



Annual Progress Report 2010

Scotland's 2020 Climate Group

Scotland's 2020 Climate Group was formed in December 2009 to help ensure that all sectors of the economy and civic society contribute fully to achieving Scotland's world-leading target of 42 per cent emissions reductions by 2020, as set out in the Climate Change (Scotland) Act 2009.

Where relevant, the group will liaise with others to ensure alignment of actions and avoid duplication of effort. Scotland has set the world's most ambitious targets to reduce emissions and tackle climate change. The targets are tough, but achievable - if individuals, communities, businesses, organisations and politicians all play their part. The 2020 Climate Group seeks to inspire businesses and broader society to do that - leading by example and showing how and why we have to change.

Remit for the 2020 Climate Group

- build on the work of the Climate Change Business Delivery Group and other climate change alliances to provide **strong, visible leadership** to Scotland's business and non-governmental communities to inspire them to do more to reduce carbon emissions.
- **help drive innovation** through partnerships and synergies between members.
- **advise** on, and aim to make early progress towards, achievement of the outcomes and targets of the Climate Change Delivery Plan.
- **identify** relevant action and opportunities, and enter into **collaboration and partnership**, to bring benefits to the Scottish economy.
- identify where the group can best **target its resources and expertise** to accelerate the development, investment and action required across the following areas; heat, electricity, waste, transport, rural land use and forestry, public and business behaviour and attitudes plus several topics which cut across all these areas including finance and business opportunities and challenges.
- to **help ensure that Scotland is taking action** to prepare for the impacts and realise the opportunities that a changing climate will bring and to contribute to building resilience and capacity. To achieve this, the group will work collaboratively across sectors **sharing information, insight and expertise**.

Starting the process

Following lively and engaged discussions at the first meeting of the group, it became very clear that the scale of the task was significant and required issues to be considered in sectors and taken back to the main group. The group therefore decided to establish a range of sub-groups which were tasked to dig deeper into the issues, draft a remit and identify priorities for their sector. There are seven sub-groups; each is chaired by one or more members of the main group who reports back.

Additional activity has since begun in three new groups which support the sub-groups - these focus on investments, supply chains and communications. This paper describes some of the main achievements of the 2020 Climate Group and its sub-groups and sets out its future agenda.

Main actions since formation of the 2020 Climate Group

- Formation of seven specialist sub-groups to examine issues sector by sector, working to agreed action plans and engaging a wide range of participants. All groups have taken on new members with relevant knowledge and skills over the last year - and have the flexibility to recruit more new members on a permanent or temporary basis to add value. The main group now draws its membership from almost 30 organisations, with the membership of the sub-groups totalling almost 150 - an indication of how the 2020 group draws on expertise from across the business community and civic life in Scotland.
- Providing strong, constructive and visible support for policy development and government action on climate change, energy efficiency and the low carbon economic themes. The group acts as a 'critical friend' to government, while always remembering the shared imperative of meeting the 2020 targets.
- Supporting the Government with the first Scottish Low Carbon Investment Conference, which attracted more than 500 delegates from across the world over two days in September 2010. 2020 members organised a series of stepping stone events beforehand, aimed at providing essential information and knowledge for the conference. Members of the 2020 group had thought leadership pieces published in a range of media in the run-up to the event, including:
<http://news.scotsman.com/opinion/lan-Marchant-Escaping-the-closing.6548367.jp>
<http://www.heraldscotland.com/business/markets-economy/making-money-from-a-low-carbon-footprint-1.1057568>
- Preparing and publishing a range of Key Performance Indicators to measure the government's Report on Proposals and Policies.
- Providing expert speakers for a series of major conferences and events, demonstrating leadership - including the SLCI conference, EcoBuild 2011, Scottish Renewables 2010 conference and Scotsman Conferences event, Can The Green Economy Deliver for Scotland? <http://www.scotsman.com/news/Cash-39black-hole39--threatens.6316501.jp>
- Collaboration among group members on innovative new projects, such as SSE and William Tracey working together on Scotland's biggest anaerobic digestion plant in Ayrshire to producing biogas from food waste
- Engaging with wider audiences across many of the group's meetings and events. Seminars and workshops targeting specific groups and subjects are a key focus for 2011.
- Launching a 2020 website to highlight relevant news, events and projects - and to showcase best practice www.2020climategroup.org.uk

Case studies

In just over a year, there are many examples of 2020 Climate Group members taking a lead in the field and demonstrating strong and visible leadership. These projects have demonstrated innovation and collaboration and are underpinned by the message that 2020 targets can be a catalyst for economic growth, business efficiency and consumer savings.

