

2008

# Sustainable Development

A review of progress by  
the Scottish Government



Sustainable  
Development Commission  
Scotland



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# Executive Summary

## Introduction

The Sustainable Development Commission Scotland is the Scottish Government's independent advisory body on sustainable development. One of our key roles is to scrutinise the Government's delivery of sustainable development policies through conducting an annual assessment.

This is our second annual assessment. While our first assessment was primarily concerned with Government performance in the last year of the previous administration we also provided brief comment on early actions taken between May and September 2007 by the current Government. This second assessment presents a detailed review of the action of the current Government since May 2007. Our first and second assessment should therefore not be seen as offering direct comparisons between the previous and current Government.

The most important difference between this report and our first assessment is the relative emphasis we place on the way Government organises itself to address sustainable development. Scotland now has a Government with no departments. It has defined

for itself a **single Purpose** and created a national performance framework to help deliver this Purpose. As a result, this assessment focuses on reviewing the new structure of governance. Put simply, we are trying to answer the question: **will this new structure deliver sustainable development?**

Our broad conclusion is that we believe that the new structure provides a framework which gives regard to economic, environmental and social concerns and accords with good practice in sustainable development governance. This means that this structure *can* support work on sustainable development although only if some of the challenges we identify are tackled by Government.

However, we are concerned that there may well be a mismatch between the Government's ambitions for Scotland and the scale of the sustainable development challenge Scotland faces. While we commend a number of actions undertaken by Government over the last year, indicators show we are a long way from a sustainable Scotland.

## Five Challenges for Government

Drawing on our analysis of the most pressing sustainable development issues facing Scotland we have identified five challenges that we believe the Government must tackle if progress is to be made toward sustainable development. They are as follows:

### **1 Provide greater clarity over the way in which sustainable economic growth is to be pursued, its relationship with sustainable development and how it is supported by the performance framework.**

The Commission believes that the Government's Purpose can be consistent with sustainable development. Economic growth which respects environmental limits and delivers fair social outcomes can be described as sustainable development.

However, there are clear tensions between GDP Growth and the other Purpose targets relating to Solidarity, Cohesion and Sustainability, something which is recognised as a potential issue by Government. These must be reconciled, and Government will be judged in the way that it

delivers across these objectives. Critically, it is not only what Government does, but what actions it chooses to forego that will best demonstrate this.

There is also a need to redefine the Productivity target to encompass resource efficiency as well as labour productivity.

Some aspects of the national performance framework are not fully aligned with the desired sustainable development outcomes. Government needs to learn from the experience of using its framework as it prepares for the 2011-2014 Spending Review.

## **2 Enact a Climate Change Bill and associated delivery framework that moves Scotland to a low carbon economy over a short time horizon.**

Our assessment is being launched at the same time as the Government is to present its Scottish Climate Change Bill to the Scottish Parliament. This proposes a target to cut emissions of greenhouse gases by 80% by 2050 (on a 1990 baseline figure). The Bill is an opportunity to put Scotland at the vanguard of international action on climate change. However, current greenhouse gas (GHG) emission reductions average only 1% per year. A step change in performance is therefore required to achieve the ambitions of the Bill.

Successful delivery of the Bill will require the full alignment of all Government policy tools with carbon goals and the placing of carbon reduction at the heart of all policy and strategy. Urgent attention should be given to incorporation of whole

life cycle carbon management into all areas of policy, particularly planning, transport and energy efficiency in existing buildings. We also need to ensure Scotland is fully equipped to adapt to the changes in climate that are likely to happen over coming decades.

To demonstrate that it is aware of the scale of the task and make it clear as to how it can deliver the 80% target, Government must develop and publish a Strategic Framework setting out the short, medium and long term policy options that could deliver the emissions reductions needed.

Finally, alongside action on the Bill, Government now needs to define more clearly its Purpose target to 'reduce emissions over the period to 2011' and state by how much emissions will be reduced.

## **3 Recognise the growing problem of fuel poverty and renew its efforts to tackle fuel poverty.**

Fuel poverty now affects almost one in three Scottish households, yet it is a policy area that has been given insufficient attention for a number of years. Fuel poverty causes severe health and social problems, incurs significant economic costs and squanders energy resources. The underlying problem has been made even worse over the last year by rising energy prices. While this is not a problem of the Government's making, there can be no excuse for not addressing it immediately.

Fuel poverty occurs when energy costs in the home exceed ten per cent of household income, and Government estimates that for every one per cent rise in fuel bills an additional 8,000 households go into fuel poverty.

The Government spends £45.9m a year on fuel poverty programmes with an additional £10m announced for the current financial year. This funds work in 16,000 homes per year. This funding is also supported by other energy efficiency programmes and UK wide action under the Carbon Emissions Reduction Target (CERT).

However, despite existing programmes, fuel poverty levels have been on the increase since 2002/03 and it is only now that the extent of this problem is being properly recognised. While the UK Government controls the market regulation and the involvement of the energy companies through CERT, grant funding programmes targeting low income and vulnerable households are the direct responsibility of the Scottish Government.

Government needs to set out clearly how it intends to deal with this increasing problem. While there are opportunities to adjust existing programmes and target the most vulnerable households more effectively, it is hard to see that Government will make any significant progress towards its target of ending fuel poverty by 2016 without further investment. The Government's response to the Fuel Poverty Forum is due around the time this Assessment report is published. We will prepare a detailed response to the Government's proposals.

# 4

## Build the right infrastructure to foster sustainable development actions and choices.

People cannot act in more sustainable ways unless the infrastructure they use helps them make positive rather than negative choices. For example, the Government's Ministerial Taskforce on Health Inequalities has rightly identified that tackling health inequalities requires action across Government. More thought is now needed on how to make links between planning, transport and health to deliver these objectives.

To make our infrastructure fit for purpose, Government needs to make better use of the planning system. While strategic planning (as set out in the draft second **National Planning Framework**) is broadly aligned with many of the principles of sustainable development, there is still a large discrepancy between the intention of the planning system at a national level and the delivery of many planning decisions at local level. National and local planning strategies must be consistent in order to deliver healthier and safer communities with a low environmental footprint.

The draft of the Second National Planning Framework is aligned with the Government's Purpose of sustainable economic growth. However,

more thought is needed on how to use the Framework to deliver sustainable development and greenhouse gas emission reductions. Of the nine national developments outlined in the draft, eight would be expected to lead to an increase in carbon. The carbon impact of individual developments is not appraised in the draft Framework.

On the specific issue of transport infrastructure, a significant proportion of current spending is for road building programmes. Government must ensure that future expenditure focuses on public transport programmes, and adaptation of existing infrastructure to deliver sustainable outcomes. The Commission plans to scrutinise the expected **Strategic Transport Projects Review** to assess compatibility with sustainable development.

Furthermore, the Commission has concerns about Government policy on aviation. Two of the national developments in the National Planning Framework are designed to support airport expansion, but the Commission firmly believes that Government lacks the necessary robust data on the costs and benefits of aviation to allow it to take decisions on additional airport capacity in Scotland.

# 5

## Use the power of public sector spend to deliver more sustainable outcomes.

The Government, NHS Scotland, Local Authorities and other public bodies between them spend over £8 billion per annum on goods and services and there is far greater potential to use these resources to support local economies, benefit communities and enhance the environment. Sustainable development principles must be embedded in all stages of the procurement process from design and specification to contract management, whether for large public buildings or for school dinners.

There has been progress by Government in reducing the environmental impact of its own estate. This has been matched by work in other parts of the public sector, including the NHS.

However, public bodies also need to look at their wider impacts. For example, our work for NHS England has highlighted that procurement accounts for 60% of the NHS' carbon footprint, and that the purchase of pharmaceuticals has a footprint as large

as that of the energy use in buildings.

Government must set up a more rigorous scrutiny and reporting process on the sustainability impacts of its operations and procurement work by adopting the good practice of the **Sustainable Development in Government** reporting system practiced at a UK level.

The Scottish Government also has a clear leadership role on procurement. It should encourage non-departmental public bodies, agencies and the wider public sector to develop organisation-specific sustainable procurement action plans that set out in detail the policy, procedures and targets that each organisation should deliver. One means of doing this would be to add a sustainable procurement Best Practice Indicator (BPI) for public bodies on the development of a sustainable procurement action plan.

## Climate Change & the Second Assessment

Climate change has a central place in this year's assessment. This is for three reasons: firstly because of the urgency of the problem; secondly because the Commission sees climate change as a symptom of unsustainable actions across Scotland; and thirdly and most importantly, because this is the year in which the Scottish Government is due to introduce a Climate Change Bill.

The proposed Bill is ambitious. Government is entering uncharted territory and it is working hard to develop necessary supporting mechanisms such as Carbon Assessment Tools and a Carbon Balance Sheet for transport.

The Commission is supportive of these steps, but we remain concerned that the scale of the ambition outlined by Government is not fully reflected in new and existing policy directions.

Despite clear ministerial statements<sup>1</sup> that demonstrate the Cabinet has accepted the relevance of climate change to work across Government, we have yet to see this understanding cascade down into Government delivery. Government focus has been on overall policy and mechanisms, but it must move more forcefully into delivery in the years ahead.

### Defining 'Carbon'

Climate change is one of the defining sustainable development challenges. As such there is a lot of discussion in this report on carbon dioxide (CO<sub>2</sub>) and the other greenhouse gases, namely methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), sulphur hexafluoride (SF<sub>6</sub>), Hydrofluorocarbons (HFCs) and Perfluorocarbons (PFCs). We also use terms such as 'decarbonise' meaning to reduce the carbon impact of the economy or a particular sector or production process; and we refer to government work on 'carbon assessment' meaning the process by which Government's measure the likely carbon impacts of strategy and policy.

Throughout the report we use 'carbon' and 'greenhouse gases' interchangeably to mean all greenhouse gases. When we use 'carbon dioxide' or 'CO<sub>2</sub>' we are only referring to that gas, not the basket of greenhouse gases.

For example, continued growth of road transport will make achievement of proposed greenhouse gas reduction targets difficult unless there is a considerable reduction in these emissions from other sectors of the economy. Government transport policy and spend does not yet demonstrate a strong commitment to progressively "decarbonise" Scotland's transport sector. If it is hoped that other sectors of the economy will compensate for greenhouse gas emission growth in transport then we would need to be reassured that these other actions (expanding renewable energy production, for example) will allow Scotland to remain on track with its reduction targets. Without that information, there must be doubt that greenhouse gas reduction aspirations will be achieved given the trajectory of some of the performance data reported in this document.

