Cross-Party Group on Rural Policy

4 June 2024 18:00-19:30 (Hybrid)

Decarbonising Rural and Island Scotland

Minutes (Approved)

Present

MSPs

Edward Mountain MSP
Finlay Carson MSP
Arianne Burgess MSP
Rhoda Grant MSP

Speakers

Catriona Mallows	University of Highlands and Islands
Robert Price	University of St. Andrews
Matthew Club	Nesfit
Jo Wright	Loch Lomond and Trossachs National Park

Non-MSP Attendees

Ann	Packard
Ailsa	Clark
Aimee	Spence
Alexa	Green
Alexander	Walker
Alexander	Siampanopoulos
Andrea	Martens
Anna	Sellars
Anne	Hastie
Anne-Michelle	Ketteridge
Artemis	Pana
Ashley	Mclean
Ben	Law
Cal	Lowey
Carey	Doyle
Catharine	Idle
Claudia	Rowse
David	Gass
Douglas	Scott
Emma	Ash
Fiona	Fawcett
Frank	Siedlok

Hannah	Dykes
Ian	Muirhead
Ilinca-Valentina	Stoica
Jack	Nevin
Jennifer	Campbell
Jim	Hume
Karen	Scott
Kate	Anderson
Ken	Gordon
Kirsty	Tait
Leah	Reinfranck
Linda	Bamford
Liz	Wedderburn
Luis	Carreira dos Santos
Luisa	Riascos
Marcus	Craigie
Mary	MacLeod Rivett
Mike	Danson
Osvaldo	Sironi
Professor Mike	Danson
Richard	Hastings
Samurath	Jabir
Sarah	Skerratt
Shannon	Harris
Stephen	Smellie
Sterre	Vester
Theona	Morrison
Vanessa	Halhead

Apologies

MSP Apologies

Colin Smyth MSP
Rachel Hamilton MSP

Non-MSP Apologies

Andrew Heald	Forestry consultant
Christina Noble	
David Henderson-Howat	
Davy McCracken	SRUC
Geoff Simm	University of Edinburgh
Karen Dobbie	SAC Consulting
Rachel Tennant	Scotland’s Landscape Alliance
Vera Eory	SRUC

Agenda item 1
Welcome, introduction, and apologies

Edward Mountain MSP welcomed everyone to the meeting.

He noted MSPs in attendance and apologies received.

It was noted that all participants had been emailed the agenda and the list of attendees and that received apologies would be listed in the meeting minutes. It was mentioned that speakers' presentations would be uploaded to the CPG webpage within the RPC website. It was confirmed that the meeting would be recorded (no objections to this were received) and uploaded to the website. The unapproved minutes from the meeting would be uploaded to the CPG on Rural Policy area of the SRUC website.

Group members were encouraged to send the secretariat an email if amendments were required in the minutes. The minutes will be formally approved at the next meeting and the approved version uploaded to the website thereafter. It was noted that the Secretariat will include any action points, links etc. in the meeting minutes.

Agenda item 2

Approval of minutes and recap of action items

The Secretariat has received notification of one correction required to the minutes. This correction will be made and the approved minutes for December uploaded to the CPG section of the SRUC website and also sent to the Parliament for uploading the CPG pages on the Parliament's website.

On the basis that this one correction will be made, Edward Mountain MSP motioned to approve minutes of the previous meeting. Minutes were approved by Arianne Burgess MSP and seconded by Finlay Carson MSP.

Edward Mountain MSP noted that the action from the last meeting was to reflect on the conversations, which were wide ranging. He clarified that if attendees would like anything raised on the agenda for future meetings, they should tell the Secretariat.

Agenda item 3

Presentations and discussion

- Introduction by **Edward Mountain MSP**
    - Four short presentations were planned, followed by questions.
    - Presentations would provide perspectives from private, community, and public sectors on their efforts to decarbonise rural Scotland.
    - Emphasis was placed on the unique challenges faced by rural Scotland in achieving net zero.