The biogas breakthrough

SSE and William Tracey - both 2020 members - collaborated on Scotland's biggest anaerobic digestion plant to produce biogas from organic waste on an old landfill site in Barkip, North Ayrshire.

The plant will be able to process around 75,000 tonnes of waste annually, producing around 2.5MW of electricity which will contribute towards Scotland's renewable energy targets.

Anaerobic digestion is a natural biological process which uses bacterial cultures within enclosed silo tanks to generate methane-rich biogas from waste organic materials - including waste from food processing plants, fish farms and abattoirs as well as manures and organic sludges.

William Tracey has signed a 25-year contract to supply materials for the plant, providing another outlet for customers to divert wastes away from landfill - and supporting Scotland's Zero Waste agenda. It is estimated that the site will divert 37,000 tonnes of waste per year from landfill.

SSE is the first energy company in the UK to commit to the construction and operation of an anaerobic digestion biogas plant of this type. The site is operated and managed by Zebec Biogas Ltd, which has specialist expertise in the field. The Barkip plant was due to take its first waste in March-April 2011.

Michael Tracey, Managing Director of William Tracey, said: "This is a great example of 2020 work. The group's membership includes key people in lots of different sectors who are all very enthusiastic and want to make a difference. You have senior people in very powerful organisations who are talking and co-operating; that's where the Barkip project came from."

The Envirowheel and Start project

One of the 2020 group's huge challenges is engaging consumers and businesses, especially SMEs, in the sustainability agenda. Scottish Business in the Community, through its MayDay network, has devised the Envirowheel, to make the area more understandable and accessible. The Envirowheel is an innovative, tactile and user-friendly tool designed to signpost the most relevant support body in each of the key areas of the Climate Change Delivery Plan. The aim is to offer support and advice in each key area, including transport, energy and waste and to help business to realise the cost savings and business benefits associated with resource efficiency.

With support from fellow 2020 member BT, Mayday in Scotland plans to deliver the online Envirowheel in spring 2011. It has worked collaboratively with key agencies, including the

Carbon Trust, Energy Saving Trust, Zero Waste Scotland, SEPA and Scottish Enterprise, to create the first dynamic online portal where businesses can access all environmental advice and support available in Scotland. The online Envirowheel is designed to answer questions surrounding waste, water, transport and energy, pointing businesses in the right direction - and empowering and enabling them to take the right steps towards environmental sustainability.

One user of the Envirowheel, Victoria Barby, CSR and Environment Manager at Edinburgh Airport, says: "It is often difficult to know where to start when talking about environment issues particularly when talking to airlines, and using the Envirowheel broke it down to meaningful chunks in easy to tackle areas. It is so important to help business know where to go for help on environment issues and the Envirowheel does this in a simple, engaging and fun way."

Scottish Business in the Community has also managed the Start programme - an initiative created by HRH Prince Charles and launched in September 2010. Start provided a platform for business leaders to showcase initiatives aimed at encouraging positive behaviour change - and informed the public of simple positive steps to lower their impact on the environment.

The *Start Living* shop, in the St James Centre, Edinburgh, is an innovative project aimed at raising awareness of these steps and how following them can help to save money - and the planet. The shop also provides a range of products to support the move to a more sustainable, healthier and wealthier lifestyle. The theme of simple steps towards a healthier, wealthier lifestyle is communicated through four distinct zones in the shop; Food, Waste, Transport and Energy. The central focus is the 'Pledge Tree', a simple and iconic symbol of how individual shoppers can respond and do something positive about the issues addressed around the walls.

Financing Renewables

The finance sub-group made a hugely significant contribution to the inaugural, two-day Scottish Low Carbon Investment (SLCI) conference in September 2010. Its convener, Lady Susan Rice, managing director of Lloyds Banking Group Scotland, organised a stepping stone event ahead of the conference in conjunction with her sub-group colleague Paul Brewer, a senior partner in PWC.

