

Convention of the Highlands and Islands

26 October 2020

(Paper 4)

BUILDING A GREEN ECONOMY

1. Building a green economy and achieving net zero by 2045 requires significant and decisive action from all quarters within the next decade, and as such a green economic recovery including meeting the challenge of biodiversity loss, sits at the heart of Scottish Government's Programme for Government (PfG) 2020/21.

2. The recently published PfG reflects the need for a substantial transformation in how we heat our homes and buildings, an increase in renewable generation, a shift to low carbon transport, decarbonisation of industry and sectors, greater adoption of circular economy principles amongst the broader business base, and a step change in energy and wider resource efficiency. Further, the PfG commits to peatland restoration, biodiversity, improved land management and protecting the rural economy as key to addressing climate change and meeting net zero targets. The blue economy, also presents significant opportunities, especially around the coastline of the Highlands and Islands. A summary of key green recovery activity and announcements is included at Annex A.

3. Underpinning all of this in the need to sustain and create new jobs. The need to decarbonise is clear and the Scottish economy has much to gain from being at the forefront of the net zero transition. Delivery against stretching but moving at pace towards our ambition of net zero by 2045 will help us improve many existing industries and services and drive the formation of new businesses, with the potential to create jobs and wealth across Scotland and new export and investment opportunities.

4. The 2018 Climate Change Plan will be updated later this year and will be an important strategic document setting out further plans for a green recovery from COVID-19 while providing a pathway for meeting our emissions reduction targets to 2032, transitioning to net zero by 2045.

5. It has been estimated that Scotland's Natural Capital¹ is worth at least £196bn (in 2019) with our natural environment supporting up to 240,000 jobs². Much of this value is generated by the nature and landscapes that underpin growth sectors including tourism, renewable energy and food and drink that depend on a high-quality natural environment. Investing in natural capital and nature-based solutions³ can drive inclusive economic development. Nature-based solutions deliver multiple benefits, can help to fix many societal problems, and can be the most cost-effective way of generating economic activity that will make our communities sustainable and more resilient.

6. The Highlands and Islands is uniquely well placed to take advantage of this transition due to its natural resources, supply chain expertise, physical infrastructure, and early track record in the energy transition. It is important, however, to be alert to that fact that it will need to be a "Just Transition" and that much of the change now needed will be disruptive, and the unique, rural aspects of many of our communities will need to be reflected in policies and programmes to avoid any being left behind.

7. The region is already home to a number of important examples of innovation and collaboration (EMEC for example), and if these can be built upon and replicated, then it's not hard to see how this can support a Scotland-wide green recovery.

¹ <https://www.ons.gov.uk/economy/environmentalaccounts/articles/scottishnaturalcapitalaccounts/2020>

² [Valuing our Environment – the economic impact of Scotland's natural environment, SNH, 2008](#)

³ IUCN Definition <https://www.iucn.org/theme/nature-based-solutions> and EU Definition <https://ec.europa.eu/research/environment/index.cfm?pg=nbs>

Convention of the Highlands and Islands 26 October 2020

(Paper 4)

8. The significant investments being made in City Region and Growth Deals across the Highlands and Islands will also play a key role in supporting local and regional green recovery, through the delivery of projects that can drive sustainable inclusive growth, create high quality jobs and bring lasting impact for local businesses and communities. In total, the Scottish Government will make a combined investment in the four Highlands and Islands deals of up to £242.5 million over a 10-year period, while the UK Government will invest up to £160.6 million over a 10 to 15 year period.

9. The four City Region and Regional Growth Deals in Inverness, Moray, Argyll & Bute and the Islands will contribute to our climate change ambitions through a range of measures such as adapting new and innovative technologies, moving industry to a lower carbon future and investment in renewables. Investment in green projects, such as the Bus Revolution project in Moray, which will provide more efficient and accessible bus services tailored to a largely rural economy by using green fleet and advanced technology, will facilitate emissions reductions and continue to support green economic growth. In addition the Ayrshire Growth Deal which includes Arran and the Cumbraes includes a Marine Tourism project that will support projects on Arran and Cumbrae, supporting the further development of the visitor economy and blue economy.

COP 26 and COP 15

10. Two major conferences scheduled for 2020 will now be held in 2021: CoP26 (climate change) and CoP15 (biodiversity). The two are inseparable. Climate-nature have co-evolved for the last 4 billion years and together regulate critical planetary boundaries and a safe operating space for humanity. Recent reports (Living Planet Report; Global biodiversity Outlook-5) both emphasise the need for integrated approaches covering both economic and non-economic uses of the land and sea. The Scottish Government wants to help deliver a safe and secure COP events that delivers a lasting legacy for the whole of Scotland, that provides a voice for the people of Scotland to engage, and which maximises opportunities before, during and after the summit.

11. COHI members may want to consider what they can do to support the events, for example through increasing their own ambition; developing activities and events for their communities; and through exploring opportunities to showcase climate leadership.