- **Catriona Mallows** University of the Highlands and Islands
    - Catriona is a research associate at the University of the Highlands and Islands, and recently worked in the third sector in rural community development. She began with an explanation of how her personal experience has shaped her understanding of decarbonisation. She grew up close to the Cromarty Firth, which during the 80s and 90s was a key location for oil rig fabrication, employing hundreds of workers. Now, 30 to 40 years on, it is large wind turbine structures that are on the landscape.
    - If you situate this shift in the midst of several crises, including climate, biodiversity and housing, with challenging transport links, rising depopulation across the region and a lack of local democracy, this provides an entry point into the real challenges of decarbonising rural and island Scotland -- its complexities and its solutions.
    - Catriona commented that when she thinks about decarbonisation from a personal perspective, she thinks about the 17 rigs sitting vacant in the Cromarty Firth. She thinks about new turbine structures for offshore wind net exporting renewable energy but increasingly high rates of fuel poverty across rural and island Scotland. She thinks of workers' rights, communities and their engagement, alternative economies, and the roles of the private, public and the third sectors. She thinks of government commitments (and commitments not being achieved) and the importance of ambitious and inclusive policy making.
    - Catriona went on to question what we mean by rurality, what we mean by decarbonisation and offered some further reflections on both concepts. Rurality as a concept is exceptionally difficult to pin down. There are multiple definitions. Rural places are rarely homogeneous in nature, just as urban ones aren't. A useful term is "resource peripheries", which are characterised as places of resource extraction or harvest, and these are deeply contested spaces characterised by multiple competing factors, interests and power relations operating across different scales. The Cromarty Firth exemplifies one of these, as does much of rural and Island Scotland.
    - Catriona called for consideration of land ownership, noting that a significant portion of rural land is privately owned, with new markets for natural capital driving up land prices and concentrating ownership. Rural places host resources, but the power to manage and benefit from these resources lies in the hands of a few.
    - These places are frequently seen as at the edge, as peripheral. She argued that unhelpful perceptions of peripherality (by those outwith the periphery) can actually curtail resilience, adaptation and decarbonisation itself.
    - She noted the growing concerns about negative impacts on rural communities from sustainability policies. The now Deputy First Minister, Kate Forbes, said last year that rural communities will be expected to disproportionately bear the burden for a country's transition to net zero.
    - She emphasised the need for inclusive policy-making and community engagement, noting that rural communities and rural places already are, and continue to have, desire to pursue their own just transition agendas and to contribute towards the achievement of Scotland's biodiversity and net zero targets through decarbonisation. But the question remains whether they are restrained by a lack of rural content in sustainability policies and structural barriers which exclude them from participation.

- In terms of structural challenges, for example rural households often face higher heating costs, despite being net exporters of renewable energy. Average rural household heating costs can be up to four times higher than urban counterparts.
- She stressed the importance of ensuring that the transition to net zero is fair and inclusive.
- Catriona concluded by emphasising that decarbonisation should not be seen merely as a technocratic approach to reducing emissions but as an opportunity to build a better future across all sectors.
- She called for an holistic approach that addresses social challenges alongside climate goals.

- **Robert Price** from the University of St. Andrews, on decarbonising the whisky sector.
  - Robert is a research fellow at the University of St. Andrews. His work has focused on migrating new materials from academic labs to industrial energy conversion devices, focusing on fuel cells and electrolyzers. He joined the Isle of Raasay Distillery to explore the application of hydrogen technology in distillation.
  - He noted that the Scotch Whisky Association website has details on decarbonisation, in terms of targets. Robert went through some of the data on emissions, noting that it's thought that up to 20% of the sector emissions are scope 1 (direct emissions onsite, such as through combustion of a fossil fuel) and scope 2 emissions (indirect offsite emissions from required resources like electricity produced elsewhere and transmitted).
  - 80% of sector emissions are thus scope 3 (indirect offsite emissions like agriculture and shipping).
  - In context, a small distillery like Raasay produces about 200,000 litres of pure alcohol a year and emits over 500 tonnes of CO2 equivalent per annum. That excludes the CO2 from fermentation, which adds about another 150 tonnes. The biggest distilleries in Scotland produce 21 million litres of pure alcohol a year, so its easy to see the challenge, and to understand why there needs to be an emphasis on decarbonisation in this sector.
  - Raasay distillery was emitting approximately 3.3 kilogrammes of CO2 equivalent per litre of pure alcohol and most of that (about two thirds of it), came from burning kerosene in a boiler. For most distilleries, the energy content of a litre of alcohol is between 6-10 kilowatt hours.
  - In terms of decarbonising, there is a wide range of technology which could be adopted, but the fundamental challenge is to reduce energy consumption. In terms of the production process for whisky for example, essentially this is done by burning fossil fuel in a boiler to raise steam and that steam is then used to heat mashing processes or distillation. When distilling, alcoholic vapour is made which then has to condense, essentially running cold water through tubes to condense it and get product. Unfortunately, that water which then comes out of the condenser's heart simply goes to a cooling tower, with all the heat rejected to the surrounding atmosphere.
  - There are some technological solutions for decarbonisation:
    - Heat Recovery: Implementing heat recovery systems to reuse waste heat and reduce fuel consumption. It should also be noted that many distilleries are effectively visitor attractions these days, so there may be the potential for district heating systems.