A further concern is how Government will reconcile aspirations to increase GDP while reducing greenhouse gas emissions. If the economy in 2050 were the same size as today's, then the requirement to cut emissions by 80% by 2050 would mean cutting the emissions per unit of production to one fifth of current levels. If the Scottish economy were to grow by 2% a year it will be 2.3 times larger in size and value by 2050 and Scotland would need to

reduce the emissions per unit of production to less than one tenth of the current figure.

To visualise this, imagine you are trying to walk the wrong way down a long escalator that has 42 steps (one representing each year between now and 2050). Achieving greenhouse gas cuts in a zero growth economy is equivalent to walking down a stationary escalator. Achieving emission cuts in a growing economy is equivalent to walking down an escalator that is moving upwards. Indeed for this analogy to be accurate what you actually have to imagine is that for every step you make the escalator speeds up by 2% (as if the economy grows by a compound 2% a year, each year the amount it increases will be slightly larger). This will mean that you will need to walk progressively faster just to cover the same amount of ground. While a bystander might think you have covered the same distance, you would actually have walked 10 times further than if the escalator had been stopped.

While it may be that Scotland can 'square this circle', our work on **Redefining Prosperity** (see section 3.3.2) indicates that there are limits to the level of decoupling that can occur to separate greenhouse gas emissions from economic growth. Between 1990 and 2006 Scotland's economy grew by a factor of two, while greenhouse gas emissions

fell by 13%, meaning that we have managed to decouple the economy from emissions by a factor of just over five. This is good progress, but it may be increasingly hard to replicate given that a significant proportion of the emissions reductions came through the movement of heavy industry abroad.

As a result, we would urge the Government to give special consideration to the twin issues of the scale of performance required to meet its proposed greenhouse gas targets and the consistency of its approach in all policy areas; both are fundamental to tackling climate change.

## Delivering sustainable development with scale and consistency

While progress on many indicators is evident, positive change is often slow when it needs to accelerate. Indeed, in some instances the best Government seems to be aiming for is less deterioration rather than a turn-around of a problem area (for example, in targets for childhood obesity and in emissions from travel). In other circumstances, the indicators in the national performance framework are not SMART enough (see Chapter 3 for a full discussion) to allow assessment of whether or not the Government's central Purpose has been achieved.

The position that the Scottish Government finds itself in is by no means unique. All developed countries are struggling with how to achieve positive economic, social and environmental outcomes simultaneously. In some ways – for example, through creating a more dynamic structure by removing individual departments – it is clear that Scotland is looking to lead. However, Government must embed more deeply this inter-disciplinary way of working so that it is better able to identify those interventions which have greater potency across the five Strategic Priorities.

Scotland also finds itself faced with economic challenges that stem from turbulence in international finance. If the Scottish Government can establish a consistent approach using a performance framework that is up to the scale of the challenge, then Scotland can become a resilient society and be better equipped to weather future challenges – be they economic, social or environmental.

Resilience will come from the strength of Scotland's ecological systems; the robustness of its social networks; and stability in the economic system.

As the Government's independent advisory body on sustainable development, we can support Government in this work. Two particular examples are worth highlighting. Firstly, we are currently working across England, Northern Ireland, Scotland and Wales to identify **Breakthroughs** – examples of initiatives on the ground that have brought a systems focus to local problems and managed to achieve significant change – which we can learn from to give practical advice to government on how to better deliver system-wide change.

Secondly, our work on **Redefining Prosperity** is considering how to reconcile economic growth with the twin challenges of living within environmental limits and delivering social objectives. This major piece of work is due for publication in early 2009 and aims to help policy makers and economists think through concepts such as sustainable economic growth.

Alongside these two major pieces of UK work, the Commission is also providing advice to the Scottish Government on procurement, health, education and capacity building. Taken together, we hope that this advisory work will help the Government to tackle key challenges and deliver change at the scale and pace required to meet its Purpose targets and deliver on its Purpose of sustainable economic growth.

# 1 Introduction

## 1.1 The Commission and its role in Scotland

The Sustainable Development Commission (the Commission) is the Government's independent advisory body on sustainable development, responsible for scrutiny of performance. Established in 2000, the Commission is chaired by Jonathon Porritt and across the UK comprises seventeen Commissioners and a secretariat of more than fifty staff.

There are two Commissioners for Scotland, Professor Jan Bebbington and Hugh Raven, supported by a secretariat team of seven. The Sustainable Development Commission Scotland reports to the First Minister on key policy areas and is also responsible for the overall scrutiny of Scottish Government policy on sustainable development, as well as advice and capacity building.

## 1.2 The aim of the Second Assessment

A central role for the Commission in Scotland is to provide an annual independent review of progress on sustainable development. This role was set out in the previous administration's sustainable development strategy **Choosing Our Future** and has been reaffirmed by the current Government.

This is our second such review. Our first assessment was launched in the Parliament by First Minister Alex Salmond MSP in autumn 2007. The Second Assessment reviews progress over the period since the election in May 2007. There have been significant changes to both governance and policies over the last year and these have led to some changes in the structure of our report. The changes that have occurred, and our response to these changes in terms of approach, are detailed below.

This report should be regarded as the first step in a three year process of review. The intention is to publish two further annual reports during the lifetime of the current administration (assuming a full four year term is served) as follows:

- **A Third Assessment** – published in late 2009. This report will include a more detailed commentary on progress against indicators (a longer time series being available by then) and an evaluation of new Government strategies and policy in relevant fields. It will also look in more detail at how well delivery of the Government Economic Strategy is being supported by the Single Outcome Agreements agreed between Government and local authorities
- **A Fourth Assessment** – published in late 2010. This will provide a detailed, strategic review of the Government's performance, looking in depth at all relevant aspects of sustainable development structures, policy, practice, indicators and targets. Its focus will be on delivery across the three year period covered by the Government Economic Strategy and it will make recommendations to Government about the development of future strategies and the national performance framework.

## 1.3 Defining Sustainable Development

The Commission supports the vision for sustainable development set out by the UK, Scottish, Welsh and Northern Ireland Governments in their shared UK framework, *One Future – Different Paths*.<sup>2</sup> This identifies five principles for a sustainable society (Figure 1).

Of these two principles *Living within Environmental Limits* and *Ensuring a Strong, Healthy and Just Society* are the desired outcomes of policy. The other three principles are important enablers that will help us to deliver sustainable development.

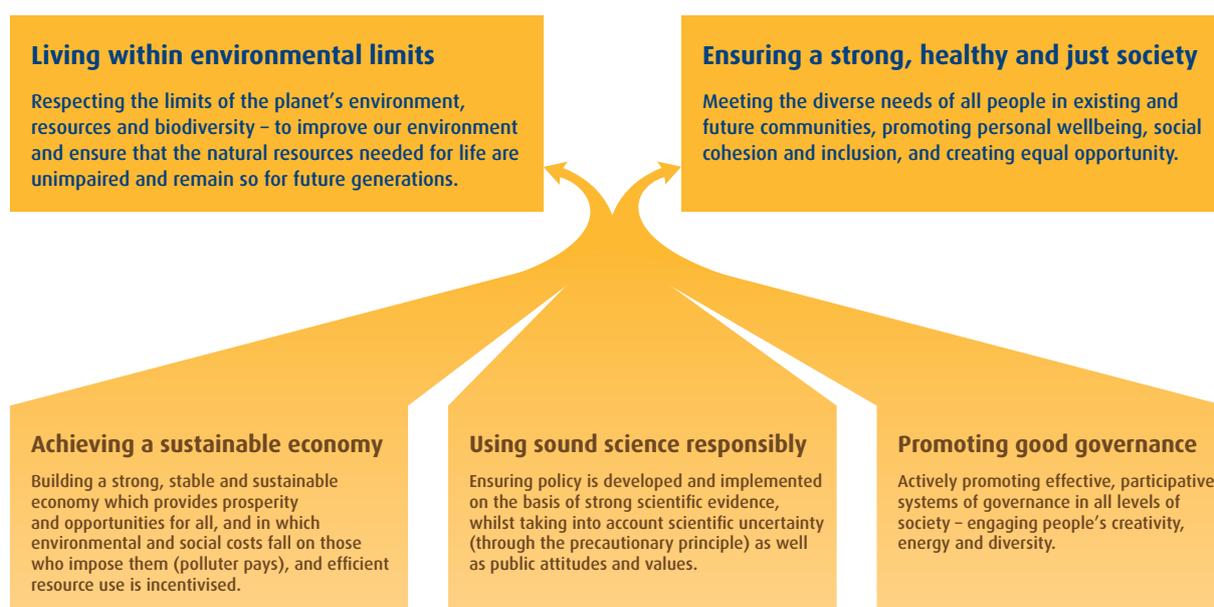
The Scottish Government has adopted **Sustainable Economic Growth** as its central Purpose, with this Purpose being supported by the

Government Economic Strategy which is the guiding strategy of the administration. The Government has stated that it intends to mainstream sustainable development across Government through its commitment to sustainable economic growth.

The Commission believes that the Government's Purpose is broadly consistent with the UK sustainable development framework, although it focuses on one of the enablers (Achieving a Sustainable Economy) rather than the desired outcomes (Living within Environmental Limits and Ensuring a Strong, Healthy and Just Society). We discuss this issue in more detail in the chapter on Governance and Performance Monitoring.

Despite the adoption of a new framework

**Figure 1 The Five Principles of Sustainable Development**



by Government, the Commission continues to believe that the five principles represent the clearest definition of sustainable development for

Government. Our analysis in this report is therefore based on the extent to which the Government's action aligns with these principles.

## 1.4 Methodology

The evidence base for this report has been drawn from a web and paper review of relevant strategies, policies, meeting minutes and frameworks, supplemented by consultation with the Greener Scotland Directorate and other Scottish Government officials. Our report was also guided by an Expert Advisory Group of external stakeholders.<sup>3</sup>

Further consultation on our emerging conclusions was also undertaken with a broader range of bodies,<sup>4</sup> while an online survey of members of the Scottish Sustainable Development Forum, Scottish members of the Commission's Panel and other stakeholders was undertaken and the results used to inform the appraisal more widely.

## 1.5 Structure of the Report

This report is divided into sections addressing the following aspects<sup>5</sup> of the Government's overall approach to sustainable development, as laid out in Table 1.