The event brought together some of the leading thinkers on financing renewables and the low carbon economy - and highlighted key issues that were holding back investment, especially in large-scale renewable projects.

The information gathered went on to form the basis of the opening session of the SLCI event, which drew on expertise from Scotland (including Susan Rice and Paul Brewer) and across Europe. As well as highlighting the barriers for financiers and what is needed to start a flow of resources into large-scale renewable projects, the session also prompted debate on the significance of the supply chain and infrastructure

These issues are being taken forward by the finance sub-group and two newly formed delivery partners, who are looking at the twin issues of the supply chain and the role of the investment community. Discussions will continue at events and forums throughout 2011 which will lead, in part, to an assessment of progress at the second SLCI conference in September 2011.

A new approach to land use

The 2020 group has fostered a more collaborative approach to making the best use of Scotland's valuable land. Key bodies representing the hugely significant forestry and farming sectors are now working together to look at long-term solutions in the best interests of Scotland.

In the past, the sectors only tended to come together when there were problems to resolve. Now, with support from the 2020 group and government, the Confederation of Forest Industries (ConFor) and the National Farmers' Union Scotland (NFUS) are working together, with their Chief Executives co-chairing the 2020's Land Use and Forestry sub-group.

James Withers, Chief Executive of NFUS, said: "The NFUS welcomes the collaboration that has come out of the 2020 group. We have already come up with a six-point plan on how we take forestry policy forward while being mindful of the needs of agriculture. We are looking for positive solutions and points of mutual interest, whereas in the past we tended to meet and talk largely when there were difficulties and confrontations."

Stuart Goodall, Chief Executive of ConFor, said: "There are very significant questions about how we best use our land and it can only be a positive thing that forestry and agriculture are sitting down and looking at the bigger, longer-term picture. Forestry can make a huge impact on our 2020 targets and ConFor is committed to a collaborative approach in the national interest."

Transport: driving ahead

The transport sub-group identified the take-up of new technology and demand management and behaviour change as areas where it could potentially make a real difference. This led to the group, with the assistance of the Scottish Government, organising a free-to-attend Transport Conference.

The objective of the conference was to allow key players in the fleet operators' market to feed back directly to the Scottish Government on the proposed measures in the RPP, both in terms of their workability and any actions that need be taken to ensure delivery and results.

Key areas covered were eco-driving, low carbon vehicles and infrastructure, freight efficiencies and van efficiencies. The aim was to reach out to fleet managers who were perhaps not fully aware of all the work going on in this area and try to bridge the gap between what is desirable and what is achievable, and between aspiration and delivery.

The conference was organised on 14 March 2011 and the transport group will work closely with fleet managers and the government to take its findings forward.

Low carbon leadership

A number of 2020 members have taken huge strides to align their 'day job' with 2020 work. For example, Susan Rice, Managing Director of Lloyds Banking Group (LBG) Scotland has been growing her profile in the renewables field by speaking at a series of conferences and other events to disseminate the 2020 message - and by harnessing the collective knowledge and expertise of LBG.

This work is supported by the focus LBG has in renewables and sustainability, both in terms of its own footprint and in supporting customers. Over the past five years, LBG has arranged or underwritten finance for 40 deals, with £2.4 billion committed. This equates to over 6,000MW of renewable generation, which is enough to supply more than three million homes. The bank has also launched a new website to give customers the chance to evaluate their businesses sustainability needs and tailor a plan to progress them.

Measuring projects to 2020 targets

The 2020 group is determined that movement towards the 42 per cent emissions reduction target must be measurable. To that end, the group published a series of Key Performance Indicators (KPIs) in November 2010 to track progress towards the target.

The KPIs include measuring household waste and energy use, monitoring the level of journeys made by different modes of transport and looking at the volume of Scottish-produced food and drink consumed in Scotland. The number of new jobs and new businesses in environment and clean technologies will also be tracked.

Ian Marchant, convener of the 2020 group, said: “It is crucial that we lay down benchmarks on how Scotland is doing - in everything from domestic energy consumption, the amount of waste we generate and how we travel.”