        - Hydrogen: Deploying water electrolysers and hydrogen storage to replace diesel usage.
        - High-Temperature Heat Pumps: Exploring the use of heat pumps for distillation processes.
        - Biofuels:
            - If there is an anaerobic digestion plant available, products like spent grains could be sent to the plant and biomethane returned which can then be combusted in the distillery. This is being trialled at Glenrothes with vapour recompression which allows you to recycle steam.
            - There are also biofuels which could be used in place of fossil fuels, such as Greenflame.
    - To summarise, there is plenty of technology available and coming to market and we're seeing a number of different distilleries across the country becoming ‘first movers’ to use this.
    - Barriers:
        - Big distilleries have larger scales and can operate 24/7 at higher efficiency, which allows for innovation in decarbonisation. Unfortunately, these benefits don't necessarily come to fruition in the Highlands and Islands, and particularly in rural environments. One barrier is that weak electrical grids essentially rule out electrification of any kind, especially electrode boilers, but also heat pumps.
        - For small distilleries that maybe only produce about 200,000 litres of alcohol a year, the capital expenditure of the hydrogen system to produce hydrogen for combustion is simply too great. So although there are a lot of solutions available, they can't necessarily be applied in island or rural scenarios.
        - In terms of carbon produced off the distillery:
            - Producing net zero barley will be challenging, and
            - We need to work out ways to not pump hot waste water into rivers. That happens on the Spey for example where water flows have been extremely low for the last few years.
    - Conclusion:
        - Robert emphasised the importance of a strategic approach to decarbonisation, and the need for tailored solutions for different distilleries based on their specific requirements and constraints.
        - He highlighted the potential for significant emissions reductions through a combination of technologies and practices.

- **Matthew Clubb**, Chair of Nesfit, a community-led retrofit cooperative in North East Scotland (Matthew also runs an architecture and retrofit practice).
    - Matthew trained as a retrofit coordinator under the PAS 2035 standard, becoming the first coordinator in North East Scotland.
    - His retrofit practice has tripled in size in two years due to high demand. He provides in-depth surveys and retrofit plans, recommending measures to reduce energy loss by up to 80-90%. Half of the work is in rural settings, and they have created retrofit plans for 37 community buildings in Aberdeenshire.
    - Most of the people who are using his retrofit plan service for their homes at the moment are in a position to be able to pay. He explained the two things that happened during this process. First of all, there's a ‘Eureka moment’

when they realise the person sitting across from them really understands how energy is leaving their building and how they can improve their home. And secondly, homeowners trust them because they are not there trying to sell something. They are there to make sure the right measures are put into the home and to meet the objectives of the homeowner and ultimately get to zero emissions.

- This is great for the people who can afford to pay for this service, but we need to help the people who can't afford it. And so three years ago, Matthew started the retrofit cooperative “the NE Scotland Retrofit Hub”, and quickly attracted a board of directors from community leaders in the local area. Since then he’s had interest from groups from Orkney all the way down to the borders looking at setting up similar organisations.
- Nesfit has three objectives: Raise public awareness of retrofit options, build the supply chain, and get every house a retrofit plan.
- In terms of the supply chain, in Aberdeenshire there is only one Green Deal installer. If you get a grant or a loan from Home Energy Scotland, you must use a Green Deal installer. And so in Aberdeenshire, due to demand, that normally means the contractor is going to drive more than 100 miles to come and work on your home, which presents a range of challenges including availability of suppliers as well as building trust and the market. This is quite common in rural areas.
- There is a huge opportunity and demand in building the construction skills sector. Matthrew ran a retrofit course for 24 professionals last year which was sold out.
- Rural homes are typically traditionally built and bespoke solutions as set out in retrofit plans are best. There is huge potential in reducing energy demands overall, and decarbonising at the street and village level.
- Matthew provided three recommendations to move forward:

  1. Regulating construction emissions. A carbon tax on the construction emissions, would transform the construction industry almost overnight. They would start looking at retrofit and it would solve a lot of supply chain and skills issues.
  2. Funding regional retrofit hubs. We need to retrofit 200 homes every week to meet the Heat and Building Strategy Targets, and local retrofit hubs can do an awful lot with not a lot of funding.
  3. Rolling out place-based retrofit plans for every building to enable strategic decarbonisation.