- Chapter Two**    **How Sustainable is Scotland?**  
This chapter reviews relevant indicators to identify the key sustainability challenges facing Scotland.
- Chapter Three**    **Governance and Performance Monitoring**  
This chapter reviews governance structures against an internationally recognised framework, and evaluates the national performance framework.
- Chapter Four**    **Delivering a Sustainable Scotland – Performance on individual sustainable development issues**  
This chapter provides a critique of progress in relevant policy areas. These areas are grouped under the Government's five Strategic Objectives.
- Chapter Five**    **Leading by Example – how the Government manages its own impacts**  
Demonstrating leadership on sustainable development is essential in encouraging others in society to act. This chapter reviews how government is showing leadership through management of its own estate and procurement.

## Chapter Six Conclusions

Here we present our overall conclusions, drawing together all the strands of analysis.

The review of performance on individual sustainable development issues in our last assessment was aligned in terms of structure with the policy chapters of *Choosing Our Future*, the previous administration’s sustainable development strategy.

Given that *Choosing Our Future* is no longer

considered a ‘live’ strategy by Government, it is no longer appropriate to structure our appraisal of performance around the chapters of that strategy. Instead we have reviewed progress under each of the Government’s five Strategic Objectives. Table 1<sup>6</sup> illustrates how we have grouped issues to correspond with these Strategic Objectives.

**Table 1** How the Government’s Strategic Objectives fit with sustainable development issues

Wealthier and Fairer	Smarter	Healthier	Safer and Stronger	Greener
Enable businesses and people to increase their wealth and more people to share fairly in that wealth.	Expand opportunities for Scots to succeed from nurture through to lifelong learning ensuring higher and more widely shared achievements.	Help people to sustain and improve their health, especially in disadvantaged communities, ensuring better, local and faster access to health care.	Help local communities to flourish, becoming stronger, safer places to live, offering improved opportunities and a better quality of life.	Improve Scotland’s natural and built environment and the sustainable use and enjoyment of it.
Economic strategy Government agencies promoting economic development Skills The Social Economy Global Development Transport and travel	Education for Sustainable Development	Health and Wellbeing Strategy and Policy Fuel Poverty Estate management in the health service Food Strategy and Policy	Planning Affordable Housing Building Standards Regeneration The Third Sector	Climate Change Ecological Footprint Biodiversity Air, Water and Soil Quality Marine Issues Waste

Our approach to each of the five new sections on **Delivering a Sustainable Scotland** is as follows:

- Score action on each sustainable development issue in terms of what relevant indicators show, and also on overall progress toward sustainable development
- Set out our key findings for each issue
- Provide an overview of the wider policy framework governing action in that policy area (documents are listed in order of their significance)
- Analyse progress toward sustainable development
- Provide recommendations for further action and set out what the Commission intends to do to facilitate progress.

To aid understanding of progress on each aspect of sustainable development, a simple scoring system has been employed throughout this report. We have scored action on each sustainable development

issue in terms of what relevant indicators show and also on overall progress toward sustainable development as follows:

Icon	Definition
	Significant negative trend
	Some negative trend
	No change or mixed trend
	Some positive trend
	Significant positive trend

A more detailed review of progress as shown by indicators is provided in the next Chapter **How Sustainable is Scotland?** However, as we note in the Governance and Performance Monitoring chapter, the national performance framework does

not fully cover the sustainable development agenda. Where this is the case we also refer to other relevant indicators used by Government to enable a fuller appraisal of progress to be made.

### 1.6 Report Appendices and Annexes

The appendices of this report contain further information. These include an acknowledgement of those who helped prepare the report; a review of progress on the recommendations made in the First Assessment; and an additional table setting out our appraisal of the national performance framework indicators and targets.

We have also prepared a set of annexes to this report which provide more detail as to our appraisal of Government performance on indicators, governance and leading by example as well as our survey results. These can be accessed from our website at [www.sd-commission.org.uk/scotland](http://www.sd-commission.org.uk/scotland)



# How sustainable is Scotland?



## 2.1 Findings

- Analysis of indicators shows progress in some areas but that there are significant challenges ahead in reversing negative trends for key sustainability issues – transport and travel, fuel poverty and some aspects of health and well-being, particularly obesity
- After a steady decline in recent years, emissions of greenhouse gases increased between 2005 and 2006 due largely to greater burning of coal<sup>14</sup>. Meeting medium and longer term targets on climate change will require a significant change in how carbon is factored into Government policy
- There is no clear positive trend in those indicators designed to record the sustainability of the economy in terms of Cohesion, Participation, Solidarity and Sustainability. The delivery of sustainable economic growth will require progress achieved on all these targets alongside progress on the Growth target.

## 2.2 Introduction

Sustainable Development requires an approach to Government that delivers positive economic, social and environmental outcomes together. Policy and strategy should be evidence-based and intended to address the core sustainable development challenges.

Indicators show whether Scotland is moving towards or away from sustainability and should therefore underpin policy. This chapter reviews the Government's national performance framework indicators and targets and identifies policy areas where action is required to reverse negative trends.

## 2.3 Indicators of Sustainable Development for Scotland

The core indicators in Scotland are those in the Government's **national performance framework**, including both the Purpose target indicators and the 45 national indicators and targets.

Our analysis of the national performance framework (see **Governance and Measuring Progress**) has highlighted however that some important sustainable development issues are not at

present covered by the framework. To provide a more balanced assessment of sustainable development trends we have therefore also analysed the Government's sustainable development indicator set and drawn on other indicators that help provide a fuller picture of the situation for areas such as fuel poverty or transport.

## 2.4 What the indicators show

Full analysis of each of the national indicators and targets is provided in an online annex of this report.<sup>7</sup> Trends in national indicators and targets are summarised in Table 2 below.

Drawing on these indicators and others of relevance, the current situation for each of the sustainable development issues covered by this report is as follows.

### 2.4.1 A Wealthier and Fairer Scotland

#### Building a Sustainable Economy

The Purpose Target indicators show that the GDP gap between Scotland and the UK is narrowing but that there is no clear trend for Productivity, Participation, Solidarity and Cohesion. Latest data on greenhouse gas emissions (the Sustainability Purpose Target) shows emissions are now on an

upward trend. As is discussed in the chapter on **Governance and Measuring Performance**, it is the Participation, Solidarity, Cohesion and Sustainability Targets that help show the sustainability of the economy, and within these there are no clear positive trends.

Within the wider set of 45 national indicators and targets, four have a direct relevance to economic performance. In terms of Business Start-up Rates there has been no significant improvement or decline in the last 10 years. The other direct measure of economic health, on exports, shows a negative trend.

There has been an improvement in the turnover of the social economy. This would, at face value, appear to be welcome, although it may also be a sign that the social economy is having to meet needs that were previously addressed in other ways.

Ecological Footprint is a measure of the overall

## Transport and Travel

There are only two travel indicators in the **National Performance Framework** and both show negative trends at present. Congestion in Scotland is getting worse, with 12.8% of journeys delayed in 2006 compared to 11.5% the year before. Active travel is also in relative decline with the percentage of adults travelling to work by car or van increasing in 2007.

Other transport indicators recently published<sup>9</sup> also show negative trends. In the last year for which

environmental sustainability of the economy. The Government is due to publish a new figure for Scotland's footprint in early 2009; however, because of the time lag in data collection, this will be the figure for 2004. There is no trend data on Scotland's footprint, but an earlier study calculated that it was 5.35 global hectares per person (gha) in 2001.<sup>8</sup> This is comparable to most developed countries but far higher than the average global sustainable share of 1.8gha. More affluent areas of Scotland tend to have a higher footprint, illustrating the challenge in decoupling growth from unsustainable consumption.

data is available (2007), there was a 1% growth in car use and a 3% increase in air passenger numbers, although there was growth in bus and rail passenger numbers. Rail and marine freight have declined (by 9% and 21% respectively) while road freight increased by 4%.

Overall transport is the poorest performing area in terms of sustainable development with most indicators going in a negative direction.

## 2.4.2 A Smarter Scotland

### Education

There has been a positive trend in the numbers of Scottish domiciled graduates going on to graduate level employment or further study and in the proportion of school leavers going on to employment or further study. There has also been a fall in the proportion of the working age population with severe literacy and numeracy problems.

Other education indicators in the national performance framework – on knowledge transfer

and the proportion of schools and pre-schools receiving positive inspection reports – are still under development.

The percentage of schools registered with Eco-schools continued to increase. As at September 2008, 93% of local authority schools were registered with the Eco-schools programme, with 23% of them having attained a Green Flag.

## 2.4.3 A Healthier Scotland

### Health and well-being

Health and well-being indicators present a mixed picture. The proportion of children with a Body Mass Index (BMI) outside a healthy range is showing a negative trend. Indeed, the target on BMI in the national performance framework is only to reduce the rate of *increase* in the number of children with unhealthy body weight by 2018. Alcohol related hospital admissions are also increasing.

The indicator of healthy life expectancy in deprived areas shows a positive trend for males, though not females, while smoking levels are reducing slightly. Mortality from coronary heart disease among the under 75s in deprived areas

is showing a positive trend. The baseline for the indicators of mental health and quality of healthcare experience is still to be set.

There are no indicators within the national performance framework of fuel poverty levels. Fuel poverty in Scotland is getting worse not better: in 2002/03 it affected 13% of Scots but by 2005/06 that figure had risen to 23.5%.<sup>10</sup> Recent fuel price increases will have led to a further rise in the numbers affected, with 850,000 Scottish households now estimated to be in fuel poverty. Reversing this trend is therefore a major challenge for Government.

## Food

There is only one explicitly food related indicator/target in the National Performance Framework: namely to ensure 70% of key commercial fish stocks are at full reproductive capacity and harvested sustainably by 2015. This indicator shows a positive trend with the 2015 target already having been met. Current levels do still mean however that one quarter of Scotland's commercial fish stocks are not being caught at sustainable levels.

Further food indicators are published in the Government booklet *Food and Drink in Scotland*:

*Key Facts.*<sup>11</sup> These show that Scotland's food industry is growing although employment is in decline. Consumption of fruit and vegetables in Scotland lags behind that of England and Wales and declined between 2005 and 2006.

With regard to the environmental impacts of the industry, there has been a modest (8.1%) decline in GHG emissions since 1990 across the UK as a whole (figures for Scotland are not available). Food continues to have significant transport and waste impacts.

## 2.4.4 A Safer and Stronger Scotland

### The Built Environment

There has been slow but steady progress on homelessness although on current trends the Government will not meet its 2012 target to ensure all unintentionally homeless people are entitled to settled accommodation.

