



WWF *for a living planet*

WWF Scotland

Little Dunkeld, Dunkeld
Perthshire PH8 0AD
t: 01350 728200
f: 01350 728201
ISDN: 01350 728276
wwfscotland.org.uk

2011-12 Scottish Draft Budget: a budget for a low carbon future?

Written Evidence

November 2010

The Scottish Budget is a very important lever in securing a transition to a low carbon economy and the delivery of Scotland's Climate Act commitments. Spending decisions made now about both capital infrastructure and investment programmes will impact directly on Scotland's climate emissions for decades ahead, locking us into specific development pathways and behaviour.

WWF Scotland acknowledges the current constraints on public expenditure and believes that effective spending decisions can support long-term solutions that deliver multiple economic, social and environmental benefits and ensure that a 'One Planet' Scotland becomes a reality.

Summary

- A low carbon budget must be seen as an investment in the wellbeing of our country, supporting green jobs, more comfortable homes, cleaner energy, active travel and more efficient public transport. While the Draft Budget identifies tackling climate change and maximising Scotland's low carbon economic opportunities as priorities, it falls short of providing the step change in spending priorities needed to reflect this vision.
- Modest budget amendments on home energy efficiency and sustainable travel would provide significant long term emission cuts and offer considerable health benefits.
- On homes, the Draft Budget makes a commitment to 'maintain' existing home energy efficiency schemes. While it is not clear what this means in practice, it would appear from details of the scale of the proposals that home energy efficiency investment could be as much as halved to just £12.5m alongside cuts to the fuel poverty programme. WWF believes that this year's Budget should include an explicit commitment for £100m to support energy efficiency improvements in existing homes.
- On transport, the Draft Budget remains at odds with the need to cut emissions from this sector. While there are welcome commitments to support some key public transport projects and a spending increase on the Smartcard programme, overall spending on rail decreases and spending on motorways and trunk roads increases. The Sustainable and Active Travel budget (£25.1m which includes support for Low Carbon Vehicles) remains dwarfed by spending on roads, such as the £200m allocated to a new Forth Road Bridge. Spending on active travel is set to be a mere 1% of the total transport spend – WWF believes this should be 10%.
- There are a number of areas where spending commitments in the 2011/2012 Draft Budget fail to reflect what is required to deliver the draft Report on Proposals and Policies (RPP) and meet Scotland's statutory target of reducing climate emissions by at least 42% by 2020.
- The Carbon Assessment of the Draft Budget provides a very broad assessment of the carbon impact of spending decisions. However it needs to be further developed, and integrated more closely with other carbon assessment approaches e.g. individual project level carbon assessments and the RPP process, if it is to play a useful role in supporting the development of a low carbon budget.



INVESTOR IN PEOPLE

Director of WWF Scotland: Dr Richard Dixon
President: HRH Princess Alexandra,
the Hon Lady Ogilvy KG, GCVO
Chair: Ed Smith
Chief Executive: David Nussbaum

WWF Scotland is part of WWF-UK, a charity registered in England number 1081247 and in Scotland number SC039593 and a company limited by guarantee registered in England number 4016725.
VAT number 733 761821
Printed on recycled paper

Homes

The Draft Budget proposes a cut from last year's £104.6m to £83.9m this year for 'supporting sustainability' in the homes and regeneration budget. Last year, the Home Insulation Scheme budget was £15m and the Energy Assistance Package £40m. In addition, the Budget made an additional £10m available under 'non recurring budget consequentials' for supporting home insulation which will not be available in this year's Draft Budget.

While the Draft Budget commits to 'maintain our successful Energy Assistance Package and Home Insulation Scheme', it is not clear what this means in practice in terms of the scale of investment. Based on figures provided in the draft RPP about the number of properties covered and the cost per property from this programme this year, it seems that the level of ambition for home insulation schemes could be as much as halved to £12.5m. This commitment will not deliver the necessary step change in energy efficiency of our existing homes. No explicit commitment has been made in the Draft Budget to continue support for the Universal Home Insulation Scheme (UHIS). Research has shown that a free-to-all insulation scheme leads to greater take up of measures and is cheaper to administer.

With homes responsible for a quarter of our climate emissions, there needs to be a substantial increase in cash spent to support a national retrofit programme to make every home in Scotland a low carbon home by 2020. Not only would this deliver significant carbon reductions but also cut fuel bills and ensure Scotland meets its commitment to eradicate fuel poverty by 2016. The Budget should include an explicit commitment for £100m to support energy efficiency improvements in existing homes through:

- ∞ Acceleration of universal, area-based schemes to be offered Scotland-wide by 2015
- ∞ Provision of free loft and cavity insulation and whole-house surveys
- ∞ Zero or low interest loans offered Scotland-wide now and to supplement and maximise UK schemes such as the Green Deal Finance and Energy Supplier Obligation post-2012.

Transport

The transport sector has one of the greatest abatement potentials for carbon emissions. Whereas the draft RPP acknowledges the need for a 'step-change in devolved policy action', the transport budget remains at odds with the need to cut emissions from this sector. The Draft Budget includes increased spend on roads, decreased spending for rail and allocates less than 1% of transport spend to support walking and cycling.

Public transport: The Draft Budget continues to support investment in public transport for particular projects such as the Edinburgh–Glasgow Improvement project, an increase in the funding for the Smartcard programme (£2.1m to £9.5m) and continues to highlight Government support for the Borders Railway. However, it is disappointing that the overall the Draft Budget proposes a £63m reduction in rail spending (£842.8m to £779.4m).