12. Members may also wish to be aware that a large number of domestic and international events are likely to take place in November to mark one year to COP26. This includes the Race to Zero Dialogues convened by the High-Level Champions for Global Climate Action.”

Building a Green Economy

13. The actions required to progress the transition to Net Zero and contribute to a green economic recovery are wide ranging and involve multiple partners and stakeholders (both private and public sector).

14. This paper suggests a number of key areas/themes, where the H&I region has a strength/advantage which can be built upon to support the building of a green economy. It would also be reasonable to expect these to deliver job creation and support the just transition to net zero.

Convention of the Highlands and Islands

26 October 2020

(Paper 4)

Renewables Deployment

15. The transition to net zero will require significantly greater levels of renewable energy deployed (an estimated four-fold increase⁴). The ScotWind leasing round, led by Crown Estate Scotland, offers significant potential for gigawatts of offshore wind power deployed off the shores of the Highlands and Islands from the end of this decade. In addition to the scale, the move to deeper waters and further from shore, presents fresh opportunities in newer technology development such as floating wind, considered to offer more supply chain opportunities for Scotland than has been achieved in fixed bottom wind to date. Further, offshore wind is now recognised by the oil and gas industry as being a critical part of their decarbonisation efforts, with the UK Continental Shelf now committed to decarbonised operations by 2035. As outlined in our Offshore Wind Policy Statement, due to be published in the coming weeks, we remain committed to considering opportunities for local, small-scale and innovative offshore wind development that could directly benefit rural communities.

16. Energy integration (the powering of offshore oil and gas platforms by renewable energy) is a focus for industry and governments, with much work under way to fully understand the required policy, permitting, and supply chain opportunities presented.

17. Onshore Wind is the lowest cost electricity generation at scale and remains vitally important to Scotland's decarbonisation ambitions. The Scottish Government are committed to, and continue to work towards, ensuring these developments are deployed in the most suitable locations. The scale of investment that onshore wind has in Scotland, from generating £2.08 billion in turnover in 2018, to directly supporting approximately 2,900 full-time equivalent jobs across the country. It is therefore welcome that the UKG's announced that established technologies will once again be introduced to the Contracts for Difference (CfD) auctions, offering developments a more viable route to market in future rounds.

18. Moves by the UK Government to consider again the role of wave and tidal energy within the energy mix for future Contract for Difference allocation rounds, offers hope for commercialisation of these technologies within the next 5 to 10 years, and this is where the H&I has a genuine USP in terms of renewables, playing host to world leading technology development and testing via EMEC and WES. Continuing to build on these successes and creating a commercialisation pathway will attract further developers, and support supply chain expertise which is now sought globally.

19. Scotland has a proud tradition of hydro engineering and development, with large and established pumped storage facilities at Foyers and Cruachan. These help in balancing the supply and demand of electricity, and maintain a secure electricity system across Scotland and the whole of Britain. The north of Scotland has the potential for more pumped storage capacity, and in recent years the Scottish Government has granted consent for a substantial development at Coire Glas in the Highlands as well as a further development at Glenmuckloch in southern Scotland.

20. One of the challenges for the development of pumped storage are the very high up-front costs. Investment today is expensive, but the benefits will last for decades; Cruachan is already more than 50 years old and going strong. In order to support Investment there is a need for support mechanisms, such as the cap and floor proposal that the pumped storage sector has previously proposed. The Scottish Government has asked the UK Government, who hold reserved responsibility for the electricity sector, to put in place mechanisms to help

⁴ [Net Zero Technical Report, May 2019, Committee on Climate Change](#)

Convention of the Highlands and Islands 26 October 2020

(Paper 4)

unlock new pumped storage investment. This has the potential to bring forward substantial investment in the north of Scotland that will support secure and sustainable decarbonisation across the whole country.

21. In addition, Scotland has almost 80% (314MW) of small scale hydro projects in operation across the UK, and these projects play a key role in bringing jobs to remote rural areas in Scotland, and supporting local supply chains. The Scottish Government is committed to encouraging and promoting hydro and will continue to help create a supportive environment for hydro in Scotland.

22. The approval this year for the Shetland transmission link was a welcome development, although work remains to be done before Orkney and the Western Isles links are in the same position. To complement this grid infrastructure investment, which will be required to transmit the additional renewable power (in itself offering employment opportunities), it is becoming more accepted that the production of hydrogen will become an alternative route to market. This will require demonstration during this next decade, moving to commercialisation in the 2030s. Again, the Highlands and Islands is leading the way with local hydrogen demonstration projects (as evidenced in Orkney). Linked to offshore wind developments, though, the need to re-purpose the region's terminal assets (e.g. Sullom Voe, Flotta), and wider system benefits of hydrogen (e.g. use in heat and transport and negating grid upgrades), hydrogen energy hubs are being explored across the region with multiple agency and industry partners.