- **Jo Wright**, Loch Lomond and Trossachs National Park provided a public sector perspective on Delivering Net Zero in Policy and Practice
  - The National Park covers about 720 square miles and includes a mix of private, public, and third-sector land ownership. The Park Authority itself owns very little land but plays a leadership role in convening and coordinating efforts to decarbonise the area within the park.
  - The National Park’s operational carbon baseline is 300,000 tonnes of CO_2 a year. Their “Mission Zero route map” is the plan to decarbonise the work of The Park Authority, with science-based targets to be net zero carbon by 2035. They are four years into a 10 year plan to decarbonise their estate.
  - At year four they started to really see delivery pace and scale. They’ve been working across five of 11 sites, predominantly with the last 18 months. At their headquarters (Balmaha Visitor Centre) and two campsites they’ve been

removing old emissions heavy heating systems, upgrading building fabric and decreasing operational reliance on fossil fuel vehicles, which requires both the vehicles and the charging infrastructure in a rural area.
    - One challenge has been delivering a 10 year programme of work with annual budget cycles and funding timescales.
    - Another challenge is encouraging positive behaviour change, such as for example when they introduced electric vehicle in their fleet.
    - Many of these challenges are interlinked and they are learning all the time about how best to approach them, and how best to respond to changing advice and changes in available interventions.
    - The park is a small organisation but look to lead by example. They are looking not just at their operations, but their role across the region. They look to build partnerships across the area and across users. About 15,000 people live in the park, but about 4 million people visit a year. And 50% of Scotland's population lives within a short travel distance of the park.
    - They are working with a UK-wide national park group to do baselining and modelling and strategic work. They've identified that they can potentially get beyond net zero. There is the potential for national parks to function that way in the future, with land use change.
    - She provided several concluding reflections:
        - While we can decarbonise the park's operations, the big prize is what we can deliver for the park as a place, and to deliver for the nation at a regional scale.
        - Decarbonisation efforts must be integrated with other objectives, such as nature restoration and improving quality of life.
        - The process is ongoing and requires continuous bold action and adaptation.

Agenda item 4 - Discussion

- Key issues raised in the discussion included:
    - Question for Matthew Clubb on traditional building skills and the potential for creating employment from a national Retrofit Strategy.
        - Response: Matthew emphasised the importance of traditional skills such as joinery, especially for fabric insulation and airtightness measures in rural buildings. He highlighted that many rural retrofit projects start with repairing buildings to make them wind and watertight. There is a need for traditional skills like working with lime and stone. Matthew acknowledged the challenge of finding skilled labour, particularly in rural areas like Aberdeenshire, where many joiners choose to work offshore. He suggested a priority is to train existing tradespeople to address the immediate need for skilled labour.
- Question to all speakers:
    - With regard to climate change anxiety and mental health, how do we ensure a just transition to net zero without leaving anyone behind, especially those in rural areas facing fuel poverty and low wages?
    - Response: Catriona Mallows acknowledged the issue of climate anxiety, particularly among young people. Climate anxiety and mental health concerns have to be central to decarbonisation, and we need to make the most of overlapping opportunities like supporting cycling and providing high quality infrastructure which will also support good mental health. She highlighted the need for radical and bold action by policy makers.

