

Scottish Borders Low Carbon Economic Strategy 2023

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Foreword

Executive Member for Economic Development

We live on a planet with finite resources and a growing population. There are inexorable pressures on the physical and energy resources necessary to give everyone a basic, decent standard of living. But disparities in living standards across continents and cultures, and within communities, generate competition and conflict to secure access to limited resources. Whilst competition might result in the more efficient extraction and use of resources; conflict can not only waste resources but also restrict availability and increase price. Living sustainably is not just about tackling climate change, it is also a call to live within our means as individuals, families and communities, for the future wellbeing of us all.

Climate change, carbon emissions and low carbon economy are terms which seem confusing, complicated and frightening. They tend to conjure a negative picture of a future where quality of life and opportunity is far lower than we enjoy today. As a result, many people seem not to be taking on board advice and support to help them move to a more sustainable lifestyle – it just doesn't seem urgent enough yet.

However, living sustainably and the move away from a high carbon economy (one which relies on fossil fuels) offers great economic opportunities at all levels. The purpose of this new Low Carbon Economic Strategy is to set out a route for the Scottish Borders to move towards a low carbon future. I believe that we need to take steps now so that we can secure financial, skills and lifestyle benefits for the future.

The strategy is aligned to the Scottish Borders Economic Strategy 2023 and with the wider Community Planning Partnership priorities. It sets out a vision for a resilient, low carbon future, and goes on to identify priority actions which I hope will set us on that path.

Councillor Stuart Bell
September 2013

1 Why We Need a Low Carbon Economic Strategy

1.1 Low Carbon Economy – The Need to Respond

The twin challenges of climate change and energy security are driving a fundamental reassessment of how we will be able to develop our global and local economies into the future.

Climate change is one of the most significant economic and environmental challenges that we face, with the scientific consensus and political will to address the issue gathering pace. Concerns over oil prices and supplies are just one of a number of critical considerations for energy planning. Moving to a low carbon economy makes financial and business sense, as well as addressing a critical environmental imperative. We need to become smarter and increasingly resource efficient in the way we do business and deliver services.

The Stern Review¹ states that if the world fails to stabilise carbon emissions in a relatively short space of time, it could lead to problems on a scale similar to those associated with the world wars and the economic depression of the first half of the twentieth century. A key message is that early action will cost the World's economies less in the long run than putting off such action. It suggested that developed economies should reasonably invest just over 1% of current GDP to mitigation activities now, to avoid higher GDP losses in the future.

Definition of a Low Carbon Economy

The characteristics of a local low-carbon economy, as defined by IDeA², include “Clean, secure and affordable sources of energy; low carbon infrastructure, buildings, products and services; accessible, efficient, low-carbon transport; high waste recycling and has the necessary local infrastructure to do so; innovative economies with diverse employment; high skills-development infrastructure for the current and future workforce.”

A Low Carbon Economy is a key feature of European, United Kingdom and Scottish Parliaments' policy frameworks and the development of a Low Carbon Economic Strategy for the Scottish Borders is central to the future economy of the area.

Over time, a 'low carbon economy' will be seen as a clear objective for all sectors within the local economy, not just as something that relates to a limited range of industries or services.

¹ The Economics of Climate Change, HM Treasury 2006

² Improvement and Development Agency 2005

A reduction in the carbon intensity of all activities across an area is key to the success of this transition. Along with a strategic approach to the attraction of new low carbon enterprises which can access an appropriately skilled and committed workforce, this will drive essential change and deliver increased energy security and resilience in future.

Scottish Government Objectives

The UK and Scottish Governments are both committed to developing a low carbon economy, and key Scottish legislation in the form of the Climate Change (Scotland) Act 2009 is now in place. The Scottish Government launched a 'Low Carbon Economic Strategy' in November 2010 demonstrating its strong commitment towards transforming the Scottish economy into a world leading low carbon economy. The 'Government Economic Strategy 2011' establishes a new Strategic Priority - Transition to a Low Carbon Economy. This reflects the significant opportunity that Scotland has to secure investment and jobs from the growing renewables sector and to ensure that the benefits of this transformational change are shared across the economy and our communities. The figures below are set out in the Scottish Government 'Low Carbon Economic Strategy' and show the economic potential offered by the low carbon transition.