23. With the publication of Scotland's first Energy Strategy in December 2017 (due to be updated in 2021), Scottish Government indicated that smart, innovative local energy systems would be one of six priorities, with the aim of empowering communities by supporting the development of innovative and integrated local energy systems and networks. It would be fair to say the Highlands and Islands are already leading the way in this area, driven by necessity due to lack of or very constrained grid network access, particularly on our islands and more remote parts of the region. A number of projects have been supported via the Low Carbon Infrastructure Transition Programme, which is still on-going and has a £50m capital call out currently for projects that can demonstrate innovative low carbon heat solutions for buildings, as well as proposals for integrated energy systems that support the ambitions for Scotland to achieve net zero emissions by 2045 and further catalyse economic recovery from the challenges imposed by the Covid-19 pandemic.

24. A collaborative relationship with Scottish Government is supporting the delivery of £2M to develop off grid island decarbonised local energy systems, retaining HIE's influential role in local and community based energy systems.

Heat Decarbonisation and Energy Efficiency

25. A major challenge in the transition to net zero is the decarbonisation of heat (responsible for c.52% of greenhouse gas emissions) within our domestic and commercial properties. A Heat Decarbonisation Policy Board and supporting External Advisory Group has been established by SG, with a view to considering pathways for heat decarbonisation, of which there are broadly three – electrification, hydrogen or hybrid – but all require progress on energy efficiency measures to reduce our overall demand for heat, and address fuel poverty. Early estimates suggest that in Scotland 20,000 domestic buildings will need to install low carbon and renewable heat systems each year over the next five years, ramping up to an average of 100,000 per year from 2025. With the current rate estimated at 2,000 per annum, this shows the scale of the challenge, and opportunity, which lies ahead.

Convention of the Highlands and Islands 26 October 2020

(Paper 4)

26. Key decisions will be required by both UK and Scottish Governments on delivery mechanisms, off gas regulatory framework, on gas strategic approach, and a wider strategy on heat networks – all that avoid locking in fossil fuel heating.

27. The opportunities for the supply chain will be vast but as a largely fragmented industry, it will be important to identify an effective means of communication and engagement to ensure opportunities and challenges are understood. This will be vital to ensure there is a fully equipped supply chain, and associated jobs and skills, to respond.

28. Recognising the substantial disbenefit of our region's climate and housing stock, addressing energy efficiency in homes will significantly relieve the extent of fuel poverty within the region and potentially reduce the inequality gap for minimum income standards. The Home Energy Efficiency Programme Scotland (HEEPS) - Area Based Schemes (ABS) was launched in April 2013. Local schemes are designed and delivered by councils, in conjunction with utility companies and local delivery partners, targeting fuel poor areas to provide energy efficiency measures to a large number of Scottish households and help reduce fuel poverty.

29. ABS funding allocated to the six 'island local authorities' (Argyll and Bute Council; Comhairle nan Eilean Siar; Highland Council; North Ayrshire Council; Orkney Council; Shetland Council) as per the Islands Act is just under £11m in 20-21. This compares with £9.6m in 19/20 and £9.5m in 2018/19. We recognise that the costs of delivering energy efficiency measures are higher in remote rural and island areas. Councils serving remote rural/island communities can now provide grant-in-aid worth up to £14,000 for those in extreme fuel poverty as part of their local schemes, up from the previous maximum of £9,000 (this uplift reflects greater delivery costs in remote areas). We will continue to ensure that additional costs associated with living in Island communities are taken account of through the rural, remote small towns and islands uplift.

Decarbonisation of industry and sectors

30. Both UK and Scottish Governments are committed to addressing emissions and energy use in energy intensive industries as evidenced by the £60m commitment in the PfG (£34m Scottish Industrial Energy Transformation Fund and the £25m Low Carbon Manufacturing fund) and the £10m Distillery Decarbonisation Fund. Decarbonisation pathways are likely to include energy efficiency measures, electrification and hydrogen, and require both a supportive policy and regulatory environment, combined with R&D and innovation support.

31. Being home to whisky distilling in the UK, and the "aggressive" approach being pursued by UK Government on addressing decarbonisation within this sector, presents the region with an opportunity to capture the innovation, product development and expertise required for the distilling sector, and links well with the Moray Regional Deal and broader low carbon manufacturing ambitions within.

32. Across sectors organisations such as National Manufacturing Institute for Scotland (NMIS), Scottish Advisory Manufacturing Service (SAMS) and Zero Waste Scotland (ZWS) will be key in providing advice and information, along with peer support via respective trade bodies. Their collective efforts will stimulate supply chain innovation in product development and services which in turn could be exported.

33. Supporting this the Scottish Government announced the establishment of a £100 million Green Jobs Fund to help businesses create new, green jobs. Our enterprise agencies will provide £50 million to businesses which provide sustainable or low carbon products and

Convention of the Highlands and Islands 26 October 2020

(Paper 4)

services to help them develop, grow and create jobs. A further £50 million will help ensure that businesses and supply chains across Scotland can capitalise on the investment in low carbon infrastructure such as the decarbonisation of heating and green transport. Our apprenticeship system and the National Transition Training Fund will support people into the jobs created.