- A representative from the Ground Source Heat Pump Association supported proposals for retrofit implementation at scale. He suggested one option would be to explore the potential to replace the current home energy report with a high standard medium-term retrofit plan. Another alternative suggested would be to insist that all/a high proportion of heat pumps used in the UK are built in the UK (for example, it is required that 70% of heat pumps used in France are made in France).
- Finlay Carson MSP opened a discussion about the broader question of rural areas shouldering the burden for meeting net zero targets, for example through large numbers of wind turbines being built to support renewable energy demands in urban areas. He noted that this is creating a form of climate anxiety for rural communities. He noted also that farming is often criticised for the industry's carbon emissions. At the same time, the benefits for rural areas from the transition to net zero are often not apparent.
- Jo Wright (Loch Lomond and Trossachs National Park) was asked about the number of wind turbines in the Park. She noted that, while this was not her area of expertise, her understanding is from planning colleagues that wind turbines are not allowed in national parks under NPF4.
- An online participant suggested that changes should be made to VAT as a means of encouraging people to make retrofit changes. VAT is currently not charged on new builds, but is charged on any property improvement works. Matthew Clubb noted this is a challenge. Others expressed support for the removal of VAT on property improvements and noted that an allowance on rental properties to encourage reinvestment could also be worthwhile.
- Another online participant picked up on Jo Wright's point about annualised funding cycles and the need for strategic planning over the long term and asked what is the policy solution here? We have an annualised way of thinking and reporting, so what levers can be pulled to move into a 2 or 3 year budget cycle?
    - It was noted that if we move to a carbon budgeting scheme, it will be on a 5 year cycle, we'll have 5 yearly targets and reviews, which should encourage more long term budgeting.
    - Response from Mathew Clubb commented about the real limitations he experienced in his work from annualised budgets and planning. He noted that there are good funds available, for example the CARES scheme for community buildings. But he commented that he had seen solar panels and heat pumps put on buildings with woodworm and wet rot in the roof. He noted that this is why he comes back to retrofit plans every time. A retrofit plan is 10 to 15 years, and he called for funding that matches those kinds of time scales. He observed that many community groups are really enthusiastic and very effective at finding funding, but that alongside that, strategic thinking is required.
- Steven Thomson (SRUC and a Just Transition Commissioner) noted in the chat that he is regularly asking the question of what the rural dimension is at Commission meetings, or how rural areas or islands need to be dealt with differently. He noted that policy decisions often don't take rural into account adequately.
- Steven went on to raise the issue of local tax and how we capture the local value of renewable energy developments underway in rural areas. He noted that local rural communities are not benefitting from renewable energy developments as much as they might. How do we better capture the value that these places provide in terms of energy generation? The same argument could be made for ecosystem services, carbon taxes, carbon storage, peatland restoration, whatever it might be. How do we better capture value locally? And this extends also to the whisky and the distillery sector where it may be relatively easy for industrial decarbonisation through technical solutions, but how is that sector going to support decarbonisation in its feedstock i.e., the agricultural sector

which is an important source of emissions? In some way we need to capture more from big corporations for local communities and find ways of distributing that money locally to support more money flowing around local economies.

- Catriona Mallows argued that as this topic is so huge, there is a need for a further conversation on this. One suggestion she had was for the policy cycle to take on the rural before the urban. That would completely change the way we're making policy. We would first ask how are we going to make this work in an island, and then we then translate it into the south side of Glasgow, for example.
- Robert Price noted that specifically with regard to Raasay, there is a great community spirit, and the distillery has brought lots of benefits for the island in terms of employment for local people (including young people) who now no longer need to leave to find jobs.
- He also noted that in Raasay there is a weak electrical grid, and the distillery requires a generator. In relation to the earlier point about local benefits from renewable energy developments, in Raasay, a community hydroscheme has been built. The electricity from this can be exported which then provides money for a community benefit fund. So it's obviously decarbonising the island as much as possible and it's giving money back. The problem is that there's an export limit of 50 kilowatts when the hydroscheme can very easily make 150 kilowatts. So grid investment is needed to enable this contribution to be fulfilled. He also suggested that the potential for local energy grids could be explored to that 'excess' heat/energy from distilleries could be used to heat local homes.
- Mathew Clubb noted the work of volunteers in his local community to deliver government agendas but in his view there is a disconnect. For example, local place plans are in theory something that communities can do themselves, but they feel like a burden at local level, as a thing that a community has to do. He argued that there needs to be more working with the communities and working with local climate action jobs as well to make those plans reality. He noted that communities often know very clearly what they need and want.
- Online participants also noted the Scottish National investment Bank and questioned its role in helping communities develop local energy hubs. The extent to which Scotland can learn from elsewhere was also asked (e.g. Austria in terms of rural community heating plants).
- The lack of use of Scottish grown wood was also noted (much of the wood used in retrofit projects has to come from abroad).
- The final issue in the discussion related to whether rural communities should have to pay for a problem that is created in urban areas. Should rural areas be paid for their carbon storage role for example? This led to the question being asked as to whether we should be paying those who store carbon or taxing them? One practical suggestion was that wind farm offset payments could be used to retrofit rural homes.

Action Items:
No action items where identified.

A possible topic for a future meeting could be community benefits, local tax and local value capture from rural development, across renewable energy, natural capital and other globalised rural industries.

Agenda item 5
AOB

None raised

Agenda item 6

Edward Mountain MSP noted that the next meeting will be in the Autumn after the summer Parliamentary recess. Topics may include land reform, with other topics to be identified. The Secretariat will send out more information once it is available.