The potential scale of the economic opportunities for Scotland:

- Scotland's low carbon market was worth around £8.5 billion in 2007-08 (within a GDP of around £100 billion), and is forecast to rise to around £12 billion by 2015-16;
- Scotland can secure a position as the international destination of choice for low carbon investment, and for the development of the financial architecture for a global low carbon economy;
- Jobs in the low carbon sector in Scotland could grow by 4% a year to 2020, rising from 70,000 to 130,000, over 5% of the Scottish workforce;
- Scotland is already an exporter of low carbon technologies, with £845m worth of low carbon technologies exported in 2009/10 mainly to China, Spain, Malaysia, India and Romania;
- Scotland can be the green energy capital of Europe, and offshore wind alone could bring an estimated £30 billion of inward investment, and up to 20,000 jobs;
- Scotland now generates 22% of its final electricity demand from renewables and is comfortably on course to meet targets of 31% by 2011 and 80% by 2020;
- Sales of offshore electricity could value £14 billion by 2050, the equivalent of £2,700 for each person in Scotland;

- Household energy efficiency could save a cumulative £8.5bn by 2050, and provide thousands of jobs;
- Motorists could save £300m a year in reduced fuel costs by 'eco-driving';
- Farmers could save up to £464m by 2022 in business efficiencies.

Figure 2 (Source: A Low Carbon Economic Strategy for Scotland, Scottish Government, November 2010)

Many of the impacts and changes envisaged by the Scottish Government will be felt in all parts of Scotland, by all businesses and communities. The economic and competitive future of the Scottish Borders depends on how well our businesses and communities respond to this challenge. It is therefore crucial that we develop a clear approach and plan around how we will respond at a local level to drive the transition to a low carbon economy.

1.2 Scottish Borders Economy

The Scottish Borders Economic Strategy 2023 sets out a series of challenges and opportunities for the area. The economic opportunities offered by the transition to a low carbon future are highlighted within the Economic Strategy and one of the strategic objectives is that of Providing Leadership 'To encourage and support the transition to a low carbon economy.

The Scottish Borders economy must focus on areas where it has a level of competitive advantage, niche manufacturing (in textiles particularly), tourism, construction, farming and production, processing and retail of food and drink. We need to add to this list a range of low carbon opportunities, especially in some of the key renewable energy sectors such as woodfuel and small scale hydro. We also need to pursue the benefits of low carbon processes within all business sectors if they are to maintain a competitive advantage in an era of spiralling energy costs and growing difficulties around access to raw materials.

The Economic Strategy also notes that 'the concept of a 'place' is fundamental to competitiveness, not only providing the physical, social and cultural infrastructure for businesses, it attracts and retains a workforce for the future. This concept of place could be developed into one of a dynamic, forward thinking, low carbon area, offering increased resilience to future challenges.

1.3 Challenges and Opportunities

a) Challenges

Businesses

The Scottish Borders has a population of just over 113,000 people in a land area of 4736 Km². It is a rural area that lacks many of the characteristics associated with a competitive economy - high value jobs, high skills, strong transport links and quality of employment sites and Information and Communications Technology (ICT) infrastructure.

Currently, there are only a small number of businesses following a low carbon route, and the level of low carbon skills and training opportunities available within the Scottish Borders is limited. The integration of carbon reduction activity across all sectors is crucial, especially for our traditional business sectors. Economic success will also require the development of the workforce to build up low carbon related skills to help local businesses to meet the challenges of a low carbon future and to realise the economic opportunities of the change.

Households

The Scottish Borders is recognised as having a low wage economy with average weekly wages 22% lower than the in Scotland as a whole. The latest Scottish Housing Condition Survey findings show that 37% of households in the Scottish Borders are fuel poor, compared to 28% in Scotland as a whole. The National Home Energy Rating (NHER) shows that the Scottish Borders has a slightly higher proportion of dwellings rated 'poor' (7%) than the rest of Scotland (5%), and overall only a third of private dwellings have a good NHER rating (i.e. 8 to 10), which is lower than the rest of Scotland (45%).

Due to the rural nature of the area and dispersed settlement pattern, there are high levels of car ownership across the area, with many remote households entirely dependent on access to private cars. As fuel prices continue to rise, those living in more isolated locations are finding it increasingly difficult to access jobs, services and recreational opportunities. Food costs are also higher away from the main shopping centres.

Electronic communications are improving across the area and will continue to do so over the next few years. However, communities still tend to function and develop initiatives in isolation from each other, and opportunities to learn from experience are not as well shared as they could be.