The Government target is that by the middle of next decade 35,000 new homes per year will be provided. However, house completions in 2006/07

were 25,300, down on the previous year. Given current problems in the housing market it is likely that completions for 2007/08 and 2008/09 will be lower still, although the Government has tried to reinvigorate the market by bringing forward social housing expenditure.

There is no data available yet on the Historic Buildings Indicator.

### Sustainable Communities

Residents' perceptions of their neighbourhood show a small positive trend. In 2007, 93% of Scots felt their neighbourhood was a 'fairly good' or 'very good' place to live.

There is no clear trend in crime indicators. The percentage of criminals who reoffend has remained fairly static over recent years. The trend in crime victimisation (that is the level of crime

recorded by individual victims as opposed to the police) rose in 2005/06 and has shown no consistent downward trend since 1999. The other indicator of the perception of crime (on the general crime rate in the local area) shows a positive trend.

The number of problem drug users in Scotland is in decline.

## 2.4.5 A Greener Scotland

### Climate Change

The national performance framework set Purpose Targets, with two related targets on greenhouse gas emissions. These are that emissions will fall by 2011<sup>12</sup> and that the Government will cut emissions by 80% by 2050.<sup>13</sup>

Current indicators show that while Scotland has achieved some success in "decarbonising its economy" over the last decade, the most recent data shows that emissions are on an upward trend

due largely to an increase in coal burning.<sup>14</sup> It is clear that significant action will have to be taken to reduce emissions by the amount required to meet Government targets, particularly since much of the reduction in emissions since 1990 has been the result of the closure of Scotland's heavy industrial base and an associated increase in imports of goods.

## Natural Heritage and Resources

With regard to biodiversity one indicator used in the national performance framework, on the abundance of terrestrial breeding birds, shows a modest positive trend. There is also a target to increase to 95% the proportion of protected nature sites in favourable condition. Currently 77.5% of sites are in favourable condition – an increase on previous years but well short of target.

The wider set of biodiversity indicators published by the Government shows a far more mixed picture. Seabird numbers have been in steady decline over

recent years and a number of important habitats are also under threat.

Other indicators not currently included in the national performance framework are also important in assessing the health of Scotland’s natural resources. Indicators on water and air quality show a general positive trend although there remain air pollution hotspots in Scotland’s cities. Some aspects of water quality, such as bathing water, did decline in the last year after several years of improvement.<sup>15</sup>

## Waste

Government is making progress towards its national target to reduce to 1.32 million tonnes the amount of biodegradable municipal waste sent to landfill by 2010. Total municipal waste arisings also fell by 0.7% between 2006/07 and 2007/08.

Progress in recycling and composting is being made as a result of an ongoing change in public

attitudes, positive action amongst Scottish local authorities and significant public investment over the last five years. The latest figures from SEPA show that recycling and composting levels continue to improve. Figures for 2007 show that Scotland is now recycling and/or composting 31.7% of its municipal waste (up from 24.4% in 2004/05).

## 2.5 Summary of Progress

The indicators highlight the areas where further action is required to move Scotland towards sustainability. Action to address these key sustainability challenges is explored in more detail in Chapter Four of this report.

**Table 2** Summary of progress on national indicators and targets

Indicator Description	Performance against indicator
At least halve the gap in total research and development spending compared with EU average by 2011.	
Increase the business start up rate.	
Grow exports at a faster average rate than GDP.	
Improve public sector efficiency through the generation of 2% cash releasing efficiency savings per annum.	No data
Improve people’s perceptions of the quality of public services delivered.	No data
Reduce the number of Scottish public bodies by 25% by 2011.	No data
Reduce the proportion of driver journeys delayed due to traffic congestion.	

Increase the percentage of Scottish domiciled graduates from Scottish Higher Education Institutions in positive destinations.	
Improve knowledge transfer from research activity in universities.	No data
Increase the proportion of school leavers (from Scottish publicly funded schools) in positive and sustained destinations (FE, HE, employment and training).	
Increase the proportion of pre-school centres receiving positive inspection reports.	No data
Reduce number of working age people with severe literacy and numeracy problems.	
Child protection inspection findings: increase the overall proportion of local authority areas receiving positive inspection reports.	No data
Decrease the proportion of individuals living in poverty.	
60% of school children in primary 1 will have no signs of dental disease by 2010.	
Improve the quality of healthcare experience.	No data
Increase the proportion of pre-school centres receiving positive inspection reports.	No data
Increase the social economy turnover.	
Reduce the rate of increase in the proportion of children with their Body Mass Index (BMI) outwith a healthy range by 2018.	
Increase the average score of adults on the Warwick-Edinburgh Mental wellbeing Scale by 2011.	No data
Increase healthy life expectancy at birth in the most deprived areas.	
Reduce the percentage of the adult population who smoke to 22% by 2010.	
Reduce hospital related alcohol admissions by 2011.	
Achieve annual milestones for reducing inpatient or day case waiting times culminating in the delivery of an 18 week referral to treatment time from December 2011.	
Reduce proportion of people aged 65 and over admitted as emergency inpatients 2 or more times in a single year.	
Reduce mortality from coronary heart disease among the under 75s in deprived areas.	

Increase the percentage of people aged 65 and over with high levels of care needs who are cared for at home.	
All unintentionally homeless households will be entitled to settled accommodation by 2012.	
Reduce overall re-conviction rates by two percent by 2011.	
Reduce overall crime victimisation rates by two percent by 2011.	
Increase the percentage of criminal cases dealt with within 26 weeks by three percentage points by 2011.	
Increase the rate of new house building.	
Increase the percentage of adults who rate their neighbourhood as a good place to live.	
Decrease the estimated number of problem drug users in Scotland by 2011.	
Increase positive public perception of the general crime rate in local area.	
Reduce overall ecological footprint.	No data
Increase to 95% the proportion of protected nature sites in favourable condition.	
Improve the state of Scotland's Historic Buildings, monuments and environment.	No data
Biodiversity: increase the abundance of terrestrial breeding birds.	
Increase the proportion of journeys to work made by public or active transport.	
Increase the proportion of adults making one or more visits to the outdoors per week.	No data
50% of electricity generated in Scotland to come from renewable sources by 2020 (interim target of 31% by 2011).	
Reduce to 1.32 million tonnes waste sent to landfill by 2010.	
Ensure 70% of key commercial fish stocks at full reproductive capacity and harvested sustainably by 2015.	
Improve people's perceptions, attitudes and awareness of Scotland's reputation.	No data



3

# Governance and Performance Monitoring



## 3.1 Findings

- Since May 2007 governance structures in Scotland have been radically transformed. All Government activity is now guided by one central Purpose, **to focus the Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth**, and this Purpose is supported by the national performance framework
- The Commission believes the purpose of government should be the creation of a socially and environmentally sustainable society with the economy being one mechanism to achieve this rather than an end in itself. However ‘sustainable economic growth’ as it is defined by the Government in Scotland is broadly in alignment with sustainable development principles. The challenge is to ensure that the aspiration embodied in the Purpose translates into policy across government that is consistent with sustainable development
- Significant changes have been made to the operation of the Cabinet and the civil service. There is some evidence of more joined-up working across the various Directorates of Government although it is too early to say whether this is being translated into outcomes
- The Government has established a national performance framework which offers a clearer and more structured approach to appraising overall performance than was previously the case. This is welcome, as is the focus on outcomes rather than outputs
- The Purpose targets address economic performance, social inclusion and environmental sustainability.
- There are some notable gaps in the 45 national indicators in relation to participation, fuel poverty, built environment, and some aspects of environmental sustainability
- Single Outcome Agreements offer the potential to provide joined-up and sustainable approaches based on local and national priorities. However the removal of ring fencing, while helping to target funds on local priorities, may cut funding to important long term priorities where there is no significant local pressure for action
- The Scottish Parliament should continue to develop a clear framework for the scrutiny of sustainable development.

## 3.2 Governance and Performance Monitoring – Overview

There have been significant changes in the decision making structures of the Scottish Government since May 2007.

The Government has established one central Purpose, underpinned by a new unified national performance framework for public services in Scotland. The framework contains a set of high level Purpose targets. In turn, these are supported by fifteen national outcomes that describe in more

detail what the Government wants to achieve over a ten year period, and by a set of 45 national indicators and targets. With the establishment of the Economic Strategy and Purpose, the sustainable development strategy Choosing Our Future has ceased to be a ‘live’ strategy within Government although the principles encapsulated in the strategy are supported by the Government.

**Figure 2** The National Performance Framework



Purpose Targets	
Indicator	Target
<b>Economic Growth (GDP)</b>	To raise the GDP growth rate to the UK level by 2011. To match the growth rate of small independent EU countries by 2017.
<b>Productivity</b>	To rank in the top quartile for productivity amongst our key trading partners in the OECD by 2017.
<b>Participation</b>	To maintain our position on labour market participation as the top performing country in the UK and to close the gap with the top five OECD economies by 2017.
<b>Population</b>	To match average European (EU15) population growth over the period from 2007 to 2017, supported by increased healthy life expectancy in Scotland over this period.
<b>Solidarity</b>	To increase overall income and the proportion of income earned by the three lowest income deciles as a group by 2017.
<b>Cohesion</b>	To narrow the gap in participation between Scotland’s best and worst performing regions by 2017.
<b>Sustainability</b>	To reduce emissions over the period to 2011. To reduce emissions by 80 per cent by 2050.

## National Performance Framework

### The Government's Purpose

To focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.

### High level targets relating to the purpose

Growth    Productivity    Participation    Population    Solidarity    Cohesion    Sustainability

### Strategic Objectives

Wealthier & Fairer    Smarter    Healthier    Safer & Stronger    Greener

<b>National Outcomes</b>	We live in a Scotland that is the most attractive place for doing business in Europe.
	We realise our full economic potential with more and better employment opportunities for our people.
	We are better educated, more skilled and more successful, renowned for our research and innovation.
	Our young people are successful learners, confident individuals, effective contributors and responsible citizens.
	Our children have the best start in life and are ready to succeed.
	We live longer, healthier lives.
	We have tackled the significant inequalities in Scottish society.
	We have improved the life chances for children, young people and families at risk.
	We live our lives safe from crime, disorder and danger.
	We live in well-designed, sustainable places where we are able to access the amenities and services we need.
	We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others.
	We value and enjoy our built and natural environment and protect it and enhance it for future generations.
	We take pride in a strong, fair and inclusive national identity.
	We reduce the local and global environmental impact of our consumption and production.
	Our public services are high quality, continually improving, efficient and responsive to local people's needs.