Circular economy

34. Reaching Net Zero will also require adoption of a more circular approach which fosters design, development and consumption in a way that seeks to minimise waste and encourage re-use and recycling. The geography and demographics of the Highlands and Islands present unique opportunities for demonstrating successful circular economy approaches, benefiting business and supporting communities.

35. CoHI members HIE are already working collaboratively with Zero Waste Scotland to embed the circular approach across the region, and examples already in place include Prickly Thistle, Highland Galvanisers, Dunnet Bay Distillers, Xanthella, ILM Highland, Renewable Parts. In addition, Zero Waste Scotland, will also receive funding from the European Regional Development Fund, to help reduce single-use grocery packaging across the islands as part of the Islands Green Recovery Programme as at present, these communities have to bear the double burden of dealing with importing single-use items and then the shipping off of waste.

36. A transition to increasing local food supply and potential for export of high value goods through innovation in horticulture (e.g. vertical farming) could capitalise on constrained energy systems. Community interest in this potential new asset is strong.

Food and Drink

37. In September 2020 Scottish Government provided £250k to Scotland Food & Drink for a fund to support Scotland's regional food groups. The fund will benefit 14 groups across the country by resourcing coordinator posts, and will include match-funding from partners including local authorities. It aims to create an active network of regional ambassadors who work in conjunction with local authorities to promote regional food and drink and tourism strategies.

38. Regional food groups have a key role to play, including supporting food tourism and shortening supply chains – an important step to help reduce emissions. Green recovery will also be part of the wider food and drink sector recovery plan – we are working with industry on developing this plan with more information expected soon on activities involved.

Low Carbon Transport / Active Travel

39. Transport is responsible for c.28% of Scotland's greenhouse gas emissions, so represents a key priority for SG in combatting climate change. Road transport accounts for the largest proportion of emitters, hence significant support via loans to encourage a switch to ultra-low emission vehicles. The industrial opportunity for Scotland in the move to low carbon transport is expected to be in batteries, hydrogen for transport (particularly heavy goods vehicles) and zero emissions rail (SG commitment to decarbonising customer rail travel by 2035). Key selling points include Michelin Scotland Innovation Parc at Dundee, with a focus on battery development, the Hydrogen Accelerator at St Andrews University (on which HIE has been invited to join the Board), rail hub at Longannet and Power Train Test Centre for HGVs, called "Locate".

Convention of the Highlands and Islands 26 October 2020

(Paper 4)

40. Transport Scotland is investing over £50 million per annum on walking and cycling infrastructure through our Paces for Everyone Programme. Inverness is receiving £7.69 million for ambitious on and off-road segregated walking and cycling routes including recent construction of the West Link. The Highlands Council has also received £1.96 million for the recent Spaces for People programme to deliver temporary infrastructure measures to allow people to physically distance during the current Covid-19 emergency.

41. In the H&Is we have a relatively unique opportunity in the development of sustainable aviation. Our island communities, including “short hops”, provide the ideal test environment for both battery and hydrogen flight. Combined with the renewable energy resources and the culture of testing and innovation already prevalent, work is already underway with partners including HIAL and UHI to develop and secure early demonstration activities, and associated supply chain benefits.

42. The fleet of ferries serving our island communities present a significant challenge to decarbonising transport. Programme for Government has committed to the delivery of a Ferry Investment Strategy that will shape future fleet and infrastructure investment. There have been important innovations in the Scottish ferry fleet with 3 diesel – electric hybrid ferries now in service in the Calmac fleet and we will look to understand the opportunities presented by full battery electric operation which is now being pioneered in Norway and Denmark. EMEC and Orkney Islands Council are also partnering in the development of Hydrogen Ferry technology.

43. It is also vitally important that as transport transitions to low carbon, we ensure the region or more rural parts within are not left behind, particularly in respect of re-fuelling infrastructure. Communities are expressing interest in engaging in a potential new strand of asset ownership through provision of electric vehicle charging points and associated services. This could be key to ensuring rural areas are not left behind in this transition. The delivery of new enabling infrastructure including the existing Scottish Government commitments to dualling the A9 and A96 will form an important part of ensuring resilient communities which are future-proofed for net zero technologies as well as providing local jobs and economic growth. Government policies need to recognise that the Highland and Islands region has a disproportionate need for investment in new infrastructure to create places where people want to live and business can thrive

44. Transport poverty is more evident in rural areas with recent research by Sustrans identifying that the issue has the most severe impact in the Highland Council area when considered nationally at a local authority level. Appropriate support is needed to maintain and improve public transport services in the region to ensure utility trips can be made by modes other than private car. Bus remains the most used form of public transport in the Highlands and Islands and support mechanisms should reflect the needs of rural Scotland ensuring that access to employment, health and education is possible by ultra low carbon shared transport that operates regularly to meet local needs.