Infrastructure

The Scottish Borders is currently reliant on road transportation, with no rail stations within the area until the opening of the Borders Railway, scheduled for 2015. The dispersed population in a large rural area with limited public transport options causes high car ownership especially in remote areas. Rising fuel costs are increasingly impacting on the ability of rural communities to access employment, services and recreational opportunities.

Poor broadband access across the Scottish Borders has been highlighted as a significant obstacle for the development of rural businesses, home working and for communities wishing to access services remotely.

Communities

The total population of the Scottish Borders is growing, with significant increases in the number of people over 65 living in the area. A decrease in the working age population is predicted over the next 20 years.

In common with most rural areas, Scottish Borders communities are experiencing changing social conditions (including the impact of the Welfare Reform Act), higher fuel and energy prices and local extreme weather conditions. House prices in the area remain high but there is a shortage of affordable housing, additionally there are more households in fuel poverty in the Scottish Borders compared to the Scottish average. Accessibility of key services (retail and recreational) is highly dependent on car ownership

The Scottish Borders has a strong and well supported voluntary and community sector although this could be adversely affected by reducing public sector expenditure, and is already being affected by reduced private sector funding.

b) Opportunities

Businesses

The economic benefits of developing a low carbon approach are potentially considerable, and can offer long term opportunities for both the economy and individual businesses within the area. Local businesses that improve their efficiency in utilising raw materials and reduce input costs (particularly energy) generate higher levels of profitability, improve levels of competitiveness and are able to invest in other areas of the business.

Development and implementation of low carbon technologies and the skills and knowledge of staff, will enable businesses to identify and take advantage of related opportunities in both the domestic and international markets.

Households

Increasing the energy efficiency of homes by improving building standards for newly built houses, and through the retrofitting of energy efficiency measures to those which are poorly insulated, can reduce the cost of heating and improve individual's health and wellbeing. Money saved on fuel can be spent elsewhere in the local economy and installation can offer business and employment opportunities to local firms. If we are smarter about how we insulate and heat our homes everyone can benefit.

The inclusion of district heating networks in new housing developments over an agreed scale, and retrofitting to existing settlements where practical, could offer significant benefits in terms of reduced heating costs and security of supply in future.

Infrastructure

An expanded Broadband and communications infrastructure enables flexible low carbon working practices, supports new business opportunities in rural locations, and speeds and eases communication. All of this increases the resilience of communities and the competitiveness of Borders businesses.

By assessing likely changes to weather patterns, including extreme weather events, we can plan and design our buildings and infrastructure networks to be able to withstand impacts and ensure continuity of service provision. By developing a long term adaptation plan for the built environment, costs of implementation can be phased, and opportunities can be identified for local businesses to deliver the adaptations.

Communities

The Scottish Borders has a strong background in community activity with significant proportions of residents volunteering in a wide range of local initiatives. The majority of Community Councils have either developed, or are in the process of developing, Community Resilience Plans, which help groups tackle first response emergency situations themselves.

By building on this commitment, and supporting local communities to develop climate change resilience plans, communities can identify future risks and opportunities presented by a changing climate. They can become be less dependent on traditional service provision and more able to support the community from within. The development of low carbon awareness and skills within communities can support local energy, transport and food projects to deliver local benefits. The establishment of local renewable energy schemes could provide local supply or generate long term income for the community by selling energy produced.

2. The Strategy

2.1 Vision to 2023

A vision for a Scottish Borders low carbon future has been developed based on consultation with stakeholders:

‘By 2023 the Scottish Borders will have a more resilient low carbon economy. By supporting businesses and communities to reduce their carbon footprint, our business competitiveness and quality of life will be improved.’

Following on from this, the Community Planning Partnership Strategic Board has identified three key priorities for the Single Outcome Agreement (SOA):

1. Grow our economy
2. Reduce inequalities
3. Maximise the impact from the low carbon agenda

The third underpins and supports all activity across the SOA.

The Low Carbon Economic Strategy aims to support the future competitiveness of our economy and provides a defined framework for a) the Council in fulfilling its roles as a Leader, Operator and Regulator for local low carbon issues, and b) the Community Planning Partnership to address key priorities.

2.2 Strategic Aims

In order to set out the first steps towards this vision, the Low Carbon Economic Strategy focuses activity around four interlinked Strategic Aims. These have been developed through consultation and in response to the challenges identified, and to achieve the proposed vision.

Aim A. Improve business competitiveness - by addressing resource efficiency and costs within local businesses, and by exploiting low carbon business opportunities in supply chains and new markets.

