measure of progress. If we are in a conversation around green new deals, it is time to have better measures of progress, but they have to emerge from community consultation and deliberative dialogue, and they have to resonate

with people so that they demand those measures of their political representatives. It is an on-going conversation about accountability, so that the measures are embedded in policy-making processes and they shape budget allocations. I have my pet favourites for that issue, but it is a task for the process. We need to bring communities along with us in those discussions and make sure that their voices are heard with regard to what we take forward as measures of recovery progress and what it is that we want to recover?

11:00

The Convener: We move to questions from Stewart Stevenson.

Stewart Stevenson: I am absolutely with Katherine Trebeck on counting things. This is my 993rd committee meeting since being elected and, when, as expected, I speak in the debate this evening, I will increase my minutes of speaking in debate from 4,995 to 5,000. Fingers crossed.

The subject of the national performance framework was brought up; in a sense, it is showing us trends. In other words, are we stable, are we getting better or are we getting worse? In looking at that, the AGER report talks about the four pillars of capital—environment, community, business and people—and how that approach fits with our existing metrics. Does the national performance framework need to be adapted to fit that approach in order to enable us to see trends? Is it good enough that the national performance framework is essentially about trends rather than absolutes?

Professor Jafry: Is it really an issue of either trends or specifics? I think that both have a role to play. Trends will give us the vision, long-term scope and some sort of trajectory to where we aim to get to in the short, medium and long terms. However, in order to get to that framing, it is nice to have those specifics, which will underpin our reaching those goals in the short, medium and long terms.

With regard to the four pillars of capital, I found the representation in the diagram confusing; they are pillars, so I would like to see the approach represented as building blocks. They are building blocks to try and get to a future direction and scope but, as presented, the pillars come round in a circle. The clarity of how that is presented needs to change for the better.

Within the concepts of the national performance framework and the pillars, we need to embed and embrace innovation and social cohesion. Those key things came through clearly in lockdown, in the way that communities came together and supported each other. The concept of social

cohesion is missing from that approach. Achieving inclusive, green recovery will require not just technology and financial resources; it needs society to innovate and interact with our environment in a different way. That will require us to create an enabling environment so that we can progress in that way. It is a question of governance, and issues of governance are not reflected in the pillars or the national performance framework. Therefore, it would be nice to see some adaptation that reflects a sense of clarity across both spectrums. I hope that that provides a bit of depth to my analysis of the visuals and the framework as presented.

Stewart Stevenson: Before we go to Katherine Trebeck, I will pick up on a couple of things that Tahseen Jafry has just said.

In your response, you used the word “innovate” two or three times. Having worked in an innovation-led industry, I wonder whether one of the things that has come out of the Covid crisis is that we have been prepared to try things that we do not know will succeed. We have been prepared to fail, acknowledge that we have failed, move on from that failure and learn from it. Is that one of the big lessons that has come out of the pandemic crisis, particularly in relation to innovation? I am talking about not just economic and technical innovation but societal innovation.

Professor Jafry: That is spot on. There are no right or wrong answers to innovation. It is a process of learning by doing, and we are adapting, changing and doing things in different ways. People may not describe that as “I’m being innovative” in their own mind, but people are going through a process of change, and by doing that they are becoming a bit more innovative. We recognise that some things will work and some things will fail, but I completely agree that one of the big things that we need to take away from this is the drive for social innovation. What is clearly coming through is the cohesion that we have as a society to drive innovation, and we should try to embrace that across the frameworks.

Dr Trebeck: I have a couple of points on the national performance framework. I work with one foot in a global organisation, and from that perspective, Scotland is very lucky to have the NPF. It has been around longer than many other Governments’ equivalent wellbeing frameworks. The refresh that was launched in June 2018 is a massive improvement on the original NPF, although we need to keep going further. That speaks to my remarks earlier about the confusion between means and ends in the purpose of the NPF. One of the goals set out is to create sustainable inclusive growth. Well, why? We need to think about what sort of growth we need in service of those higher order goals and wrap our

heads around the difference between the two. We need to reposition what we understand as the need for growth, and be fair-weather friends of growth rather than its ever-faithful followers.

The issue now, though, is how we link the NPF to budgets. I would love to do a rigorous analysis of whether those four pillars of capital help in the extent to which they are embedded in the NPF. There is a challenge in the way that they are written in the report of the advisory group on economic recovery. Business is a hugely diverse community; there are tiny family microbusinesses, there are sole traders and there are massive conglomerates. This goes back to the earlier discussion about what sort of business ecosystem we need to support in Scotland if we are going to create an economic system that delivers human and ecological wellbeing. It cannot just take a *carte blanche* approach to all businesses; we need to recognise that those businesses themselves depend on some of the other pillars of capital in the framework—they require natural capital, and the social capital that comes from families and communities, and enabling people to engage in the formal labour market. It is vital to understand those interconnections.

Innovation is a real buzzword these days, and one of the questions to think about is, innovation for what? Not all innovation is going to be the sort of activities that are conducive to human and ecological wellbeing. What are we innovating for? It is the same with words such as entrepreneurship. Entrepreneurship for what?

What has really been demonstrated by Covid is just how extraordinarily innovative businesses are when they have boundaries. Over the past few years, when I have talked about limits to growth brought about by the finite planet—the planetary boundaries idea, based on what earth systems scientists tell us about the limits of our natural resources system—often one of the responses is, “If you talk about limiting people and businesses, you won’t get innovation or creativeness.” Covid has put aside that myth. You only have to walk down your local high street to see how creative businesses are being to wrap their heads around how they can still operate within new restrictions. How can they go about serving their customers in different circumstances? It is a heartening reminder of how creative people are within limits; in fact, it is within limits that people are often at their most creative.

Liz Smith: I will pick up on that point. You raise an interesting debate about what the right meaning of economic growth is, and you said something very interesting about innovation, how that matters and how Covid has taught many more people to be more innovative about how they run their own lives and businesses. The trouble is that

Covid has also created a lot of difficulties for the economy. If you go down your high street, not only will you see innovation but you will see a lot of shops that are no longer in business. How do you think we can balance the need for regenerating the economy with ensuring that the behaviours that we elicit from human beings are more directed at the green recovery? There is a balance to be struck there. What levers should we put in place to ensure that there is an effective balance that regenerates the economy, creates growth and the investment and jobs that go with it, and also changes our behaviour to ensure that it is much greener?