## National Indicators and Targets

At least halve the gap in total research and development spending.	Achieve annual milestones for reducing inpatient or day case waiting times culminating in delivery of an 18 week referral to treatment time from December 2011.
Increase the business start-up rate.	Reduce the proportion of people aged 65 and over admitted as emergency inpatients two or more times in a single year.
Grow exports at a faster average rate than GDP.	Reduce mortality from coronary heart disease among the under 75s in deprived areas.
Improve public sector efficiency through the generation of 2% cash releasing efficiency savings per annum.	Increase the percentage of people aged 65 and over with high levels of care needs who are cared for at home.
Improve people's perceptions of the quality of public services delivered.	All unintentionally homeless households will be entitled to settled accommodation by 2012.
Reduce the number of Scottish public bodies by 25% by 2011.	Reduce overall reconviction rates by 2 percentage points by 2011.
Reduce the proportion of driver journeys delayed due to traffic congestion.	Reduced overall crime victimisation rates by 2 percentage points by 2011.
Increase the percentage of Scottish domiciled graduates from Scottish Higher Education Institutions in positive destinations.	Increase the percentage of criminal cases dealt with within 26 weeks by 3 percentage points by 2011.
Improve knowledge transfer from research activity in universities.	Increase the rate of new house building.
Increase the proportion of school leavers (from Scottish publicly funded schools) in positive and sustained destinations (FE, HE, employment or training).	Increase the percentage of adults who rate their neighbourhood as a good place to live.
Increase the proportion of schools receiving positive inspection reports.	Decrease the estimated number of problem drug users in Scotland by 2011.
Reduce the number of working age people with severe literacy and numeracy problems.	Increase the positive public perception of the general crime rate in the local area.
Increase the overall proportion of area child proportion committees receiving positive inspection reports.	Reduce overall ecological footprint.
Decrease the proportion of individuals living in poverty.	Increase to 95% the proportion of protected nature sites in favourable condition.
60% of school children in primary 1 will have no signs of dental disease by 2010.	Improve the state of Scotland's Historic Buildings, monuments and environment.

<b>National Indicators and Targets</b>	Improve the quality of healthcare experience.	Biodiversity: increase the index of abundance of terrestrial breeding birds.
	Increase the proportion of pre-school centres receiving positive inspection reports.	Increase the proportion of journeys to work made by public or active transport.
	Increase the social economy turnover.	Increase the proportion of adults making one or more visits to the outdoors per week.
	Reduce the rate of increase in the proportion of children with their Body Mass Index outwith a healthy range by 2018.	50% of electricity generated in Scotland to come from renewable sources by 2020 (interim target of 31% by 2011).
	Increase the average score of adults on the Warwick-Edinburgh Mental Wellbeing Scale by 2011.	Reduce to 1.32 million tonnes of waste sent to landfill by 2010.
	Increase healthy life expectancy at birth in the most deprived areas.	Increase to 70% key commercial fish stocks at full reproductive capacity and harvested sustainably by 2015.
	Reduce the percentage of the adult population who smoke to 22% by 2010.	Improve people's perceptions, attitudes and awareness of Scotland's reputation.
	Reduce alcohol related hospital admissions by 2011.	

There have also been significant changes to political and civil service structures. The Cabinet has been reduced in size to six (the First Minister and five Cabinet Secretaries), supported by ten junior ministers. The civil service has moved towards matrix management with the abolition of departments. The work of civil servants is now overseen by a Government-wide Strategic Board

and thematic programme boards focused on each of the five strategic objectives and their associated national outcomes.

The work of all parts of the Scottish Government is expected to deliver against the Purpose, Purpose Targets, Strategic Objectives and National Outcomes of Government.

### 3.3 Governance

#### 3.3.1 Introduction

Governance can be viewed as the process by which decisions are made. Sustainable Development Governance (referred to as 'Governance' in the rest of this report) can be viewed as the processes and mechanisms by which an organisation delivers sustainable development. A coherent approach to Governance will not in itself ensure that sustainable development is delivered; it will however increase the likelihood of effective delivery.

In reviewing the current position, performance has been evaluated with regard to each of the five fundamental aspects of Governance<sup>16</sup>:

- A common understanding of sustainable development
- Clear commitment and leadership
- Specific institutional measures to steer integration
- Effective stakeholder involvement
- Effective knowledge management.

A detailed analysis of the Government's performance on each of these is provided in our Annex on Governance, available from our website.<sup>17</sup> The key aspects of performance are reviewed below.

### 3.3.2 A Common Understanding of Sustainable Development

The Sustainable Development strategy published by the previous administration is no longer considered 'live'. Instead, all activity of the Government and the public services in Scotland is intended to be based around increasing sustainable economic growth as the key to unlock the nation's full potential and create shared and sustainable benefits for Scotland's people. Sustainable economic growth is defined by the Scottish Government as the creation of '*a dynamic and growing economy that will provide prosperity and opportunities for all, while ensuring that future generations can enjoy a better quality of life.*'<sup>18</sup>

The Commission believes the Government's definition of sustainable economic growth is broadly in line with our view of sustainable development, noting as it does the need to provide opportunities for all and to consider future generations. However we note scepticism from many of those surveyed as part of this Assessment as to whether the Purpose will deliver sustainability.<sup>19</sup> The challenge for Government is to manage effectively the tension between GDP growth and social and environmental objectives, particularly in the challenging economic times now facing Scotland and the global economy as a whole.

#### Redefining Prosperity

The economy is currently geared, above all, to economic growth. However in recent years, two other objectives have moved up the political and policy-making agenda: sustainability and wellbeing.

SDC's project on Redefining Prosperity aims to map out the relationships between these three objectives – growth, sustainability, wellbeing – and asks: do we have to choose between these aims? Can we combine them? What sorts of policies or approaches would we need to have?

These questions go to the heart of what sustainable development is about. Does it mean sustainability plus economic growth? Or is it about finding a compromise or balance between some sustainability and some growth? Or does development mean something different from growth? Does it mean progress towards increasing wellbeing? And is it possible at all to define and promote wellbeing?

The project is divided into four main parts:

- 1 Visions of prosperity** considers different views as to what prosperity means. Economic growth, which basically means total national income in a year, looks attractive because it links closely with the assumption that most individuals aspire to increase their income. Researchers on the other hand have identified "alternative visions of prosperity", which can be more compelling. Can government policy aims be revised to better reflect individual wants and hopes?
- 2 Economy Lite** appraises the idea of decoupling – separating economic growth from the damaging environmental impacts it normally has. Can that link be broken, with cleaner, more efficient technologies? Is there any evidence that decoupling is already taking place in Europe and North America? Or is that an illusion created by the fact that we are increasingly importing manufactured goods from Asia and Latin America, giving them the environmental burden of our consumption? Does that mean decoupling for real is impossible, or are there still ways of achieving it?
- 3 Confronting Structure** takes the arguments against continuing growth seriously and thinks through the consequences. If the economy no longer grows, or grows at a much slower rate, what happens to unemployment, tax revenue, the ability to repay debt and pay interest, company profits and economic competitiveness? Can we imagine any government pursuing this line of thinking? Or will they be forced to because of economic pressures creating long-term recession?
- 4 Wellbeing Policy** assesses the evidence as to what contributes to people's wellbeing, and asks – what follows? Should we wish for a set of economic policies designed to promote wellbeing? If so, would it differ greatly from economic policies intended to promote growth? What would the key differences be? Would there be a different approach to work and to the importance of the unpaid activities which keep community and family life going? Would the planning system give greater priority to local democracy and quality of life?

Redefining Prosperity will report in early 2009. This work has clear relevance not only because of the current financial crisis, but also because of our need to look at the role of the economy in creating a sustainable society. The Scottish Government has a single Purpose of sustainable economic growth, and Redefining Prosperity will be used by the Commission to help clarify how Government might deliver economic growth in a sustainable manner.

### 3.3.3 Clear Commitment and Leadership

The Cabinet is collectively responsible for the delivery of the Government's Purpose and the supporting national performance framework. It is important that the commitment to sustainable economic growth is taken forward by Cabinet members in their presentation of policy and in the vision they set out.

In his opening address to Parliament on the Strategic Objectives of the Government<sup>20</sup> the First Minister stressed the need to make growth sustainable and to link it to wider objectives on health, education and environmental protection. Analysis of other Ministerial speeches over the last year indicates a fair degree of consistency in presenting policy within the context of the five Strategic Objectives.<sup>21</sup>

The Government's **Public Sector Leaders Programme** was launched in spring 2008 at an event in Edinburgh for senior public sector staff. The Scottish Government has also established Leading by Example Groups which aim to ensure that public sector organisations in Scotland are

exemplars of good environmental management and sustainable procurement. The Commission will be supporting the delivery of both the Leaders Programme and the Leading by Example groups and we will review the progress of both in our next annual assessment.

Government has also sought to build understanding among civil servants of Government's national performance framework and the need to work effectively across Government. As the text box below demonstrates, there are challenges in ensuring all levels of government staff understand the relevance of the framework to their job and can support its delivery.

The Government also has a role to play in setting out a vision of a sustainable Scotland to the public; this is something it has begun to do through initiatives including the **Climate Challenge Fund** and the **Go Greener** campaign. The impact of these initiatives will be reviewed in the next annual assessment.

#### Capacity Building and the Public Sector Leaders Programme

The Government has established a sustainable development capacity building programme across the public sector in Scotland – to deliver the awareness, knowledge and skills it needs in order to deliver greener policies and services.

While the focus is on public sector leaders, the programme also targets Scottish Government policy makers, analysts and fast streamers as well as special advisers, the strategic board and Cabinet.

The Government's Public Sector Leaders Programme was launched in spring 2008 at an event in Edinburgh. The Cabinet Secretaries for Finance and Sustainable Growth and Rural Affairs and Environment as well as by Sir John Elvidge (head of the civil service) and Jonathon Porritt of the Sustainable Development Commission spoke. Over 2008/9 it is intended to hold further workshops and training for public sector leaders.

For internal staff, research on past internal capacity building has shown that staff preferred training that demonstrated the links to their own job. It also showed that National School of Government residential courses tended to attract those already supportive of a more sustainable approach. For these reasons and to provide practical capacity building sessions the Scottish Government has adopted a tailored approach – making sessions relevant to the audience. Some themed seminars have already taken place for public sector leaders – with more planned for early 2009. The Commission will review this programme in our next annual assessment.

### 3.3.4 Specific Measures to steer integration

#### Sustainable Development Strategy

As noted above the administration does not have a dedicated sustainable development strategy or a specific mechanism to oversee progress on sustainable development. The Purpose and national

performance framework are however the proxy framework for sustainable development. These are evaluated in detail in the next section on Monitoring Performance.