Strategic Initiatives

Supporting Low Carbon Business Transition

Through the Business Gateway, and working with Scottish Enterprise, we will seek to promote adoption of low carbon processes and development and use of related technologies within new and exiting businesses.

An example of the activities to be undertaken includes '***Business Gateway Plus***'. This EU funded programme will provide key resource efficiency advice across all sectors, with a particular focus on businesses identified with growth potential. This will be launched in autumn 2013.

Building the Low Carbon Knowledge and Skills Base

To fully benefit from the opportunities offered by low carbon there is a need to embed related knowledge and skills within the leaders and workforce of the area.

This will be done by working with Borders College, Heriot Watt University and other FE/HE institutions to ensure local provision of new, relevant low carbon related courses and workshops.

Aim B. Improve resident's quality of life - by addressing fuel poverty and encouraging behaviour to change towards lower carbon lifestyles, supporting individuals to develop new low carbon related skills and localisation of service access.

Strategic Initiatives

District Heating Schemes – Easter Langlee Pilot

The opportunity to deliver a substantial district heating scheme associated with the Council waste facility outside Galashiels offers huge potential to tackle local fuel poverty, security of energy supply, economic development and support local skills. The scheme will act as a key demonstration site encouraging greater uptake of community heating networks in the area.

Fuel Poverty Delivery Plan

A key source of funding for the implementation of the Delivery Plan is the current Scottish Government Home Energy Efficiency Programme for Scotland (HEEPS) which offers substantial support for Councils to address fuel poverty at the local level. The Council is developing a 10 year programme bid to fund domestic improvements, targeting areas of greatest need.

Aim C. Adapting our infrastructure - to encourage a low carbon built environment that will reduce carbon emissions and is better prepared for changing weather patterns including extreme weather events.

Strategic Initiative

Flood Risk Management

The strategy uses a series of complementary measures to reduce flood risk and the impact of flooding when it does occur. Measures include awareness raising, flood warnings, flood protection products, watercourse clearance, minor flood protection works and major flood protection schemes. The works and schemes are designed to minimise carbon emissions and include measures such as flood storage and natural flood management which are designed to work with nature. Many of the natural flood management measures include the long term planting of native tree species, contributing to carbon sequestration.

Aim D. Increasing community resilience – we will work with our communities to increase their capacity to withstand future climate change impacts and access opportunities including local food production and renewable energy generation.

Strategic Initiative

Community Climate Resilience

The successful Community Resilience Programme will be extended to cover wider climate change issues, increasing the awareness and skills of local communities to prepare for new challenges and to take advantage of opportunities.

The pursuit of these strategic aims will be linked to the overall framework for delivery of the Single Outcome Agreement. The role of the Low Carbon Economic Strategy is to inform and initiate activity which will drive the transition to a low carbon economy, providing leadership and support to partners.

A key purpose of the Strategy is to clearly demonstrate the need for integrated planning and delivery of actions, with the responsibility for progress being accepted by all partners. The strategic aims are interlinked, meaning that delivery in one area should benefit the other objectives.

2.3 Objectives

To deliver the above Strategic Aims the following objectives have been defined.

Strategic Aim A - Improve business competitiveness - Key objectives:

- 1. To ensure that businesses can easily access carbon reduction support**
– to increase resource efficiency thereby increasing competitiveness.
- 2. To increase business awareness of low carbon business opportunities**
- develop and deliver awareness and engagement programmes for local businesses which increases knowledge and capacity to deliver changes in business activity.
- 3. To develop the renewable energy sector**
- to develop a strategic approach to the delivery of all scales of renewable energy schemes.
- 4. To develop a workforce equipped with low carbon skills and education**
- to ensure that we are equipping our current and future workforce with skills for success in a low carbon future.

Strategic Aim B - Improve resident's quality of life - Key objectives:

- 1. To ensure greater uptake of energy support**
- to improve the energy efficiency of homes, delivering economic benefits and tackling fuel poverty.
- 2. To increase access to low carbon transport and communications opportunities**
– to help reduce the need to travel and assist flexible and mobile working practices.
- 3. To increase access to local food and community space to grow food**
- to support communities in their aims to localise food production, reducing carbon miles and increasing local skills.
- 4. To support communities to develop local energy generation schemes**
– to develop a localised decentralised energy network, which provides secure, low carbon supply, generates income for the community and offers local employment opportunities.