Dr Trebeck: There is a lot that needs to be done, and lots to unpick in that question. Parts of the economy have done very well in the current circumstances; great wealth has been created, accumulated and amassed. We need to start having a conversation about distributing that more fairly rather than only thinking about growth in and of itself and keeping our fingers crossed that it will trickle down to those businesses that have had to shut due to Covid. We also need to have a conversation about how we distribute economic growth, because even prior to Covid so much economic growth went to those at the very top and did not deliver for those at the bottom and those who are eking along on the breadline and struggling to get by. It is not a case of just pushing down on the growth accelerator and hoping that that will deliver the goods; we need to think about how we distribute growth, what sort of growth we need and what sort of economic activities we need to cultivate and support to serve those higher-order goals of human and ecological wellbeing.

We also need to think about what sort of business models and structures are required. Scotland has a proud history—dating back centuries—of supporting the co-operative movement and, in recent times, of supporting social enterprises and benefit corporations. Those are the sorts of business models that put purpose in the very DNA of how they operate, and we should be supporting them and trying to roll them out and scale them up so that they feature much more prominently in the economic ecosystem in Scotland. In terms of the levers to that end, there is a lot we can do on business advice and support, and there is much more that we can do on procurement and the role of development agencies in relation to advising that those should be the sorts of business models that we should turn to. Those should be our default business models rather than the traditional profit-orientated models, where profit is seen as a goal in and of itself rather than a means to deliver social and environmental objectives.

We need to think about sharing work better. If we are going to have an economy with fewer jobs

in the formal labour market, how do we share them better? There have already been tentative conversations around shorter working weeks and perhaps more public holidays, and the public sector in Scotland can lead by example through its modelling and employment practices. There are questions about how we use procurement and public purchasing to encourage supply chains that have more shared working weeks—for example, four-day work weeks as the default option. We are seeing certain businesses here in Scotland and around the world embracing and exploring that as way to distribute fewer paid employment opportunities more fairly. There is a profound absurdity about the lack of coherence on those issues. On the news this morning, there was a 22-year-old woman describing how she cannot get even a job interview, and the item before that was about extending the retirement age for women—the group that Women Against State Pension Inequality campaigns on behalf of. That is extraordinary incoherence. We are extending the retirement age for people who are ready to step out of the labour market at the same time as we cannot find work for our young people. We need to have a consistent approach across the system.

The Convener: I am conscious that we do not have much time left. I bring in Professor Jafry to answer Liz Smith's initial question.

11:15

Professor Jafry: I will keep it short and simple: I would like there to be investment in creative industries.

The investment should be not just in training but in business support that will help people to think through how to diversify from what they have lost, relaunch and develop business models that will enable people to get back on their feet in a way that is in tune with the green recovery and growth that we are trying to head to. It is about building back better, enabling and helping people to get their businesses back on their feet, and changing the concept of small businesses, many of which have been lost through Covid. I am summarising, because I understand that we do not have much time to go into it.

The Convener: I want to move on to talk about a just transition. Liz Smith, is there something else that you want to mention, or can we move on?

Liz Smith: There is, but I will leave it.

The Convener: Please carry on and ask your question. Just transition will be our final line of questioning.

Liz Smith: It is all very well talking about distribution and people's attitudes, but I am interested in how we increase productivity and

innovation, which was talked about earlier. If we are going to redistribute wealth and ensure that there is a more just society, we need wealth in the first instance. Post-Covid, what levers should we use to achieve greater productivity and better growth?

Professor Jafry: In terms of levers and productivity and growth, I am a firm believer in following the structuration theory of Anthony Giddens. What he describes is changing behaviours and how we do things, so that that becomes a conventional way of doing things, rather than us having to stop and think about how we are doing things. Long-term behavioural change is critically important.

In terms of levers for change, we need to take society with us to create change in how we behave and interact with our environment. To date, there has not been enough investment in that. There is a lot of emphasis on the technology and know-how of the production side of things, but there is not enough investment, drive and energy for the question that Liz Smith poses about levers. Unless we get momentum to get those levers up and running, there will be stagnation. We need to invest enough resources to achieve value-driven behavioural change, which I have been trying to push for some time now. Unless we do that, we will continue on the same trajectory with technology and people on different sides. We need to find ways to embrace the two things to drive change. The conversation on value-driven change is bigger; I am happy to engage offline on that.

Mark Ruskell: I am trying to picture what it would look like on the ground in communities if we were to apply a regional approach to green recovery. For example, I am an MSP who represents Fife and I think quite a lot about Fife's post-industrial history and its opportunities for the future.

Who will lead on that? There is an interesting policy in the programme for government about setting up transition boards. Is that the right way forward? Should it be public agency led or community led? What would a green recovery at a regional level look like in practice on the ground, bringing it down to the level of people's communities?

Professor Jafry: I want to reflect on the interim report by the just transition commission, which was published in February 2020. One of its key findings was that voices are not heard. It is fundamentally important to address that if we are to progress towards a just transition. We must engage the public in what that means for individuals and for communities and society. If people do not feel engaged in that process, they will feel inadvertently left behind. It is important to

have that engagement. There are two issues: awareness and engagement.

Many people see the concept of just transition as quite a narrow one. They think that it is about shifting to a low-carbon economy but doing so in a way that emphasises the rights and needs mostly of industrial workers and of those who work with fossil fuels. We are looking at just transition not only in that narrow sense but also in the sense of a far bigger transition that involves a just climate transition. We must embrace conversations at a number of levels and across different platforms.

When we come down to a regional level, those voices must come to the fore. The conversation must be driven by the people who will be affected. I do not feel that we have enough understanding at a regional level to be able truly to understand how the Scottish landscape is affected by different communities in different places or zones. I would like to see a better understanding of that.

You asked how we do that. There are different platforms. There are some simple ways of engaging communities, such as having a climate cafe. We can engage with communities through different sectors, such as faith-based or community-led organisations or other social groups and networks. Social networks are undervalued and underestimated. We must embrace a bottom-up approach to doing that.

We need a clear and robust methodology for how to achieve engagement. A lot will rest on that: if we get the methodology right, that will give you the results that you need. There is more work to do there.

Mark Ruskell: Who should lead that on the ground? If the transition board was started by Grangemouth or Mossmorran or Exxon Mobil, that could have a particular focus. Or, it could come from a community angle and not deal with some of those bigger questions about the future of industrial plants. Is there an optimum model for how to get the conversation moving in a way that addresses both the big concerns and the experiences of people and communities?

Professor Jafry: Yes, there is a methodology called a multilevel stakeholder engagement process. I use it all the time in different platforms for the work that I do. It allows for engagement across a number of different sectors to get to grips with the issues at sectoral level. It then brings all that together and merges all the concepts and concerns, the bottlenecks and challenges. We should use that approach of multiscale stakeholder engagement as the methodology. I would be happy to share how that can be done. I have used it in many circumstances and I can share that with you offline.