Digital Connectivity

45. Digital Connectivity has proven to be vital during the last few months, whether supporting our health and emergency services or enabling people to work and study from home, as well as stay connected to loved ones. The telecoms sector is critical in supporting the development and growth of Scotland’s economy, and will be crucial in supporting a resilient and green recovery from the impacts of the COVID-19 pandemic.

46. Building on the success of the Digital Scotland Superfast Broadband (DSSB) programme, which has provided fibre broadband access to over 950,000 premises across the

Convention of the Highlands and Islands 26 October 2020

(Paper 4)

country, our Reaching 100% (R100) programme will ensure that every home and business in Scotland can access superfast broadband by the end of 2021. In addition, our £25 million Scottish 4G Infill (S4GI) programme will help push 4G coverage beyond commercial rollout and provide future-proofed, 4G mobile infrastructure to selected mobile ‘not-spots’ across Scotland.

47. Along with the Scottish Futures Trust (SFT), the Scottish Government has established Host in Scotland to promote Scotland’s strengths as a data hosting location, and to attract new investment into Scotland’s datacentres and international fibre links – be it from existing operators seeking to expand or new entrants to Scotland. Scotland has a number of natural advantages when it comes to locating datacentres including our climate and renewable energy infrastructure. The Scottish Government is developing a strategy to support sustainable, green datacentres and international connectivity in Scotland, working with industry and other public sector partners.

Land Use, Farming, Forestry and Peatland

48. The SG intend to publish their 3rd Land Use Strategy. This strategy will demonstrate how the SG has and will continue to work across all areas of the Scottish economy that have an interest in the way that our land is used and managed in order to achieve our national targets such as our Net-Zero greenhouse gas emissions commitment and other national priorities like increasing Scotland natural capital.

49. As part of a wider Scottish Government ambition around natural capital we are working to establish Scotland as a region that will be attractive to investors and developers and presents opportunities for communities to be engaged in realising value from such assets. Further, there will be opportunities for our businesses, communities and the public estate in developing innovative solutions to the challenges in achieving greater levels of afforestation and peatland restoration.

50. Delivering a green recovery and progressing the transition to net zero transition in the Highlands and Islands will require effective collaboration among partners and stakeholders at national, regional and local levels. The nature and intensity of collaboration will vary according to the specific opportunity or challenge being addressed, but it is essential to achieve the right policy and regulatory environment as well as secure the required investment into projects, programmes, businesses and communities.

51. The Scottish Land Commission will shortly be publishing their advice to the Scottish Government on the establishment of Regional Land Use Partnerships. The latest Programme for Government reaffirms the Scottish Government’s commitment to take forward the establishment of Regional Land Use Partnerships, which are a possible vehicle to help maximising the potential of every part of Scotland’s land to contribute to the fight against climate change.

52. In terms of future support for the Agricultural and crofting sectors the Scottish Government’s approach comprises of a period of stability, with little change to the current system, until end 2020, followed by a period of simplicity, where simplifications and improvements will be made, and potential new schemes for longer term policy will be piloted, between 2021 – 2024.

53. Post 2024 where work is underway, through the Farming and Food Production Future Policy Group is developing advice for Government on broad themes for farming and food

Convention of the Highlands and Islands 26 October 2020

(Paper 4)

production from 2024 onwards built around the six principles of sustainability, simplicity, profitability, innovation, inclusion and productivity

54. Suckler beef systems are responsible for more than a third of Scottish agricultural emissions and the Suckler Beef Climate Group, chaired by Jim Walker, former president of NFU Scotland, has been established to identify priority actions that will reduce climate change impacts from the sector. As we move forward from the EU exit transitional period it is likely that this will be used as a blueprint to work out policy solutions and get a buy in from stakeholders on the actions that need to be taken in other agricultural sub sectors.

55. The process of moving to a post 2024 policy environment will be supported through the Agricultural Transformation Programme supported by the Agricultural Transformation Fund, focusing on measures to reduce greenhouse gas emissions within the agricultural sector, productivity and enhancing the environment. The recently launched Sustainable Agriculture Capital Grant Scheme (SACGS) funded through the ATF is the first step in this process. The SACGS offers support to farmers and crofters to purchase machinery that can assist in undertaking greenhouse gas emission reducing production practices whilst at the same time offer a welcome boost to the local economy through machinery suppliers within rural areas.

56. The Highlands and Islands also has large carbon stores in its existing peatlands and woodlands and a unique opportunity to sequester and store more carbon on a scale that would significantly contribute to the climate change targets. Much is being done to support, including through funding announced in the PfG but in light of the increasing SG targets we need to do more. Options for this could include accelerating sequestration via carbon trading and/or by drawing in significant private funding to the region.