Strategic Aim C - Adapting our infrastructure - Key objectives:

1. To pursue developments which deliver low carbon buildings and sustainable places

- to access the opportunities presented by a holistic approach to emissions reduction and behaviour change.

2. To adapt our buildings and infrastructure to climate change

- to ensure that the buildings and infrastructure of the Borders are prepared to meet the challenges of a changing climate.

Strategic Aim D - Increasing Community Resilience - Key objective:

1. To ensure communities are resilient to a changing climate

- to increase the resilience of our communities to withstand future challenges of altered weather patterns, extreme weather events, food and energy security, and access to transport and other essential services.

Table 1 provides an overview of the vision, strategic aims and objectives.

VISION:	‘By 2023 the Scottish Borders will have a more resilient low carbon economy. By supporting communities and businesses to reduce their carbon footprint, our business competitiveness and quality of life will be improved.’			
STRATEGIC AIMS:	A. Improve business competitiveness	B. Improve residents’ quality of life	C. Adapting our infrastructure	D. Increasing Community Resilience
OBJECTIVES	1. To ensure that businesses can easily access carbon reduction support	1. To ensure greater uptake of energy support	1. To pursue developments which deliver low carbon buildings and sustainable places	1. To ensure communities are resilient to a changing climate
	2. To increase business awareness of low carbon opportunities	2. To increase access to low carbon transport and communications opportunities.	2. To adapt our buildings and infrastructure to climate change	
	3. To develop the renewable energy sector which maximises economic and social benefits to the area	3. To increase access to local food and community space to grow		
	4. To develop a workforce equipped with low carbon skills and education	4. To support communities to develop local energy generation schemes		
	IMPLEMENTATION: THE ACTION PLAN			

Table 1

2.4 Action Plan

To define the activity required to progress these objectives a framework of actions is set out in the action plan attached as Annexe 2. Action is focussed on support for the strategic priorities identified by the Strategic Board of the Community Planning Partnership.

2.5 Leadership

In order to deliver the required changes in policy and structure to drive the transition to a low carbon economy strong and consistent leadership will be essential. Political support for this move is clear at national and international level. Fundamental integration of low carbon objectives will be essential across all sectors, including health, education, social care and community support.

Scottish Borders Council is leading the development of this strategy and sees itself as having a multiple role in the low carbon transition, as:

Leader - The Council will lead by example: changing our own decision-making and behaviour in order to adopt best practice in relation to carbon reduction and to continually improve our environmental performance.

Operator - The Council will co-ordinate our work with partners: integrating our policies, planning and operations, both within and between organisations, to identify low carbon opportunities across all of our service areas.

Regulator - The Council will use its influencing role: informing, advising and educating to ensure that carbon reduction is central to day-to-day behaviour and decision-making, from major organisations through to individual members of the public.

The Low Carbon Economic Strategy will form a key part of the refreshed Community Plan in the Scottish Borders, aligned to the Economy and Infrastructure theme.

3. Tracking Our Progress

The Community Planning Partnership will track the progress of the Low Carbon Economic Strategy alongside the Economic Strategy. The approach of the Low Carbon Economic Strategy will be a critical element in the delivery action to address the strategic priorities of the Community Planning Partnership (CPP), and implementation will be required across all of the activity of the Single Outcome Agreement if these priorities are to be effectively tackled.

Over its 10-year life, leadership will be required to deliver the Strategy and Action Plan and to demonstrate that progress is being made towards its objectives and targets.

The Economy & Infrastructure Delivery Team will regularly monitor progress in relation to the Action Plan and against the outcome indicators.

The CPP will seek to refresh the Action Plan on an annual basis to ensure it reflects progress and possible changes in emphasis, as local and national supporting mechanisms evolve.

Performance will be assessed against the actions and indicators within the Scottish Borders Single Outcome Agreement, Scotland’s Climate Change Declaration and Public Duties Guidance within the Climate Change (Scotland) Act 2009.

Single Outcome Agreement Performance Measures

CO2 emissions per capita
Energy Consumption: Commercial Electricity per consumer
Energy Consumption: Household Electricity per consumer
Energy Consumption in SBC premises
Employment in renewables
Generating capacity from small scale renewables (50-500KW)-hydro, PV, wind etc
Number of Borders students training in renewable installation
Proportion of households in Fuel Poverty
% of social sector dwellings that pass the SHQS
Proportion of household who are coping well or very well financially