The Convener: I want to bring in Dr Trebeck, but I would like to add something first. I will come back to Professor Jafry. You mentioned leaving people behind and you said that Scotland is diverse in its geography and landscape. It is rural and urban, and there are lots of different types of community.

You have said that some people are left behind. Where is that happening? Where could further action be taken to ensure that people are not left behind as we transition? I am a rural MSP, so I see that already, particularly regarding transport infrastructure. People can be left behind and disadvantaged. Could Dr Trebeck deal with that?

Dr Trebeck: I have a couple of points on those two questions. As Tahseen Jafry mentioned it, I noted down that there had been multistakeholder conversations. That is the only way we can get everyone to support the steps and nature of the transition that is required. People have to feel that they have agency, that they have a voice and that their needs are being taken care of. It is vital that we have conversations before the shifts take place. I suspect that no one working in the fossil fuel sector imagines that their grandchildren will be working in the same sector—they will already have ideas about the sort of economic activity they can imagine in a couple of generations' time. We need to have those conversations and listen to people who are involved in those sectors.

We need to pay attention not just to the sectors themselves but also to the supply chain and communities where other economic activities depends on those conversations. We need to include them in the conversation. It has to be across the board and deliberative. That is where mechanisms such as citizens assemblies, which are already up and running, are already proving their worth. We only have to look at some of the recommendations from the Climate Assembly UK that were published late last week. Where there is a conversation with people whose expertise is on tap, rather than on top, and where people are given the space to deliberate and discuss, they will really come up with ambitious, voluntary approaches to the changes that are required.

That also speaks to the transport question. I was privileged to be part of the Scottish assembly earlier this year. During the weekend that I was involved in, the issue of transport came up again and again, and not just the goal of better public transport as a feature of a wellbeing economy, but the extent to which a lack of good transport blocks other change. If we do not have decent, clean, safe transport, people will not be able to access other jobs or create new businesses from the bottom up. That speaks to Ms Smith's previous question about how we support bottom-up businesses, rather than putting the onus on

individuals to change. We need to think about how we can support people to create their own businesses.

There are many mechanisms that must operate simultaneously, which is why it is difficult and complicated. Enabling factors, such as transport, come up again and again. We need to decarbonise transport, because it is one of the biggest contributions to carbon emissions, but if we get it right that will also enable communities not to feel left behind and will ensure that people feel that they can start businesses in their communities and that they will have access to markets and labour markets. We must utilise that mechanism in consultation with communities—all the time—so that people feel part of it.

I come back to a phrase that I think is from the World Bank: we must protect the person, not the position. Protecting people and their livelihoods is a collective responsibility. We cannot let people feel that their livelihoods will be threatened, otherwise, as is happening in elections around the world, they will hold on for dear life to economic systems and businesses that we know we need to reduce and power down if we are to have a low carbon economy.

The Convener: Claudia, did you have a question about the just transition that you want to put to our witnesses?

Claudia Beamish: It has been covered by Dr Trebeck. I do not know whether Professor Jafry had any further comments to make. My question was about broadening out the discussion beyond just businesses to communities and workers in the different sectors.

The Convener: I will bring Professor Jafry back in. She might also want to pick up on some of the points that I made.

Professor Jafry: The first Scottish climate change adaptation programme report that was presented in March 2019—not so long ago—does not mention issues of justice, equality or inclusivity. Those are the things that relate to the idea of leaving no one behind. If we are to move on this journey and leave no one behind we need to be really mindful that those issues are embedded in our climate change adaptation programmes and are front and centre in our just transition programme. As I said, it is important that the framing of the conversation embraces those things and they are seen as core values that underpin our process.

11:30

I would like to end on a positive. There are many good things happening across the Scottish landscape. We should embrace the positive

changes that are taking place through conversation and dialogue, through the Scottish citizens assembly, and have those voices be part of the journey. We need to find ways and mechanisms that allow those voices to be heard. If we are clear in our mind that that is what we want to do, it will address the issue of leaving no one behind, whether they live in rural, peri-urban, urban, or inner-city communities and whether they face inequality or are from the black and ethnic minority community. The landscape needs to be clearer and more robust. At the moment, I cannot see the landscape—the approach seems to be “this it for everyone”. My preference would be to see that broken down a little more, with different levels of key performance indicators on how we are going to address the needs of all the sectors of society.

The Convener: We have run out of time. We could have talked about those issues with you all morning—you have both been very interesting—but we need to come to our next panel. I thank you both very much.

11:31

Meeting suspended.

11:36

On resuming—

The Convener: We continue with our third panel of witnesses as part of today's evidence session in our green recovery inquiry. Mike Robinson is chief executive of the Royal Scottish Geographical Society and Sara Thiam is chief executive officer at the Scottish Council for Development and Industry.

I welcome both of you. I will open our questioning. What are the three most significant measures that Scotland could take over the immediate term to support a green recovery that will align with the goals of transitioning to net zero carbon, addressing biodiversity loss and building a robust and resilient economy in a fair and equitable society—with the backdrop of the Covid emergency?

Sara Thiam (Scottish Council for Development and Industry): Thank you for inviting me to give evidence this morning. It has been a fantastic and inspiring meeting so far.

As we all know, investing in a green recovery is a unique opportunity for Scotland to deliver green growth. We pulled together the green recovery report in partnership with our leadership group and our diverse membership, which, as you know, comprises a unique coalition of public, private and third sector, not-for-profit organisations.

We had four key principles that underpinned our thinking and our recommendations for investment, intervention and policy. They were about the impact and how quickly it can happen; the resilience of society, the economy and the environment to future disruptions, shocks and crises; the fairness that you have talked about so much this morning; and ambition, with targeted activity that boosts Scotland's global competitiveness as a world leader in clean growth, innovation, technologies and expertise. We identified three of the 12 recommendations as being important for the immediate term because of their strong economic multiplier effects. They are about reskilling and upskilling the workforce; the green stimulus spending that you have touched on this morning; and unlocking private sector investment and attracting inward investment.

On reskilling and upskilling, it is worth asking—we will probably come to this later—whether the current schemes are big enough to handle the scale, and whether they are green enough.

If we think about examples of green stimulus spending with strong multiplier effects, the national programmes on retrofit, energy efficiency and active travel, for example, can quickly reduce emissions, create significant numbers of jobs and support the growth of small and medium-sized enterprises, while simultaneously tackling climate change and unemployment and helping with business survival.

The investment in digital connectivity is another area that we feel is particularly important for that green stimulus, especially in rural areas and areas with the worst connection speeds. Such investment has the potential to unlock business growth, higher levels of productivity and behavioural change to reduce the impact on the environment, including but not limited to home working.