Blue Economy

57. Scotland's marine zone is one of the largest in Europe and an enormously rich natural and economic resource. In developing the Blue Economy approach we want to look holistically across marine sectors (industry and environmental) and seek to deliver economic, social and environmental benefits from joined-up actions arising from the connections and partnerships to be made between sectors in areas such as skills, science, innovation, infrastructure, regulation, natural capital and the drive to net zero. It fits with a green recovery from the Covid-19 pandemic, building on economic opportunities arising from net zero commitments and the abundance of Scotland's seas.

58. In developing a Blue Economy Action Plan we will work across the public sector, with marine industries and environmental interests to identify priority actions that can make a difference by finding the connections between marine sectors and delivering beneficial joined-up action. Three key phases in our delivery:

- Initiatives which we expect to deliver very soon, which are key building blocks for the development of an action plan, such as the strategy on future fisheries management, the sectoral offshore wind plan and the Scottish Marine Assessment 2020.
- Establishment of processes over the next 6-9 months to develop a strategic approach across government and the wider public sector (ie; enterprise agencies such as HIE, Crown Estate Scotland, NatureScot) to marine-related policies and actions – to ensure coordinated join-up that enables us to make the cross-connections and identify the key cross-sectoral priorities and actions.

Convention of the Highlands and Islands 26 October 2020

(Paper 4)

- After 6-9 months, longer-term work to further develop the plan and embed whatever approaches and mechanisms we think will be beneficial for all interests in years to come. We would expect the outcome of the national marine plan review next spring to help inform that longer-term picture.

Islands Recovery

59. As part of the Economic Recovery Stimulus Package, the £2 million Islands Green Recovery Programme (IGRP) launched on 13 September 2020. The IGRP will support and encourage resilience across our island communities, delivering investment that may be used to support green recovery and carbon emission reductions, active and low carbon transport, food sustainability and zero waste projects, and sustainable tourism. It is designed to help sustain island communities, contribute to ongoing work to support repopulation and create and sustain jobs whilst supporting and enhancing health and wellbeing, in line with the 13 [National Islands Plan](#) Strategic Objectives.

60. By aligning with the National Islands Plan, projects delivered through the IGRP tackle the priorities, challenges and ambitions our island communities highlighted as important to them during the National Islands Plan Consultation.

61. Projects seeking support must impact upon sustainable employment opportunities and the Green circular economy; while enhancing local supply chains and economic output. Recipients of funding must also spend their allocation within island geographies by the end of the 2020/2021 financial year.

62. The Infrastructure Investment Plan states that we will invest £30 million in delivering the National Islands Plan over the next five years, by supporting a range of areas, including tourism, infrastructure, innovation, energy transition and skills - informed by our learning of how island communities have responded and adapted to COVID-19. This will include specific ring-fenced funding for capital projects on islands relating to netzero and green recovery objectives, creating high quality, skilled, green jobs in some of our most remote and vulnerable communities.

**Scottish Government
Highlands and Islands Enterprise
NatureScot**

October 2020

**Convention of the Highlands and Islands
26 October 2020**

(Paper 4)

Questions / Challenges for COHI members to consider:

1. Does the paper capture region's specific assets and strengths that can genuinely lead and support a green recovery and the creation and retention of green, quality jobs?
2. Are there areas where we need to do things differently? For example access to investment routes, or increased access to some of the specific funds?
3. Are there currently any barriers around access to national level funds that could helpfully be addressed to suit the different needs of the COHI region?
4. Are there specific opportunities for COHI members to work more collaboratively to lead and support a green recovery?
5. How can we ensure we build a Just Transition into policies and projects?

**Convention of the Highlands and Islands
26 October 2020**

(Paper 4)