Publication of the KPIs, in response to the Scottish Government’s Report on Proposals and Policies (RPP) on climate change, was covered in the media:

<http://business.scotsman.com/politics/Scots-urged-to-get-measure.6634265.jp>

Overview of the 2020 sub-groups

Built Environment

Co-chaired by Ian Marchant, SSE and Dr Campbell Gemmell, SEPA

The group's central focus is to review current heat policy and identify the key next steps to bring about significant improvement in the energy efficiency of the built environment to ensure major energy demand reduction by 2020.

The group has identified: a need for much better data; better information on good practice at a local and national level to support the development of renewable and waste heat opportunities; and measures of success. To ensure improved data, the group is working with government to advise on the production of a heat map of Scotland - and is also helping to produce a paper on embodied carbon for the construction industry.

Other specific priorities of the group are:

- Considering targets, planning rules and policy measures to ensure that CO₂ emissions from new buildings reach zero as soon as possible.
- Looking at the policy, fiscal and legal framework surrounding the energy efficiency of Scotland's existing buildings - both domestic and commercial.
- Examining the contribution public sector non-domestic buildings can make to CO₂ targets and identifying the steps that need to be taken to ensure fast and effective delivery of improvements across the country.
- Considering the actions needed to create an environment where a market for renewable heat can thrive.
- Holding a programme of seminars and activities looking at the retrofitting of Scotland's housing stock.

Waste and Resources

Co-chaired by Michael Tracey, William Tracey Group and Calum MacDonald, SEPA

This group started out as part of the Built Environment sub-group, but it quickly became clear that a separate group with specific expertise was needed to look at this important area. Its focus is on increasing awareness, particularly among businesses and investors, of the role of waste as a resource and a significant contributor towards meeting 2020 targets. Specific areas arising from this include:

- Addressing the issues of economics and finance around Energy from Waste.
- Producing a report on the issue of food waste and the implications of a ban on the general disposal of food waste to landfill.
- Working closely with Zero Waste Scotland to assist them in their programme of delivery.
- Making connections between waste as a resource and other policy areas, such as energy and transport.
- Assisting the government to develop a Carbon Metric to better demonstrate the embodied cost of carbon when considering, for example, recycling schemes.

Transport

Co-chaired by Ian McKay, Royal Mail Group and Terri Vogt, FirstGroup

The main areas of focus (where the group has deemed it can exert influence) are:

- Uptake of new technology
- Demand management and behaviour change

The group has also advised the Scottish Government on the development of Key Performance Indicators to monitor progress in achieving carbon reduction in relation to transport.

As well as the Scottish Government Transport Conference, highlighted in the case studies, plans for 2011 include:

- Arranging a seminar on 'Green Drive' technology to share experience and encourage uptake.
- Working with government to look at how they can provide the right incentives to business and industry to adopt low carbon technology in transport.
- Examining how the group can seek to influence travel behaviour in Scottish business.
- Working with the Scottish Government to encourage uptake of electric vehicles.
- Looking in more detail at the duties on public bodies and how the group can encourage behaviour change through partnering with organisations such as COSLA.

Finance

Chaired by Lady Susan Rice, Lloyds Banking Group

The finance group aims to help prompt the best environment possible for innovative financial schemes to support the delivery of a 42 per cent reduction in carbon emissions by 2020. The group's work is divided into three streams: the current position; options for change; and prompting debate and gaining consensus.

Over 2010, the finance group established two 'delivery partners' to look in depth at the role of the investments community and the supply chain in the low carbon economy.

The Scottish Institutional Investors Group is chaired by Julie McDowell, Standard Life Investments and the Supply Chain Group is chaired by Lesley Fordyce, PA Consulting <http://www.2020climategroup.org.uk/about/supply-chain-group.php>

In addition, the finance group played a leading role in the inaugural Scottish Low Carbon Investment Conference, prompting and hosting a series of stepping stone events looking at both ends of the renewables spectrum - the large-scale funding challenge and community finance.

Going forward, the finance group and its delivery partners will continue to focus on finance as a key to unlocking Scotland's renewable and low carbon potential. Over 2011, the groups will hold a series of thought-leadership events and seminars to highlight specific issues and prompt change.

Public and Business Engagement

Co-chaired by Jo Bucci, People's Postcode Lottery and Jane Wood, SBC

The group's twin aims are to positively influence the Scottish Government's public engagement strategy on climate change (broadly speaking, consumer engagement) - and to develop a clear framework for businesses to access information and assistance to reduce climate impact (business engagement).