Private sector investment is also important. We have already talked a little about the opportunities from the Scottish National Investment Bank, but it is also important to get regulation right to enable that investment by the private sector, particularly anticipatory investment that our energy companies and the digital telecommunications companies are keen to bring forward.

The Convener: That is very helpful. My colleagues will drill down on a few things that you mentioned.

Mike Robinson (Royal Scottish Geographical Society): I will speak to the report that we submitted. We ran a climate emergency summit—we have run seven now—with a broad group of representatives and came up with about 170 thoughts and actions from that, which we summarised into 12 key findings. They are on the

usual things that you would expect: green infrastructure, renewables, active travel, digitisation, nitrogen reduction and a strong emphasis on innovation and, as was mentioned earlier, trying new things and not being afraid to fail. There is also a strong drive under that to capture cross-sectoral—and the public's—imagination and ownership of the issue more than we have seen to date.

The other underpinning issue is the need for urgency and a focus on action. There is a clear desire to see more of a reaction to the emergency that we all feel exists; somebody described it as asking where the blue flashing lights were. Obviously, Covid has thrown that into some relief.

Probably the three leading, overarching issues were, first, having more leadership and clarity; secondly, how we review the impact of our decisions in the various arenas; and, thirdly, how we stop making the problem worse and start tackling it at scale. We felt strongly that that required a route map for every sector of society to play a role so that every sector understands what it needs to do to help the Government deliver against the targets. That needs to be underpinned with clear governance. The question is how we stop negative developments, get individuals and organisations to prioritise action, and get big signals of change—ambitious public action that is clearly taken to tackle climate change, because it is still too disconnected from people's lives.

Along with leadership and clarity, we also felt strongly that there is still not enough understanding of the issues or, in particular, the solutions around climate change. There is much more awareness than there ever was; that was certainly the case with all the activity in 2019, prior to Covid. However, that still has not translated into clarity about what people are meant to do. We think that there is a strong gap in people's understanding of the issues. In order to keep their awareness positive and optimistically focused, we think it critical that they focus on the solutions and not just on the awfulness of it all.

There is a critical need for budgets to underpin all that action. We have to create more resources to support action at scale. The 2006 Stern report referred to spending 2 per cent of GDP now or 20 per cent in the future to support action, but we are still a long way from spending even 2 per cent of GDP on the issues day to day.

The Convener: Since you both sent in your written submissions, we have had the programme for government. Can you both give your analysis of whether the programme for government is adequate in its response to both the climate and biodiversity crisis and the crisis that we find ourselves in with Covid-19 and the green

recovery? Can you give us your assessment of that, Mike?

Mike Robinson: Sure, but what a lot of things you are trying to tackle. The programme for government—

The Convener: We have to go through it quite quickly, so I am sorry, but carry on.

11:45

Mike Robinson: Of course.

The programme for government is probably not adequate, because it is almost impossible to do enough on these issues. An element of this is that whatever anybody is doing is not enough. We all have to accept that; we are all trying to do the next thing.

The programme for government is definitely a step in the right direction. The question is how much more is reasonable and could make an impact. I am not sure what else we could do on Covid, but there is an awful lot more that we can do on climate change and biodiversity.

The question in my mind is more about what we would have done differently if we had known, five years ago, that Covid was going to hit. The difference between Covid and climate change is that Covid was scientifically predictable, although the timescale was unknown, but climate change is scientifically predictable and has a timescale. How are we planning in that way for something that is bigger than Covid, given that we know when it is likely to hit—if it has not already done so? Therefore the programme for government is not adequate.

There is also a lack of clarity in some of it. For example, the commitment to active travel is very welcome, but is not that dissimilar to what was there before. The bus travel commitment in previous years has not really moved forward; nothing has really happened around that. We need to see more than just commitments; they need to be delivered, and at scale.

Sara Thiam: There were a number of positive announcements in the programme for government, in particular the green jobs fund and the youth guarantee. Both are positive measures to target employment, education and training opportunities at young people, who are disproportionately impacted. The Higgins report picked up on that scarring, which we want to avoid at all costs. The accelerated capital spend on green infrastructure is also hugely to be welcomed, in particular the additional funding for transforming homes and buildings during the next parliamentary session; the doubling of annual capital spend on energy efficiency; peatland

restoration; and forestry investment and additional tree coverage. All those are the positives.

We picked up earlier on the need to provide better business support. We were delighted to see the national expansion of Productivity Club Scotland, which will help businesses across the country to learn from one another. It is about business to business learning—and not just that; it is about the private, public and third sectors learning from one another. We are all innovating, and transforming how we do things, so there is an opportunity to keep talking to one another, to keep learning and to promote innovation. We already knew that productivity was a problem, but it could not matter more now.

However, as Mike Robinson has alluded to, there are concerns about whether the pace and scale meet the moment. For example, the national transition training fund that supports the 11,000 unemployed or at-risk soft Scottish workers is likely to be insufficient, given the level of expected unemployment in the next few months, especially as the coronavirus job retention scheme ends, restrictions continue, and confidence and demand remain low. There are predictions of 15 per cent unemployment rates.

The other thing worth flagging up is that, compared with other European Union countries, Scotland and the UK are planning to invest substantially lower levels of public money in a green fiscal stimulus. For example, Germany is investing 4 per cent of its GDP, and France is investing a similar proportion. We do not compare as favourably as we might with our friends and colleagues across the EU. However, it is also worth flagging up that the devolution settlement restricts the Scottish Government's ability to deliver that green stimulus. Four per cent of our GDP would mean £6 billion of stimulus, but the fiscal framework restricts the Scottish Government's borrowing to £450 million, which is 0.3 per cent of GDP. It is about the levers, and whether Scotland has them.

The Convener: Thank you. That comes back to Mike Robinson's point that spending 2 per cent now will save spending 20 per cent in the future. That point is well made.

Finlay Carson: There appears to be a theme coming through in the evidence that we have had—and we heard it earlier from Chris Stark as well—that there is a lack of vision, policy or clarity. Some of the things that have been talked about are a lack of leadership and the need for urgency and more focus on action, pace and scale of budget. I know that one of the proposed solutions is a route map to lay out that vision.

There is also something else that we need to consider. The just transition commission noted

that we already have some existing commitments and programmes which are not aligned with the Scottish Government's green recovery objectives and a number of stakeholders, including Unison and the Scottish Wildlife Trust, have said that there is a potential lack of coherence in policy making at the moment.

Can I ask you both what your feelings are about the coherence of the Government's overall approach to recovery? Are there areas in existing policies that are contradictory? How would you do it differently? How would you address those issues with coherence?