ANNEX A – PfG GREEN RECOVERY ANNOUNCEMENTS

Themes	Action to date	2020-21 PfG announcements
Supporting local economies and community wealth building	<ul style="list-style-type: none"> • £500 million for bus priority infrastructure over the next five years • £17 million Low Carbon Transport Loan scheme • £2.5 million LEZs Support Fund • £2 million to take ideas for sustainable and zero carbon mobility to fully-formed propositions suitable for large scale investments • £83 million in our Future Transport Fund • Increase active travel investment in 2020/21 to over £100 million • £35 million Low Carbon transport loan fund • £5 million low carbon rail investment • Continued £10 million support of Climate Challenge Fund • Consult on ambition for zero or ultra-low emission city centres by 2030 	<ul style="list-style-type: none"> • New funding of over £500 million over 5 years for active travel infrastructure, access to bikes and behaviour change schemes • Take forward our ambitions for 20 minute neighbourhoods – the creation of liveable, accessible places, with thriving local economies, where people can meet their daily needs within a 20 minute walk • Identify vacant and derelict sites for green infrastructure initiatives • £2 million Islands Green Recovery Programme • Updated Digital Action Plan and continued work on R100 programme • Introduce a network of regional hubs to empower communities to develop local solutions to making the transition to net-zero and climate resilient living • Develop a network of Climate Action Towns • Invest £4 million in 2021 in a zero emission drivetrain testing facility • Establish a zero emission heavy duty vehicle programme with a minimum investment of £1 million
Transforming Heat and Energy Efficiency in our homes and buildings	<ul style="list-style-type: none"> • Launched the Heat Transition Deal, including £20 million to decarbonise heating in social housing, £2 million capital investment for remote and off grid communities through our flagship CARES programmes and targeted support to enable affordable housing to meet zero carbon housing standards, • Additional funding for domestic energy efficiency, bringing total spending in 2020-21 to £162 million 	<ul style="list-style-type: none"> • Over the next Parliament we will invest nearly £1.6 billion in transforming our buildings to ensure that emissions from heating are eliminated by 2040 to remove poor energy efficiency as a driver of fuel poverty. The deal uplifts Heat and Energy efficiency spend from £112m in 2019/20 to £398m p.a. in 2025-26 and will include: <ul style="list-style-type: none"> ○ At least £95 million to decarbonise the public sector estate ○ Opening the £50 million Green Recovery Low Carbon Infrastructure Transition Programme (LCITP)

**Convention of the Highlands and Islands
26 October 2020**

(Paper 4)

	<ul style="list-style-type: none"> • On track to deliver of £30 million in renewable heat projects • By the end of 2021, we will have allocated over £1 billion since 2009 to tackling fuel poverty and improving energy efficiency. • The Scottish Government's total investment in domestic energy efficiency from 2013/14 to 2018/19 was £636m. These schemes have helped over 150,000 households throughout Scotland to benefit from energy efficiency measures. Over the lifetime of the measures installed, these Scottish households will cumulatively save over £854 million on fuel bills and reduce emissions by over 3.4 million tonnes of CO2. • Created steering group of experts from construction, housing and commercial property sectors to advise on introduction of new standard to require new buildings consented from 2024 to use renewable or zero emissions heating • Develop a Fuel Poverty Strategy in 2020 to be published in 2021 with a target date of 2040 to tackle the root causes of fuel poverty 	<ul style="list-style-type: none"> ○ Up to £50 million to invest in significant energy efficiency improvements to the Royal Botanic Gardens in Edinburgh ○ £25 million for zero carbon energy infrastructure and heat networks for residential and commercial premises along the river Clyde's path • Additional £55 million fuel poverty to support scale up of energy efficiency programmes • Set out our vision and route map for transforming the way we heat Scotland's buildings by publishing a draft Heat Policy Statement and refresh the Energy Efficient Scotland Route Map alongside the updated Climate Change Plan, to set out a clear pathway towards zero emissions from heat in buildings • Establish an expert group to make recommendations to Scottish Ministers on the scope of a potential heat pump sector deal • Launch a scoping consultation in autumn 2020 on standards for new buildings requiring them to use renewable or zero emission heating from 2024
<p>Transitioning industrial, manufacturing and energy sectors to net-zero</p>	<ul style="list-style-type: none"> • £10 million funding for Hydrogen pilot schemes • Additional £10 million funding for Wave Energy Scotland • Energy Statement to set out the extent to which renewable and low-carbon energy will need to combine to meet net-zero • Commitment to decarbonise scheduled flights within Scotland by 2040 and decarbonise Scotland's 	<ul style="list-style-type: none"> • New £100 million Green Industry and Jobs Fund over the next 5 years to help businesses, which provide sustainable and/or low carbon products and services, to develop, grow and create jobs and to support Scottish businesses and supply chains to take advantage of public and private investment in low carbon infrastructure and the transition to a low carbon economy • £60 million to support decarbonisation of industrial and manufacturing sectors

**Convention of the Highlands and Islands
26 October 2020**

(Paper 4)

	<p>passenger rail service by 2035</p> <ul style="list-style-type: none"> • Scottish Water to become a zero carbon user of electricity by 2040 • Decarbonise public sector fleet by 2025 • New Electric Vehicle funding of £5 million to support transition to decarbonised police fleet • Infrastructure Commission will bring a low or zero carbon focus to all our future infrastructure investments • Develop the 4th National Planning Framework aimed at radically accelerating emissions reduction 	<p>including the £34m Scottish Industrial Energy Transformation Fund and the £26 m Low Carbon Manufacturing Challenge Fund</p> <ul style="list-style-type: none"> • Establish a Grangemouth Future Industry Board • Continue to support and invest in the development of CCUS projects in Scotland and commission a suite of research projects for CCUS • Develop a Carbon Capture and Utilisation Challenge Fund • Publish a refreshed Energy Strategy • £6.9m of funding for SGN's H100 project using green hydrogen to heat homes • Deliver a Hydrogen Policy Statement and Hydrogen Action Plan as a companion to the Climate Change Plan Update
<p>Skills and training for Green Jobs</p>	<ul style="list-style-type: none"> • Produce and publish Climate Emergency Skills Action Plan • Support a new 'Climate Solutions' course and qualification for public and private sector leaders 	<ul style="list-style-type: none"> • £60 million Youth Guarantee including increased opportunities for 'green' apprenticeships across public sector bodies • A £25 million National Transition Training Fund aimed at bridging the skills gap between those facing unemployment and sectors with greatest potential for future growth, including focus on provision of green skills in areas of immediate demand like heat and energy efficiency • Boost youth employment opportunities and target future skills and capacity requirements in nature and land-based jobs by expanding existing apprenticeship and undergraduate schemes in public agencies – including Scottish Forestry and Forestry and Land Scotland to double their existing commitments to provide opportunities for young people ➤ Develop a Green Workforce and Skills Development Package with an initial skills gap analysis undertaken by NatureScot