## Internal Management Structures and Appraisal Tools

The Government's Strategic Board is responsible for guiding the internal management and strategic aims of Government. Beneath the Strategic Board sit five Programme Boards, one for each of the Strategic Objectives. There is some evidence that the Boards are operating in a more integrated way than was the case with previous structures. The Commission will review their operation more fully in future reports.

Appraisal tools are also important in embedding sustainable development. The Commission welcomes the development of tools to better assess carbon impacts of policy and strategy (see box below). However we are concerned that some other important tools, such as **Strategic Environmental Assessment (SEA)** are not being consistently applied to important strategies of Government. The failure to conduct an SEA of the Government Economic

Strategy is of particular concern.

Looking forward, the challenge will be to integrate carbon tools with other tools to enable a balanced appraisal of policy impacts that incorporates all aspects of sustainable development.

Integration of sustainable development within policy appraisal and delivery also requires capacity building. The Government has launched a capacity building programme for public sector leaders – to equip them with the knowledge, skills and awareness to embed sustainable development into their organisation both in terms of culture change and delivering greener policies and services. Details of work underway are provided in the annexes of this report. The Commission's appraisal of the capacity building programme will be provided in future annual assessments.

### Accounting for Carbon

One of the notable steps taken by the Scottish Government is the decision to introduce a new system of carbon accounting across the whole Scottish Government spend, and to provide "*a mechanism by which we can reduce the carbon impact of Government spend over time in line with our target to reduce emissions.*" Current plans are to develop this at two levels:

**A High Level Assessment** that will consider total Government expenditure. This will be undertaken at each spending review. It is intended to have this in place for the next spending review in 2011

**Individual Level Assessments** of Programmes, Policies and Projects. These will be carried out incrementally as policy develops. It is intended to pilot the draft version of the carbon assessment guidance with a small number of policy areas over the next year.

At the macro-scale, carbon accounts will help Government plan how to reduce overall emissions in line with (future) statutory targets, while the individual level assessments will help in planning delivery of specific spending programmes.

## The wider public sector and Single Outcome Agreements

Since May 2007 Government has sought to establish a new relationship with Local Authorities through the Local Government **Concordat**. The concordat underpins funding to Local Authorities through to 2010/11 and reduces ring-fencing of funds and scrutiny of Councils. It also includes a specific set of commitments for action by all local authorities including the provision of free school meals to all primary one to three, the freezing of Council Tax and funding for additional police.

Each Local Authority has now signed up to a **Single Outcome Agreement (SOA)** with the Scottish Government based around the 15 national outcomes within the national performance framework.

The SOAs for all 32 Councils in Scotland were published in June 2008. The intention is that from 2009 delivery of the SOA will be the responsibility of Community Planning Partnerships (CPP) and the Outcome Agreement will therefore guide integrated action across key community organisations.

Guidance states that all national outcomes should be considered by local authorities in developing SOAs with some outcomes prioritised on the basis of analysis and evidence of what key local issues are. The SOAs are intended to contribute towards the Government's Purpose, Purpose targets, Strategic Objectives and national indicators and targets, but also to local outcomes defined by the local authority.

A basket of local indicators has been developed to support the delivery of SOAs.

The Commission's view is that the SOAs offer significant potential to promote better government and to advance sustainable development at a local level based on a clear evaluation of priority areas for action. However, the removal of ring fencing, while helping to target funds on local priorities, may cut funding to important long term priorities where there is no significant local pressure for action. Examples of such areas may be action on poverty alleviation, social inclusion or climate change. The challenge for the Government, COSLA and Community Planning Partnerships will be to ensure that a focus on local

needs does not jeopardise the Government's ability to deliver on national targets and objectives. Current debate around the introduction of free school meals demonstrates that Government may find it increasingly difficult to ensure local government delivers new national initiatives within agreed funding.

The Commission believes the next round of Agreements must demonstrate balance in terms of funding and demonstrate alignment with priority sustainable development issues. We will review the next round of SOAs in detail in our next annual assessment.

### 3.3.5 Scrutiny, Audit and Review

Scrutiny of the performance of the Scottish Government and wider public sector is provided by the Scottish Parliament. In our First Assessment we noted that:

"The Scottish Parliament has a central role to play in the scrutiny of Executive policy against sustainable development... The view of the Commission is that sustainable development is best addressed by being integrated fully into all relevant subject committees but that a cross-cutting scrutiny role... would add a strategic perspective to the evaluation of progress."

In January 2008 the Commission presented its views to the Scottish Parliament's Convenors Group to discuss what practical steps were needed. We believe these are:

- Production of clear policy guidance on sustainable development, using an approach similar to that adopted over the Parliament's Equality Duty
- Adoption of sustainable development checklist to ensure proper scrutiny of Bills by Committees
- Oversight of delivery of sustainable development scrutiny by a single Committee or Group
- Training and development for MSPs, committee staff and other Parliamentary staff on sustainable development and its relevance to the scrutiny work of Parliament
- Ensuring that the Parliament's own operation accords with sustainable development principles.

Parliamentary officials have since had further discussions with both the Commission and the Scottish Government regarding training and the use of a sustainable development checklist and plans for both are developing. The Commission welcomes these steps and hopes to engage further with the Parliament over the coming year.

Audit Scotland plays an important role through performance review of central government, the NHS and local authorities. Sustainable development is a part of the Best Value and Community Planning audits of Local Authorities and will be addressed more systematically through Best Value 2, which will be launched in April 2009. This will place a greater emphasis on self assessment and on adopting a risk-based approach that concentrates on organisations or services seen as performing less well. It will also involve greater co-ordination with other inspection and scrutiny bodies.

In the future, Best Value principles will be extended to the health service and central government sectors. Audit Scotland has worked with the Commission over the last year on these aspects of the audit. The Commission will undertake future reviews of the extent to which Best Value is helping to deliver more sustainable outcomes.

### 3.3.6 Effective knowledge management

The **Council of Economic Advisers** (CEA) was set up to directly advise the First Minister on how best to achieve sustainable economic growth. The Council is chaired by Sir George Mathewson and draws together eminent economists and business people.

To date, reports on the state of the economy provided by the Chief Economic Adviser have focussed on trends in GDP growth and employment rather than wider social or environmental trends or well-being. At the same time, discussion on enhancing the economic statistics used to underpin economic policy has concentrated on aspects of GDP rather than on extending the economic indicator set to those that show quality of life or environmental sustainability.

At their third meeting in June 2008 the Council considered the achievement of the 2011 growth

target and the 2011 emission target in tandem, reflecting the fact that achievement of both targets is central to delivering the Government's Purpose. The Council agreed that Scotland is likely to achieve its 2011 emissions target and recognised that achievement of the 2050 target would be much tougher. In a future meeting the Council intends to turn its attention to the achievement of the 2050 emissions target. The Commission believes the CEA must use a wider set of indicators to evaluate progress. These must include those that better illustrate the sustainability of the economy. In future Assessments the Commission will review the extent to which the CEA has sought to explore and reconcile tensions between GDP and social and environmental outcomes.

## 3.4 Monitoring Performance

### 3.4.1 Introduction

All activity of Government in Scotland is now intended to help achieve the Purpose of sustainable economic growth. Progress in achieving this Purpose is measured by the national performance framework.

The inspiration for this framework comes from the '**Virginia Model**',<sup>21</sup> a performance model developed and used in the State of Virginia, USA. It is based on 'outcomes' (i.e. end results) rather than 'outputs' (i.e. specific actions undertaken). In Scotland, policy in some areas (e.g. health) has for many years had an outcome focus. However, this is the first time that such an approach has been clearly applied across all areas of Government.

The means by which the framework is used to guide performance are still in development. However, it is understood that it will be used to guide Cabinet decision making. It is also intended that it will be used by the Strategic Board and thematic Programme Boards, and that each Directorate Business Plan will be linked to it through the Government's Business Planning Tool. The framework will also be used to identify policy areas where indicators are going in the wrong direction and therefore require action.

Looking forward, the framework is likely to remain unchanged for the lifetime of the current Parliament although it may be revised as the next Spending Review is being developed.

### 3.4.2 Analysis of the national performance framework: Overall

Overall the Commission believes the framework provides greater clarity about Government delivery and greater emphasis on performance against outcomes.

However, there is still a degree of uncertainty as to how it will be used by Government. We believe it is crucial that effective mechanisms are put in place to link evidence of trends (as provided by indicators and targets) to the development of

Government policy and strategy. It is particularly important that when indicators provide evidence of negative sustainability trends this leads to a full reappraisal of Government policy and clear action to reverse poor performance. We appreciate that mechanisms to link the framework to policy are still in development, and we will provide a more detailed review of its use by Government in future annual assessments.

### 3.4.3 SMART Targets and Indicators

It is often asserted that targets must be SMART in order to be useful. That is targets and indicators must be:

- **Specific** – says precisely what is to be achieved
- **Measurable** – relate to some aspects that can be measured
- **Appropriate** – aligned with the objective being pursued
- **Realistic** – have the potential to be achieved over the timescale examined
- **Timed** – the timescale for the achievement of the target must be stated.

The presence of some of these aspects is straightforward to ascertain: for example, specific, measurable and timed aspects. Whether a target is appropriate or realistic, however, is more problematic to determine in many instances. It is, therefore, important to bear in mind that the SMART ‘ratings’ that are contained within the following table (and the table included in Appendix 2) are in part subjective assessments. This is especially the case for the appropriateness and realism of the targets.

In our assessment we have sought to determine whether the targets are appropriate ways to pursue sustainable development (as conceived of within the five principles framework). In the current economic climate an assessment of *realistic* becomes much more problematic as feasibility of attaining certain goals has to be questioned. As a result, it is important that the assessments in the tables are understood to be the best judgement that can be made using the SMART criteria at this point in time.

### 3.4.4 Detailed review of National Performance Framework

Set out below are comments on each of the elements of the framework.

#### Purpose targets

The Government Economic Strategy sets out nine Purpose targets to guide delivery. These are appraised in Table 3 below. A small letter denotes that there is some but not complete alignment with that aspect of SMART.