Mike Robinson: I would agree that there is a sense that there is a lack of coherence across not just government but society generally. There is an awful lot of activity going on around climate change and a lot of it very well intentioned, but it is not joined up very well, so a lot of it is going on in isolation from the rest of it. There is quite an important job to do to somehow bring all that different activity together better and develop momentum so that each of the conversations is building on the previous one.

That requires some energy and some effort. Also, it needs buy-in from the whole of government at the national and local levels. There is still a sense—I have come across this many times and I have had it reported to me as well—that, within organisations, as soon as there is a sustainability lead or a climate change team, everybody else thinks that it is that person or team's job and slightly delegates that responsibility. People recognise the need to act, but they do not always see it as enough of a priority compared with other short-term issues and they often see it as unaffordable when budgets are stretched.

We need to be getting across that sense that we are investing now for the future. We have borrowed from the future on climate and biodiversity levels and, with Covid, the fear is that we are about to borrow from the next generation for Covid recovery. Therefore, there is a fear that this is the last chance to put significant funds behind this transition.

We have to invest in those things now that will make a difference in 10 or 15 years. We need the energy infrastructure for bus travel to be in place in the next couple of years if we expect our buses to meet their targets and requirements in 2030 and beyond. Infrastructure should not be going ahead if we are not sure whether it will be detrimental.

There was a suggestion in our study about looking at the need for any major spend to pass some sort of sustainability test or even putting a moratorium on major expenditure on infrastructure until we are sure that it is not making the problem

worse. However, that throws up a separate issue to do with how you go about deciding that. How do you call in decisions and who does that? There is a sense that that needs to be done and I do not know whether that is a role for a climate commissioner or a climate emergency committee or even whether that is potentially within the remit of the ECCLR Committee. However, somehow, we need a strategic way to question major decisions and make sure that they pass a basic test of sustainability.

Sara Thiam: In Scotland, we have clear targets, and clear leadership has been established on the type of targets that we have. Targets matter but, equally, getting on with it and taking action is incredibly important, which we have already picked up on this morning. I would concur and I think that our members have long believed that the various economic strategies, plans and programmes of government need to better aligned or streamlined.

The Fraser of Allander institute has recently concluded that Scotland's strategic and institutional landscape is cluttered and that that could dilute the impact and effectiveness of policy. The danger is that you would not want to embark on a review; you would just need to ensure that much better co-ordination and collaboration is in place and that the different bodies are aligning on the outcomes that they are working towards.

The world has changed and the way in which we measure things and get to those outcomes will need to be different. Policies and interventions are coming forth at a speed that is unrecognisable for Governments' normal ways of working. Inevitably, there will be unintended consequences of that and some of them will not be quite right.

I am certainly very encouraged that in our conversations with both the Scottish and UK Governments there is a good dialogue between business and industry and the Governments on the unintended consequences of the programmes that they are trying to roll out. If I take the example of the kickstart scheme, the UK Government has quite deliberately rolled that out although the scheme is not completely ready and not all the details have been worked out. The approach is to learn by doing.

On coherence, there is a need to ensure that investment in green infrastructure is aligned with activity to boost the supply of green skills in order to meet the increasing demand for skills in, for example, retrofit and tree planting. There could be an opportunity to achieve that alignment through mechanisms such as the kickstart and youth guarantee schemes, for example. If we are topping up 25-hour work placements with green reskilling and upskilling, there could be opportunities through local colleges and the

design of higher education courses and lifelong learning provision.

The Convener: We would like to ask about skills, as that has featured quite a lot in your submission and in what you have said.

Liz Smith: I very much want to talk about skills. Both your submissions mentioned that leadership will be required, particularly in public bodies. What kind of leadership will we need to be able to drive the change to the green economy?

Sara Thiam: I will start by saying that the technological, environmental and societal disruption that we were seeing even prior to Covid-19—and those trends have been accelerated by the virus—mean that the skills that our employers will need to compete and thrive on the global stage are changing all the time. We are in perpetual white water. That fundamentally changes the world of work and the future of skills. We are all becoming hugely aware of technology, digital connectivity, working from home and mental health.

The journey to net zero will impact the skills profile of every job and every sector of the Scottish economy. We just need to look at how our individual lives have changed in the past couple of weeks and months. Engineers, surveyors and builders will need to develop new knowledge and skills in relation to the circular economy and will need to learn about modular construction and the use of more sustainable materials; mechanics and tradespeople will need to become familiar with different types of internal combustion engines; and gas boiler engineers will need to learn how to service electric vehicles, electric boilers and heat pumps.

The public sector will have to assess a large array of much more complex factors in policy and procurement decision making. It will have to think about providing holistic, long-term, social, economic and environmental costs and benefits. Everyone is beginning to grapple with huge and complex issues, in the same way that the committee's inquiry is doing.

Leadership, partnership and collaboration will be required across society and the economy to achieve net zero by 2045. As I said, our emissions targets are among the most ambitious in the world. Our report called for Scotland to respond collectively to the climate emergency with the same urgency, passion, energy and community action with which we have responded to Covid-19. There is an opportunity to harness that civic spirit to meet that other existential challenge. It is not either/or; it is both.

12:00

The main skills that we identify that we will need are the net zero skills that I have talked about, and the leadership skills of managers and other leaders in order to maximise the productivity of our people and to scale up, innovate and internationalise our businesses and ideas. As we know, our economy is overwhelmingly made up of small and medium-sized enterprises, and we have historically had a challenge in supporting SMEs to scale up.

We have lots of fantastic ingredients in Scotland. We have phenomenal natural capital and world-class universities and research but, traditionally, we have not been so strong in commercialising all that. That will be key. We must not lose the early advantage that we have had. We had research and innovation in relation to wind power, but the technology was commercialised and industrialised and supply chains were put in place by our EU26 competitors, who now sell back to us. We need a tie-up between advanced manufacturing, our knowledge and skills, and our natural and intellectual assets. It is about bringing all that together.

With Covid-19, we have had challenges with the production of testing kits, personal protective equipment and reagents, and we have been dependent on very different just-in-time supply chains. We need to consider how to build our economy and to build on some of the learning that we have done in recent months in relation to local supply chains.

Job creation schemes and any other labour market interventions absolutely have to be linked to the green skills agenda.

Mike Robinson: On leadership, the first thing that we need is everybody pulling in the same direction. There is a strong sense that there needs to be a uniform understanding of the critical things that we are all trying to deliver. Of course, we need vision and consistency. We need to inspire change and not just bring it about. We need to invest in it, but we also need to inform that change, and there is a big job to be done there.