The Envirowheel and Start projects highlighted earlier in this report form a central plank of the consumer work, which has also reviewed existing communications activity on climate change, and its cost, effectiveness and reach - and collated and highlighted best practice awareness campaigns that have generated behaviour change. There has also been an assessment of consumer behaviour on climate issues by demographic to identify likely target audiences for behaviour change.

Business engagement has included: creating an organisation map identifying all agencies and bodies involved in climate change, their core purpose, audience, reach, area of activity and funding; researching the understanding, knowledge and likelihood of behaviour change in a cross-section of Scottish businesses; developing a 'how to' guide to help business reduce climate impact and access support and funding; and highlighting best practice, with a focus on SMEs and engaging employees.

The PBE group is also there to support other sub-groups to develop engagement activity in their area of interest.

Land Use and Forestry

Co-chaired by James Withers, NFUS and Stuart Goodall, ConFor

The group has promoted integration between farming and forestry - and tried to accelerate this integration and encourage collaboration. A key focus for 2011 is an event in April which looks at options for a national peatlands restoration programme. This will examine the scope to collaborate and transfer knowledge across the existing range of pilot and demonstration projects. The presumption is that there may be sufficient research emerging from the exploratory phase to move into early implementation. The aim of the event is to accelerate know-how and dissemination of best practice, to build the scientific evidence base and deliver significant mitigation through an integrated approach to carbon management and accounting.

The group has already been working with land managers to increase the take-up of measures improving input efficiency and protection of high carbon soils.

Other priorities include:

- Exploring the potential for carbon trading between sectors in land use.
- Producing recommendations on delivering government afforestation targets.
- Stimulating greater integrated food and drink supply chain initiatives.
- Assessing how much domestic timber products are used in construction and renewable energy - and recommending how this can be improved.

Opportunities and Challenges

Chaired by Gordon Grant, INEOS

This group examines the complex opportunities and challenges which all sectors might face as they embrace the low-carbon economy. It uses the chemicals and pharmaceuticals industry as a case study, in an attempt to extrapolate wider lessons. Two workshops have been held; one to consider the broad questions (for example, how climate change targets will impact on the industry) and the other to drill into specific opportunities, threats and barriers.

A series of scenarios were identified for the future of the chemicals and pharmaceuticals industry - and a range of threats and opportunities highlighted for each. Further work is being done to look at rolling out this approach across other sectors.

The wider questions the group is considering include what the transition from carbon to low carbon technologies could mean for businesses, employment and education. What are the consequences for the hydrocarbon supply chain in key sectors such as oil and gas, pharmaceuticals and plastics? What opportunities could arise from new technologies? What are the implications of the switch from carbon to low carbon economy for skills and how will educational and professional organisations facilitate this? What changes will be required for infrastructure and how should such potentially huge changes be funded?

2020 Climate Group - Next steps

In 2011, each sub-group will continue to tackle its priority areas - and provide regular updates on its actions and activities to the full group. Collectively, they will build on the examples of best practice and informative briefing papers already available on the 2020 Climate Group website, to provide shared learning and transparency. New members will continue to be added to all sub-groups as the work themes develop, ensuring that the best expertise available is harnessed.

In 2011, the focus across all sub-groups is on making real progress. The 2020 Climate Group and its sub-groups will continue to raise challenging issues, to bring together those who need to address them and to come up with ideas as to how they might be resolved before driving those changes forward. There will be a much greater emphasis on workshops and seminars to achieve this throughout 2011.

There is a huge amount of activity going on across the sub-groups, but the scale of the challenge is enormous and cannot be underestimated. To reprise the introduction: ***“The targets are tough, but achievable if individuals, communities, businesses, organisations and politicians all play their part.”***

This role of the 2020 Climate Group is to provide strong and visible leadership that encourages everyone to play their part. Throughout 2011 and beyond, the 2020 Climate Group will do its very best to continue and accelerate the impetus that has gathered behind its work - and to do everything possible to ensure Scotland pulls together and keeps moving towards its 2020 targets.

Further information and contacting the group

If you have questions on this paper or if you would like to get involved in any of the sub-groups please contact:

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