**Convention of the Highlands and Islands
26 October 2020**

(Paper 4)

		<ul style="list-style-type: none"> ➤ Publish the Climate Emergency Skills Action Plan
Investing in our resilience to climate change and future pandemics	<ul style="list-style-type: none"> • Continue to provide £42 million annually to local authorities for flood protection and increased funding for the Flood Resilience Forum to £189,000 in 2019-20 	<ul style="list-style-type: none"> • Extra £150 million for flood risk management in addition to continuing to provide £42 million annually to local authorities • £12 million in coastal change adaptation • Create a Supply Chains Development Programme across key sectors of the economy, including where we see genuine sustainable economic potential or resilience for future pandemic waves.
Investing for a Green Recovery and mobilising private finance	<ul style="list-style-type: none"> • Low carbon investment of around £1.8 billion in 2020-21, additional £500 million compared with 19/20 • £230m “return to work” includes Green recovery package of £66m • A three-part digital investment package, totalling £35.5m • Committed almost £40 million for local authorities to spend on ‘pop-up’ cycle lands and wider pavements • £62m Energy Transition Fund • Green Investment Portfolio to identify £3 billion of projects ready for green finance investment • committed to invest £220 million of fresh seed funding in 2020-21 as part of the £2 billion capitalisation pledge to establish SNIB • Mobilise £11 million public procurement • Green Growth Accelerator £1 million 	<ul style="list-style-type: none"> • Continued commitment to £1.8 billion low carbon investment in 2020/21 • Committed an additional £2 billion of infrastructure investment over the next parliamentary session to stimulate demand and create jobs in the transition to net zero • The Scottish National Investment Bank is on track to open this year • Will launch the £3 billion Green Investment Portfolio • Continued commitment to developing and launching Green Growth Accelerators • Attract global investment by signalling our intent to be ambitious, create first mover advantage and a clear, stable and long term commitment to net-zero • We will develop tools and guidance to support a green recovery and our wider climate and circular economy ambitions through procurement.
Scotland’s land and natural economy	<ul style="list-style-type: none"> • £20 million for peatland restoration in 2020-21 with a commitment to invest more than £250 million over 10 years • Expand investment in forestry by £6 million in 2020/21 to over £64 million 	<ul style="list-style-type: none"> ➤ Additional £100 million to Scottish Forestry to increase new planting alongside £30 million to Forestry and Land Scotland to expand Scotland’s national forests and land by an additional 18,000 Ha per year by 2024. A

**Convention of the Highlands and Islands
26 October 2020**

(Paper 4)

<ul style="list-style-type: none"> • Commitment to plant an additional 12,000 hectares of forest supported by an additional £5m investment • £40 million investment in the Agricultural Transformation Programme • Increase funding for Biodiversity Challenge Fund to £5m • Commitment to establish a new virtual centre to co-ordinate marine climate change science and research in response to the global climate emergency • Make use of Regional Land Use Plans 	<p>further £20 million will go to further increase nursery stocks</p> <ul style="list-style-type: none"> ➤ Committed to significantly increasing the rate of peatland restoration ➤ Continue to support biodiversity, including £3m for the Biodiversity Challenge Fund in 2021-22 alongside high-level statement of intent on biodiversity before the end of the year ➤ Pilot mini-forests to trial innovative approach to restoring biodiversity ➤ Continuing to develop Agricultural Transformation Programme utilising the Agricultural Transformation Fund, including a capital grant scheme ➤ £70 million fund to improve local authority collection infrastructure and develop a new route map to reduce waste and meet our waste and recycling targets for 2025 ➤ Introduce legislation to increase the carrier bag minimum charge from 5p to 10p ➤ Continued funding for the Scottish Land Fund providing £10 million per year to help communities purchase assets ➤ We will bring forward recommendations for new mechanisms of agricultural support that secure a productive sector better able to contribute towards delivering Scotland's world-leading climate-change outcomes and promote fresh employment opportunities. ➤ We will develop a Blue Economy Action Plan to launch a programme of collaborative projects across the public sector, Scotland's science base, marine industries and the marine environmental sector.
---	---