There is a willingness out there. It is difficult to talk about the situation after Covid struck but, prior to Covid, at the beginning of this year, there was a willingness to engage from every single sector in a way that I have never seen before. There is a desire for boldness and clarity, and people are looking to be guided as to how they can best help and play a role. That is why our report had such a strong finding on a cross-societal route map.

Stewart Stevenson: I have a couple of questions. I suspect that we have almost covered my question on skills, which is good, but the one remaining issue, which will also be of interest to

the convener, is about how we address the just transition in a meaningful and practical way. The convener and I come from the north-east, where a lot of people work in the oil and gas industry in very well-paid jobs. How will we deal with that, with the caveat that many of the skills, particularly engineering skills, that people have are redeployable in green industries? Are you able to comment on that subject?

Sara Thiam: Having recently been in contact with our members in the north-east, and our regional committee there, I know that it is vital that we keep the skills in the oil and gas industry in the north-east of Scotland and anchor them there. It is also about the supply chain. The challenge that our oil and gas businesses in the north-east face right now is that they work closely with their supply chain, and they will need that supply chain right through the transition. At the moment, they are working incredibly hard to keep their supply chain going, because they will need it in the future for the energy that we transition to, but the challenge for them is how doing so can be economical for them as a business. The way in which they are working with the local supply chain in order to retain the skills and have the investment in the local economy in the longer term is the challenging aspect. You make a valid point about the transferability of those skills, and how we keep them.

Stewart Stevenson: I understand your description of the problem, but what can the Government do that will make a practical difference and help, either with direct interventions or in deconstructing barriers to making the changes? What can the Government do, because that is what we are concerned with?

Sara Thiam: Regulation is a huge issue. I touched on the type of anticipatory investment that our energy businesses and telecommunications and digital companies are keen to make. Some of the challenges relate to the current regulatory framework and the different ways in which the different regulators operate, and the drivers that currently operate—[Inaudible.]

In terms of oil and gas, Chris Stark spoke about the transition to CCUS, hydrogen and other new technology, and it has to be about economic stimulus. At the moment, that matter is reserved to Westminster, so we need to look to the Westminster Government to introduce a robust package of measures in that regard.

Mike Robinson: I have already mentioned that there is a general lack of real understanding of the issue and the solutions to it. We have been working with Professor Dave Reay of the University of Edinburgh, Professor Iain Black of the University of Stirling's management school, and the Institute of Directors, to produce an online

course and qualification to help people get up to speed quickly on the issue, and in particular the solutions. That is a critical step, which is why we did it.

We are also looking at producing a similar version for students, and with the right impetus and momentum—we are trying to persuade people to get involved—every student in Scotland could be sitting that course before the conference of the parties next year. We are trying to be ambitious around that whole education programme, which is there to get people up to a point at which they understand the issues sufficiently to then do the next things.

To help with the transition, which is a critical issue, we need to fund reskilling and we need to fund innovation. We must not leave behind people who are doing self-employment programmes or engaged in entrepreneurship in all sorts of rural and green areas. We have to push that and find ways to support it.

We might have to make time for training. Somebody suggested that we should have a climate skills day off to give people the space to get that new learning—we are talking about a new set of priorities within an existing framework, so it is something that they will have to learn.

It is also very important for the Government to send clear signals about the solutions that it is fixed on and wants to happen. At the moment, one of the difficulties is that we do not necessarily know which horse to back. There are lots of solutions to climate change, some of which are more credible than others, so a formal and long-term commitment from the Government would be a huge signal for how people should spend their time in terms of reskilling.

Stewart Stevenson: My final question requires a fairly brief answer.

In Covid, we have an issue that more or less 100 per cent of the population think could directly affect them personally but which, in reality, will not affect 99 people out of 100, although that 1 per cent might be affected very severely indeed. It seems that climate is not that same sort of issue; in other words, not all of the population think that the issue will matter to them. How can we take the near-unanimous view that relates to the need for action on Covid and get that same sort of urgency across the community in terms of individual action on climate change? What could Government do to help with that?

Mike Robinson: I chair an agricultural inquiry called Farming for 1.5°, and your question reminds me of a discussion that we had there. At the first meeting, one of the farmers in the room challenged me, saying, basically, that there is no such thing as climate change. I do not believe that

we need 100 per cent of the people to believe in the issue before they take action, so I said to that farmer that it did not matter any more whether he believed in it because his Government does, his union does and his customers do and the market is changing, and that the best opportunity for him to sit up and understand what was happening to his industry was to get involved.

I think that we need to be a bit bolder on this issue. I do not think that anyone really questions the science any more; people simply question the priority that the issue is given compared with other issues that we face. The Government can send an important signal in that regard. I believe firmly in the idea of signal changes. Many years ago, we had a conversation about the possibility of reducing the national speed limit, but what that kind of initiative needs is something public and visible that shows that the Government is taking the issue seriously and which captures people's imagination.

Stewart Stevenson: I recall that conversation, Mike, and I would still back that policy.

Sara Thiam: This is not an either/or question; it is an and/and one. You make an astute observation about the fact that people have almost forgotten about the climate emergency. One wonders quite how that happened.

Earlier, Katherine Trebeck alluded to the citizens assembly on climate change, Climate Assembly UK, which was one of the most heartening pieces of work that we have seen in recent months around this issue.

The approach must involve a process of education from the cradle to the grave, right throughout society—through our media, our schools, our churches, our communities and ourselves as individuals. Part of the challenge is that we are all grappling with what the right thing to do is, because the issue is huge, complex and all-encompassing. In that regard, Katherine Trebeck picked up on the important issue of people needing to feel that they have some sort of agency in this conversation and how the issues are impacting on them.

I think that it is a case of education, conversation, bringing together the public, private and third sectors, looking at issues in the round and keeping talking to one another. The best recent example that I can cite is the citizens assembly on climate change. Exciting efforts and innovations are also being made by businesses, local authorities, churches and organisations such as Refuweegee, which is doing phenomenal work with volunteers.

There is a huge amount to be done, but conversations and education are the way to go

about it, and the best example of that that I have seen so far is the Climate Assembly UK.

12:15

Mark Ruskell: Over the past few months, we have seen a lot of innovation and different ways of living our lives—new norms, if you like—some of which you pick out in your submissions. In our inquiry, we have already heard a lot about home working, flexible working and a four-day week. To what extent do you think that those ways of working will persist? How do we ensure that they become part of the way that we do business? If you think that they are positive, what support is required to ensure that they become a permanent feature of the way that we run our lives?

Sara Thiam: That is another great question. As you say, by adapting and innovating, organisations and businesses are leading the way to net zero, and there are opportunities to lock in such behaviours.