**Table 3** Purpose Targets and SMART analysis

Economic Growth (GDP)	SMART Analysis	Comment
To raise the GDP growth rate to the UK level by 2011.	SMaRT	Clear SMART target although, as discussed below, GDP is not an indicator of the overall sustainability of the Scottish economy.
To match the growth rate of small independent EU countries by 2017.	SMaRT	As it is a relative measure could be achieved by a decline in growth in the UK/EU rather than by an increase here.
<b>Productivity</b>		
To rank in the top quartile for productivity amongst our key trading partners in the OECD by 2017.	SMaRT	The Commission would support a target that focuses on productivity improvements based on enhanced resource use efficiency.

Participation		
To maintain our position on labour market participation as the top performing country in the UK and to close the gap with the top 5 OECD economies by 2017.	SMaRT	
Population		
To match average European (EU15) population growth over the period from 2007 to 2017, supported by increased healthy life expectancy in Scotland over this period.	SMaRT	The secondary objective of increased life expectancy is not SMART as a clear target has not been set.
Solidarity		
Increase overall income and the proportion of income earned by the three lowest income deciles as a group by 2017.	SMaRT	
Cohesion		
Narrow the gap in participation between Scotland's best and worst performing regions by 2017.	sMaRT	
Sustainability		
Reduce emissions over the period to 2011	MaRT	Long term target quantified but 2011 target should be for a specified amount of emission reduction.
Reduce emissions by 80% by 2050.	SMaRT	

Taken as a whole there is a good degree of SMARTness in the purpose targets. The only non-specific element relates to the near term goals for climate change. We believe this to be a weakness in terms of failing to define the start of the journey that Scotland must embark on in order to address climate change. We also believe it is important that productivity is defined to include resource productivity as a key element in pursuing sustainable economic growth.

In the areas of appropriateness and realism the picture is more mixed. We have three areas of concern in this context: (i) the current economic climate calls into question the ability to achieve a number of these targets, (ii) in the area of climate change emissions we believe that scientific evidence will require more substantial and quicker cuts to be made and (iii) it is not clear from some of the targets how they will lead to sustainable development (for example, growing the economy without a change in the social and environmental impacts of the economy will not automatically lead to sustainable development).

Finally, our assessment is also tempered by a lack of knowledge about how policy decisions around the likes of climate change, transport and fuel poverty among other things will play out. As such, our evaluation here has to be provisional until the work of the Government is more fully developed.

Regarding GDP, the Commission accepts that it is the most widely used measure of economic progress and thus one that offers the ability to compare Scotland with other nations. However, we view GDP as an incomplete measure of economic development as it fails to distinguish between expenditure that contributes to a more sustainable society (e.g. spending on improvements to the housing stock) and expenditure that is the result of unsustainable outcomes (e.g. car accidents). As a result, the focus on GDP may not provide an indication of whether or not sustainable economic growth has been attained. The Commission supports the work and the recommendations made by the **Additional Measures of Progress Group** as to how the Government can address the limitations of the use of GDP as an indicator (see below).

## Additional Measures of Progress

An international conference, 'Beyond GDP', held in Brussels in late 2007, explored the challenge for Government in identifying new broad measures of progress that overcome the limitations of GDP. In Scotland an Additional Measures of Progress Group was set up by Government in 2006 to consider the issues around overall indicators of sustainability. It reported in July 2008 and made three recommendations:

- With the inclusion of Ecological Footprint in the National Performance Framework, the Scottish Government should set up a group to develop Economic – Environmental Input-Output Accounts to provide a sound basis for footprint calculations
- The Scottish Government should continue to monitor developments in wider measures of progress that incorporate wellbeing, like the Index of Sustainable Economic Wellbeing
- The Scottish Government should host a seminar for analysts, policy makers and interested stakeholders on the work of the Steering Group and developments in additional measures of progress.

## Strategic Objectives

The Government's Strategic Objectives are broadly in line with the principles of sustainable development. The attempt within the spending review to integrate action across the five Strategic Objectives is also

welcome, although as is noted elsewhere in this report, there is not a consistent integration of all Objectives into policy in every area.

## National outcomes

The national outcomes are, as defined by the Government, broadly consistent with an integrated approach to economic, social and environmental issues. As with the Purpose targets there is potential for conflict between different outcomes and again it is important that Government establishes mechanisms to monitor and address these tensions.

It is also the case that most national outcomes are actually 'compound' outcomes. For example 'Our young people are successful learners, confident individuals, effective contributors and responsible citizens' actually combines a number of separate outcomes. This again may make assessment of progress more difficult to monitor.

## National indicators and targets

With regard to the national indicators and targets our appraisal is based on two questions:

- Is the indicator set balanced or are there any gaps i.e. are there important sustainable development issues that are not covered by the indicators?
- Are targets and indicators SMART and aligned to sustainable development outcomes?

## Is the Indicator set balanced or are there any gaps?

Using the existing Scottish and UK sustainable development indicator sets as a guide there are a range of important issues not addressed by the national indicators and targets. These are:

- Workless households (population living in workless households – a) children, b) working age)
- Households living in Fuel Poverty
- Air quality
- Road Accidents (number of people killed or seriously injured)
- River quality (Length of poor and seriously polluted rivers)
- Water resource use (total abstractions and leakage losses)
- Environmental Equality (populations living in areas with, in relative terms, the least favourable environmental conditions).

Further important sustainable development issues not included in the national performance framework are:

- Active community participation/volunteering
- Voting/Participation in Decision-Making
- Millennium Development Goals.

The Commission understands that there is a need to limit the size of the national performance framework. However, the framework is intended to be the lens through which Government performance is viewed. As such, it is suggested that in any future iteration of the framework, consideration is given to the potential for inclusion of indicators addressing the issues noted above.

## Are targets and indicators SMART and aligned to sustainable development outcomes?

It is essential that both indicators and targets address each sustainable development issue directly if they are to be fully useful in appraising progress towards sustainable development.

Table 4 summarises our analysis of the extent to which each of the 45 indicators and targets can be considered SMART.<sup>22</sup> The overall analysis shows that many current indicators are only partially SMART.

**Table 4** Summary of the ‘SMARTness’ of national indicators and targets

Characteristic of indicators and targets	Number of Indicators
Fully SMART	19
Has four of the five characteristics of a SMART indicator/target	19
Has three of the five characteristics of a SMART indicator/target	6
Has two of the five characteristics of a SMART indicator/target	0
Has one of the five characteristics of a SMART indicator/target	1

For example, in energy, the fundamental sustainability objectives are to cut GHG emissions, reduce energy consumption, secure supply and address fuel poverty and affordability. The Government’s target, to ensure that *50% of electricity generated in Scotland to come from renewable sources by 2020 (interim target of 31% by 2011)* is Specific, Measurable, Realistic and Timed. It is appropriate in one sense in that it is aligned with the Government’s renewable energy target and achievement of the target will *contribute* to sustainable energy. But it does not encapsulate fully the desired sustainable development outcome – the target could be met but overall GHG emissions from electricity could still rise based on the other elements of the overall energy mix. More appropriate targets or indicators would relate to overall energy use or GHG emissions.

Other examples of indicators and targets that do not meet the criteria outlined above are:

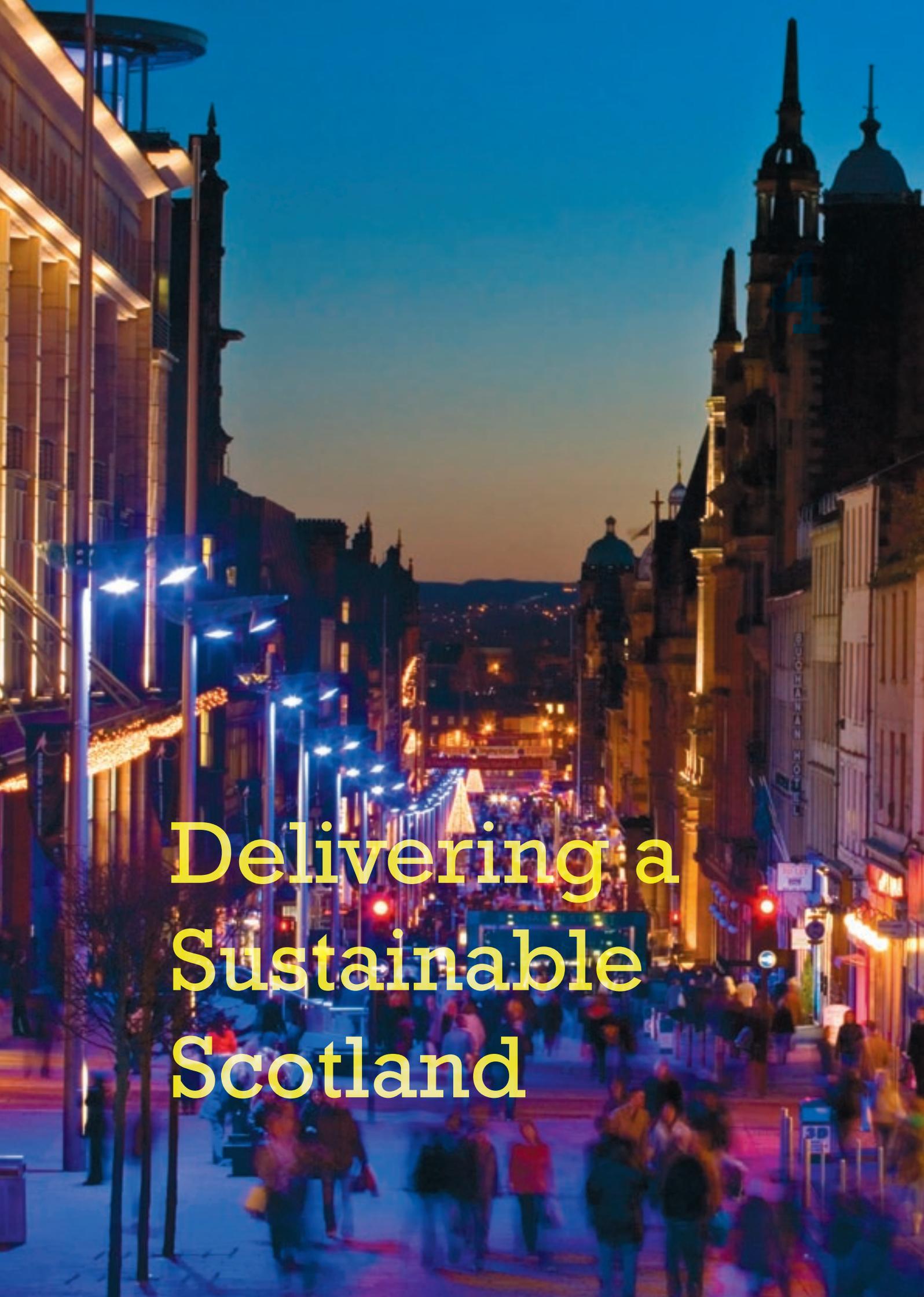
- The indicator to increase the proportion of journeys to work made by public or active transport does not tell us whether the overall usage of private cars for journeys is in decline

- The target to reduce the number of Scottish public bodies by 25% by 2011 does not illustrate directly whether the Government is achieving its desired outcomes of greater public sector efficiency and more joined-up service provision
- The target to reduce the proportion of driver journeys delayed due to traffic congestion does not inform us as to whether this has been achieved through enhancement of public transport alternatives or by increased road building
- The target to reduce municipal waste sent to landfill to 1.32 million tonnes by 2010 does not consider whether total waste arisings have been reduced, or whether the waste has been diverted from landfill to the most sustainable alternative option.