Active travel: Spending on walking and cycling in the Draft Budget falls well short of levels required. The Sustainable and Active Travel budget remains dwarfed by road building projects. While the Draft Budget shows an increase from £21.2m to £25.1m, WWF understands that this includes a £3m commitment to support Low Carbon Vehicles (LCVs). In addition a particular concern is the omission from the Draft Budget of the previous £9m ring-fenced 'Cycling, Walking & Safer Routes' (CWSS) budget. This would result in a net reduction of £8m to support walking and cycling, with a total active travel budget of c. £13m. This is equivalent to less than 1% of the total transport spend, and WWF believes it should be at least 10%.

Road building: Spending on motorways and trunk roads is set to increase by £13m to £557.6m. WWF is disappointed that in addition the 2011/2012 Draft Budget allocates £200m for the additional Forth Road Bridge, despite the fact that ongoing trials to determine the success of cable repairs to the existing bridge have not yet been

completed. In coming years capital spend on the Forth Road Bridge to meet the expected cost of £1.7bn-£2.3bn will consume a greater and greater proportion of the total transport budget constraining future options to support sustainable transport.

Freight: The Draft Budget proposes cutting freight support from £10.3m to £2.9m by scrapping the Freight Facilities Grant Scheme – a very successful scheme with an explicit environmental purpose to encourage modal switch from road to rail. Since 1997, 37 Freight Facilities Grants have taken over 33m lorry miles off Scottish roads annually. Abolishing this scheme will limit any further road to rail switch and is likely to increase climate pollution as a result.

The Draft Budget and Draft Report on Proposals and Policies

The Draft Report on Proposals and Policies (RPP) demonstrates that a mix of policies and proposals are required to meet Scotland's 42% reduction by 2020 and associated annual cuts each year to 2022. However, there are a number of areas where spending commitments in the Draft Budget do not appear to reflect those required, and set out, in the Draft RPP.

The document contains many excellent 'proposals' for the transport sector, with a welcome emphasis on 'Smarter Choices' (behaviour change) measures, yet these appear to be unfunded in the Scottish budget. For example the Draft RPP sets out a need for 2011 investment to include eco-driving (£3m), speed limit enforcement (£25m), Intelligent Transport Systems (£29m), cycling and walking infrastructure investment (£207m), and travel planning (£7m). The Draft Budget does not appear to make provision for these, thus undermining the credibility of these proposals.

In order to meet the emissions reductions required from the transport sector, the most effective interventions in financial terms will be those which require least in the way of expensive infrastructure – for example, the widespread introduction of travel planning, the introduction or increase in parking charges and reductions in road speeds. Clearly, in order to reduce emissions from transport during a period of budget restrictions, focusing effort and spending on these measures should be protected, and indeed increased.

Carbon Assessment of the Draft Budget

The carbon assessment of the Draft Budget provides a useful top level assessment of the carbon intensity of spend in different portfolios. However the value of the current approach is limited:

- Based on just an average carbon emissions intensity for spending in each portfolio it does not distinguish between the impact of spend within any specific portfolio and is therefore a very broad approach.
- The level of detail set out in the Draft Budget makes it difficult to apply carbon assessment in a more robust and detailed manner (i.e. the Draft Budget does not provide details of specific policies or programmes which will be funded under specific budget headings).
- The current approach does not reflect any impacts associated with the implications of the spend going forward (induced impacts) e.g. on increasing overall transport emissions as a result of a major new road project or reducing emissions from homes through investment in home energy efficiency measures.
- The current carbon assessment approach does not appear to be applied in any deliberative manner to inform and influence spending decisions. Instead it is simply presented as an assessment of the carbon impact of decisions that have already been made.

The Carbon Budget Assessment is just one tool to support delivery of Scotland's emission reduction commitments. Individual Level Assessments and the Report on Proposals and Policies are also important components. However these current approaches are not sufficiently integrated to ensure coherent and climate-compatible decision making. In resolving this issue greater consideration should also be given to ensure each tool supports multiple carbon assessments being undertaken, e.g. consumption, production, induced impacts. Currently the Draft Budget carbon assessment and approach used in the RPP are quite different yet neither

conclusively shows that the budget is compatible with delivering Scotland's Climate Act commitments. Whilst the Draft RPP sets out clearly the policies and proposals required the Draft Budget does not appear to fund many of these.

Conclusion and Recommendations

We urge the Scottish Parliament to strengthen the Draft Budget to ensure that it reflects Scotland's commitment and to secure a low carbon future. In particular spending proposals in homes and transport should be amended as follows:

- 1) Cancel planned 2011/2012 expenditure associated with the Forth Road Bridge (£200m). Initial results on the success of the current dehumidification trials are due next year and therefore proceeding with expenditure on a new bridge at this stage is premature.
- 2) Increase the home energy efficiency investment to £100m a year for a national retrofit programme to make all our homes warm, healthy and low carbon by 2020.
- 3) Increase spending on active travel to a level equivalent to 10% of the total transport budget to support walking and cycling, and ensure as a minimum that those behaviour change and active travel proposals set out in the Draft RPP to deliver emissions cuts from transport and requiring investment in 2011 are fully funded.
- 4) Reinstate the Freight Facilities Grant to support further modal freight switch from road to rail.

For more information:

Dr Dan Barlow, Head of Policy – dbarlow@wwfscotland.org.uk, telephone 01350 728200

Eva Groeneveld, Public Affairs Manager – egroeneveld@wwfscotland.org.uk, telephone 01350 728200