We have already heard about active travel, the spaces for people programme and rapid interventions by local authorities across the country. We want to see more of that work. As you say, the question is how we lock in those developments and make them permanent. There needs to be further infrastructure spending by Government to transform connectivity. That will involve looking at the topography of our towns and cities and our rural areas. We have called for green city plans and green town plans, and interesting work has been done in that area in Glasgow. However, after a decade of austerity, local authorities will require Government support and greater budget certainty to meet the scale of the challenge.

Interesting work is being done in relation to buying locally and community wealth building, which Katherine Trebeck touched on. Consumers are focusing on buying locally and supporting small local businesses, and some local businesses have gone above and beyond to help local communities. There is an opportunity for the Government, local authorities and the wider public sector to harness the power of the public pound and buy locally. North Ayrshire Council's community wealth building initiative is worth flagging up and rolling out.

People are working from home and organisations are reassessing their ways of working. Very few organisations envisage that their employees will go back to the office on a full-time basis. Some organisations have already moved to totally different ways of working. The UK Government could encourage that by enshrining the right to work from home, wherever possible, in legislation.

However, there are also new and emerging trends that are damaging and which need to be mitigated—there are significant issues around public transport, mental health and fair work that we need to grapple with.

Mike Robinson: We face a number of issues. One problem is that, although we are quite good at responding and tweaking activities based on existing and historical behaviours, we are less good at reimagining the future that we want to create, and that is the job that we need to do at the moment.

Even now, there is a little too much short-termism in the Covid recovery. For example, there has been increased priority for walking and cycling, which is very welcome. I cycle regularly and have noticed that I get a lot more berth these days than I used to—I think that everybody bought a bike during lockdown if they did not already have one. However, we are still acting as if Covid will be sorted out by January, February or March. If we just stopped and realised that, realistically, it might be two years down the line before a vaccine has been found and is available, and if we started pushing our timeline, maybe we would take much more seriously infrastructure development and changes to the prioritisation of infrastructure, particularly in transport.

I have a bit of fear about the instant reaction on public transport. Many businesses are, of course, based on the volume of traffic. With social distancing and all the issues around it, the situation will be very difficult for them. The next period will be tough on buses, trains and other modes of public transport, and yet we need them in future for the climate recovery. We need to start planning now for the things that we want to build back, and we need to start investing in the necessary infrastructure so that, when we bounce back from Covid, we are ready for the next set of changes. People are afraid of this disease, and afraid of public transport, which I think will be insurmountable until we get beyond this point. We have to start investing in the next step, with patience and the understanding that changes might not kick in for a year or two.

Claudia Beamish: I am conscious of time, but I want to focus on conditionality in procurement, to the degree that it has not yet been discussed in the meeting. A number of submissions to the committee have highlighted opportunities to use public procurement to support a green recovery. Do you agree that all Scottish Government support for economy and business should be compatible with goals to deliver net zero, protect natural capital and secure a wellbeing economy? If you have any additional comments on how to ensure that that happens in practice, that would be great. Also, importantly, what indicators would give

confidence that we are on track for the next six months or a year?

Mike Robinson: Procurement seems like an obvious way of supporting the move towards net zero. It more than exceeds 2 per cent of GDP, so in itself it is a huge vehicle for good. It is still not quite there yet. It is still not given the priority that it might be, and it needs wider ownership across all sectors and the spend departments. It needs a more urgent response and some sort of oversight. How do we correct the approach, check it or say, "That isn't really the right thing to do," and who does that job? It comes back to the need to have somebody—an emergency committee, a climate commission or this committee—that has that oversight ability and perhaps even the ability to call in some of the bigger decisions.

Again, there is an element of education. Aviation is a bad habit that we may go back to—I hope not—but we have not properly identified that it was a significant contributor to the spread of Covid. It is perhaps one area that we need to be clear that we do not want to prioritise going forward. There is a need for incentives, subsidies and taxes to support some of that.

Sara Thiam: There is a real opportunity for the public sector to lead by example in reforming procurement models. We need a fundamental shift away from procuring at the lowest cost to a more holistic approach that takes account of the whole-life costs of investing in assets or in a particular intervention. Those fiscal, social and environmental costs and benefits need to inform public sector investment.

The world has, however, changed. Appraisal models need to be adapted to take account of the new priorities of net zero and an inclusive economy. Earlier, we touched on the various ways of measuring, indicators and our frameworks, sustainable development goals, the national performance framework and so on.

One of the key issues is about finding ways to open tenders to small and medium-sized enterprises. High levels of bureaucracy are complex, and the complexity of bids is a real barrier. Procurement also needs to prioritise considerations such as carbon accounting and the circular economy. Again, community wealth building is one such positive approach. We need to think differently and ask different questions when we are making investments.

We had a fairly good conversation about the measures earlier. We have good data on the kinds of jobs, but we perhaps also need some kind of qualitative understanding of the skills training that is taking place and how it is transforming our skills and lifelong learning.

Mark Ruskell: Given the constraints on the fiscal framework that we have discussed, what should the Government spend less on to create the room to invest in the priorities that you have?

Sara Thiam: That is about a conversation, and it builds on my previous point. When you are faced with two different types of infrastructure investment, for example, you need to look at that investment in the round and how it delivers against our priorities of net zero carbon and inclusive growth, and examine the co-benefits. That is about involving communities and having a wider conversation, but it is also about very different ways of assessing what we invest in rather than using the traditional economic measures such as GDP and gross value added. The world has changed and so how we measure the types of investments that we should make needs to be completely different.

We have heard about various ways of doing that, but some interesting work has been done that is worth flagging up. A couple of years ago, the low-carbon infrastructure task force did quite a bit of work on co-benefits and assessing the type of funding that we should use in relation to what is delivered against the outcomes that we are all striving towards.

The Convener: Before I bring in Mike Robinson, Finlay Carson has a quick supplementary question, then we will go back to Sara Thiam and then to Mike.

Finlay Carson: We have talked about private investment. We are currently going through Ofgem's draft determination for the RII0-T2 transmission price control review, part of the emphasis of which is on reducing electricity bills to the consumer. However, ultimately, that will reduce the potential for firms to invest, because the return will be less, and we might see a reduction in infrastructure spend to support renewables and so on. What is your take on that?

Sara Thiam: You have put your finger exactly on the issue that I alluded to earlier about the ways in which our regulatory framework is set up. The driver is to keep consumer bills low, which is not necessarily compatible with the objectives that we now have on net zero, although we have to grapple with real issues of fuel poverty and so on. Again, it is about looking at the range of interventions that are required. Of course, the first tier of investment priority is about retrofitting and maintaining existing infrastructure. It is a difficult issue and there are trade-offs to be made, as you say.

12:30

Mike Robinson: In answer to the original question, I do not think that there are any great

surprises. The retrofitting money is good. We need to see more renewables and universal education. Agriculture needs more help to deliver what it is capable of on the whole issue of land management and soil health; it has stalled around the single issue of meat. We need less road spend, some of which I hope can be diverted into something more sustainable.

However, it is about not just reconfiguring the money but doing things differently. Infrastructure is an important aspect of potential economic growth and of injecting new growth post Covid, but more subtle things could also be signalled. Cement is responsible for 8 per cent of global emissions, but we just accept that it is bad and use it anyway. There are alternatives, but we are just not giving them credence. We need investment and new ideas. I go back to the earlier point about trying things even if they do not work very well and making space for new ideas to happen. Significant savings could be made even within existing behaviours, which we could probably promote more actively.

The energy issue is a hard one. I do not know that I have time to answer that realistically, but Sara Thiam covered it.

Angus MacDonald: On that suggestion about reducing road spend, how would you expect the forthcoming Scottish Government infrastructure investment plan to demonstrate that it is aligned with supporting a green recovery?

Mike Robinson: Without going into detail—I do not have that in front of me—it comes back to the need for a test of sustainability, such as a requirement to prove the lifetime impact as well as the immediate impact. As I said, there has to be a reassurance that anything that we promote or do will not make the problem worse. If there is any suggestion that it will make the problem worse, some sort of moratorium is needed, or the decision should in some way be called in.

Sara Thiam: The Infrastructure Commission for Scotland looked at the principles that should underpin infrastructure investment over the next 30 years and how that might be delivered. I expect the infrastructure investment plan, particularly the phase 1 work, to respond positively to those recommendations, which were aimed at that long-term vision. I also expect the IIP to build on the programme for government, which has a strong focus on inclusive and green recovery. I would expect it to support a green recovery and to lay the foundation for longer-term infrastructure needs, which are also important.

The areas highlighted by the Infrastructure Commission included decarbonisation of heat and transport. There was also a focus on place, which we, collectively, have understood much better as

we have been restricted to that small five or six-mile radius from our home. We have discovered how important the places where we live are. There is a greater emphasis on enhancing existing assets; most of the infrastructure that will exist 30 years from now is already here, so part of the issue is about ensuring that it is resilient to climate change impacts.

In recent days, we have seen what has happened with the road infrastructure at Rest and Be Thankful, which is challenging. We need to consider how we can extend the life of our railway networks and other infrastructure assets, and we need progress on regulation to enable private sector energy and digital investment.

Mark Ruskell: How important will the next iteration of the national planning framework be for the development of the infrastructure at the scale that we need and in the right place?

Sara Thiam: It will be absolutely crucial. The thinking that has been done on planning reform is about considering the infrastructure first and ensuring that there is appropriate infrastructure in locations where we are building or thinking about building.

Given what I mentioned about place, it is important that we do not build communities or housing in areas where there is no access to public transport or active travel. We should ensure that they are in the right place to be connected to water supply, telecommunications infrastructure and so on.

Equally, we should think about social and health infrastructure. Rather than build 30,000 new houses and then think, “Oh gosh, we need to build a school,” the planning process should take account of those various factors. Place is an incredibly important lens for how we reimagine our future. If we build places and people can move from there to their place of work only using a car, there will be a lot more cars. It is about reimagining places.

The Convener: We have some final questions from Claudia Beamish, and then we will have to come to a close.

Claudia Beamish: I first have a question for Sara Thiam. Given the proposals and solutions that SCDI has put forward to support green growth, are you content that the Scottish National Investment Bank is sufficiently capitalised and oriented to deliver those priorities at pace and at scale?

The final final question is predicated on the remarks that both of you might have heard from Chris Stark about patient capital, partnership between the Government and the private sector and—as Sara highlighted—anticipatory

investment. How can we take those things forward and encourage investors to buy into the net zero green recovery and beyond?

Sara Thiam: Earlier in the evidence session, the committee heard from Chris Stark about some of the exciting opportunities that the Scottish National Investment Bank represents for crowding in international investment. We have terrific assets in Scotland, including natural capital, research and development, an impressive renewables industry and phenomenal expertise in engineering. There are real strengths that the Scottish National Investment Bank can build on. We have been a strong supporter of the idea of a national investment bank and have worked closely with it to engage with industry. There are opportunities in that area.

We touched on whether the capitalisation of £2 billion is enough. The most transformative similar institutions globally are generally capitalised to a significantly higher level as a proportion of national GDP. We certainly think that a greater level of capitalisation would enhance the bank's ability to build a green recovery and deliver genuinely transformative impact. As you alluded to, the real opportunity is around that patient and venture capital. That is why a long-term vision for our infrastructure is so important—it sends a message to the international community that Scotland is the place in which they should invest, and it shows leadership from Government.

I am sorry—there was a second part to your question, which I may not have picked up on.

Claudia Beamish: It was about bringing in private investment, but you have probably already covered it.

Mike Robinson: Is the SNIB sufficiently capitalised? Of course not. It is a massive issue and there is not enough money to do everything that we would like to do. Personally, I would like to see more ambition. I think that we should try to create something like a sovereign renewable wealth fund, or some other way to create money to fuel what we are doing. If we do not fund it, it will not happen.

There are real challenges with securing private investment. When I was part of the 2020 Group, we had a meeting of pension funds, and I remember being shocked, because not only are they incredibly conservative and risk averse, they saw wind energy as too high risk, even when it had guaranteed returns. I realised that they were never going to invest in wave technology or other such schemes.

The absolute conservatism of some of the investment portfolios really needs to be challenged. There are different ways to use capital than just throwing it into the international stocks

and shares market. People can invest in property and community at a local level, and still take a return. We have to be a bit more creative in the way in which we use money.

The biggest single thing that we have been hearing from investment firms is a need for consistency on priorities and clarity about which solutions we are going forward with. With Covid, a number of businesses have switched to making alcohol gel or PPE, but that is not a long-term change. If we are asking them to take the issue seriously, there must be a long-term change. How do we give long-term investor reassurance and a long-term commitment to the right things so that people know, if they move their businesses behind that, we will not suddenly pull the rug out? That is the single biggest challenge.

The Convener: Thank you. We have had three excellent sessions this morning, but we need to bring the session to a close. I thank both the witnesses for their time. As I said, we could have gone on longer, but they have given us a lot of food for thought.

The committee will continue its green recovery evidence sessions on 22 September. Before that, our next meeting will be in private on 21 September, when we will consider a draft report on the UK Withdrawal from the European Union (Continuity) (Scotland) Bill.

12:43

Meeting continued in private until 12:59.

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