We would therefore recommend that the Government, in future revisions of the national performance framework, consider the revision of these indicators and targets and the inclusion of indicators/targets that cover the issues identified above. The Commission is happy to help in this process.

### 3.5 Recommendations for Government and Parliament

- Government to finalise and report on its arrangements for the use of the national performance framework by Cabinet and the Strategic and Programme Boards
- In any 'refresh' of the national performance framework, Government to address the gaps in indicators identified above and ensure the framework includes all sustainable development challenges. Consideration should also be given to alternative Purpose targets. The Additional Measures of Progress Group considered some indicators that could be used in this context
- In any 'refresh' of the national performance framework Government to ensure all indicators and targets are SMART and unambiguous in their ability to help track progress towards sustainable economic growth
- The Parliament to further strengthen scrutiny arrangements for sustainable development.



# Delivering a Sustainable Scotland

## 4.1 A Wealthier and Fairer Scotland

This section includes analysis of:

<b>Building a Strong Sustainable Economy</b>	Economic Strategy Government agencies promoting economic development Skills The Social Economy Global Development
<b>Transport</b>	Transport strategy Transport policy by sector

### 4.1.1 Building a Strong Sustainable Economy

<b>Performance as shown by indicators</b>		GDP gap is narrowing but no positive trend in many of the other Purpose Targets. GHG emissions are now increasing.
<b>Overall progress towards sustainable development</b>		Major challenges ahead in reducing the gap between richer and poorer and in reducing our resource use to sustainable levels.

### Findings

- The Government has identified sustainable economic growth as its key Purpose in the Government Economic Strategy
- The commitment to make economic growth 'sustainable' is welcome and is underpinned by the national performance framework which includes indicators of many sustainability concerns. The challenge however is to turn the vision of a sustainable economy into a reality. With regard to decisions taken to date, this has not always been apparent
- There is a potential difficulty for Government in reconciling its growth and climate change targets both in the short and medium term. The annual reductions in greenhouse gas emissions (GHGs) required to meet the Government's target are in reality far higher if we need to offset annual growth in the size of the economy
- There is a need for debate as to the extent that growth, as measured by GDP, will deliver the social, environmental and economic improvements we all seek. The national performance framework includes high level targets that help incorporate social and environmental concerns. There is need however for the use of other measures of the overall sustainability of the economy.

## The Policy Framework

<b>The Government Economic Strategy (2007)</b>	The Government Economic Strategy, published in September 2007 is, along with the Spending Review, the central document for all work of the administration.
<b>Scottish Budget Spending Review (2007)</b>	The Budget and Spending Review sets out the actual expenditure plans of Government over the period to 2010-11.
<b>Workforce Plus (2008)</b>	Workforce Plus is an employability strategy aimed at bringing the long term economically inactive back into the workforce.
<b>Skills for Scotland (2007)</b>	The Government's Skills Strategy sets out a framework for lifelong learning and skills development.

## Analysis

### Economic Strategy

A sustainable economy is one that supports a healthy, strong and just society that lives within environmental limits. Moving Scotland's economy towards sustainability will require coordinated action on resource use, infrastructure, equality of opportunity, regeneration, education and skills, business development, health and employment. Policy in many of these areas is addressed elsewhere in this report – this section considers the overall framework for economic development and the roles of the key agencies involved.

The current Government has built its approach to strategy and policy around the vision for Scotland set out in the **Government Economic Strategy**. The Strategy defines a single Purpose for the Scottish Government, namely to promote 'sustainable economic growth'.

The Government Economic Strategy identifies five Strategic Priorities for sustainable economic growth. These are:

- Learning, Skills and Wellbeing
- Supporting Business Development
- Infrastructure Development and Place
- Effective Government
- Equity

The Strategy is also intended to direct the activities of key public sector bodies including Scottish Enterprise, Highlands and Islands Enterprise, Visit Scotland and Skills Development Scotland Limited. The role of each of these bodies is reviewed below. Comment on other bodies linked to the

Economic Strategy, such as Transport Scotland, is made elsewhere in this report.

Looking forward it is clear that meeting the objectives of the Climate Change Bill will require a radical change in how the Government appraises the best options for economic development and infrastructure investment. The commitment of the Government to higher levels of growth and economic activity will further increase the challenge ahead. Every unit of new production will have to be delivered in even more efficient ways; every new infrastructure project will need to be provided within a framework where emissions are being cut significantly.

It is also important that the commitment to *sustainable* economic growth is matched by Government spending plans. Expenditure plans are assessed in more detail in relation to the other topic reviews in this report (e.g. Travel, Wellbeing). In general terms however these show that the Government is investing well in some areas (e.g. the social economy and renewable energy) but elsewhere its plans are not fully consistent with sustainable economic growth (e.g. Travel).

Finally the delivery of sustainable economic development requires that appropriate indicators are in place to show whether the Scottish economy is moving on to a more sustainable footing. As indicated in chapter 3 not all indicators that one would expect to see in order to monitor sustainable development are contained in the national performance framework. This is an area where improvements could be effected by Government.

## Government agencies promoting economic development

Since May 2007 there has been a major restructuring of **Scottish Enterprise** and **Highlands and Islands Enterprise**, the ending of the Local Economic Companies (LECs) and the creation of five regions for Scottish Enterprise, the moving of Business Gateway to local authorities and the establishment of Skills Development Scotland.

Scottish Enterprise's Strategic Priorities flow from the Government Economic Strategy and include equity (both social and intergenerational). The work of the agency is also intended to be underpinned by the commitment to cut GHGs by 80% by 2050.

Under *equity*, Scottish Enterprise's **Business Plan 2008-11** includes a pledge to promote a low carbon economy and corporate social responsibility. The Business Plan does not however, include any specific performance measures to show how Scottish Enterprise will assess its effectiveness in delivering on social or environmental objectives.

Highlands and Islands Enterprise's **Operating Plan 2008-11** is also aligned with the Strategic Priorities. It places a stronger emphasis on

community development than Scottish Enterprise and includes performance measures on the social economy, community groups and carbon dioxide emissions.

Both Scottish Enterprise and Highlands and Islands Enterprise are committed to concentrating their activities in the key sectors identified as having high growth potential. These are energy, financial and business services, food and drink, life sciences, tourism and creative industries. In terms of Scotland's footprint, it is not clear that the activities supported under any of these sectors will help cut Scotland's GHG or ecological footprint at all.

The development of one of the important sectors, tourism, is supported by **Visit Scotland**. The organisation has set out an aspiration to make Scotland the world's most sustainable tourism destination by 2015 but aligning this with the organisation's desire to grow tourism revenues by 50% over the same period will be extremely challenging.

## Skills

**Skills Development Scotland (SDS)**, a Non-Departmental Public Body, is accountable to Scottish Ministers and has a budget of £184m. It was established in late 2007 through the merger of Careers Scotland and Learndirect Scotland. Board members were announced in June 2008, and were tasked with taking forward and delivering on the vision of the skills strategy.

The work of SDS is guided by **Skills for Scotland: A Lifelong Skills Strategy** which lays out how all the constituent parts of Scotland's education and learning systems can contribute to giving Scotland a world class skills base. It is firmly linked to the

Government Economic Strategy, and aims to ensure that skills contribute as much as possible to sustainable economic growth.

The principles of Skills for Scotland and Skills Development Scotland adhere to those of sustainable development with promotion of equality of opportunity, the building of individual confidence, the elimination of discrimination and the needs of the individual at its core. They do not, however, address in any detail how Scotland can engender the skills required to deliver sustainable development (whether for learners, workers or managers) and more clarity on this is therefore required.

## The Social Economy

It is difficult to define an optimum size for the social economy in Scotland – sometimes growth in the social economy can be a sign of strong communities working together to enhance services. At other times it can be because the community feels it has to fill a gap left by poor state provision. Overall however the social economy can be seen as an important aspect of a sustainable society helping

support active participation and involving people in community affairs.

Government support for the social economy is provided by funding which includes the Scottish Investment Fund, and is intended to support investment in assets, business development and capacity within the sector.

## Global Development

While trade policies are dealt with at a UK and international level, the Scottish Government has a role to play in supporting global development through cultural exchange and development aid. The Government launched a new **International Framework** and an **International Development**

**Policy** in 2008. Funding for international development will be increased from £6m per annum to £9m per annum by 2010/11 with a continuation of work in a number of countries, most notably Malawi where a Co-operation Agreement has been signed.

## Recommendations for Government and Agencies

- The Government should undertake further work to ensure that the concept of sustainable economic growth is embedded across all areas of Government and by the enterprise agencies, wider public sector and business
- A particular challenge will be to ensure the alignment of economic growth and GHG reduction targets. In this context the Government’s work on carbon assessment<sup>23</sup> is welcome. It is vital that these assessment tools are developed and used to guide policy in time for the next Spending Review
- Scottish Enterprise should set targets for GHG reduction and for Corporate Social Responsibility, following the example of Highlands and Islands Enterprise
- Visit Scotland, Scottish Enterprise and Highlands and Islands Enterprise should work together to develop a clear vision for a sustainable tourism industry in Scotland that is aligned with Government GHG targets
- The Government, working with Skills Development Scotland should review the extent to which the current approach helps provide the skills required (e.g. in engineering) that can help move Scotland towards a more sustainable economy.

## What the Commission will do

- Provide advice to Government on the use of the national performance framework to deliver sustainable economic growth, including use of targets and indicators to measure performance. To support this work, we will host seminars with Government to discuss this topic
- Provide advice on additional measures of progress that can be used alongside GDP.

### 4.1.2 Transport and Travel

<p><b>Performance as shown by indicators</b></p>		<p>Almost all transport indicators show negative trends at present.</p>
<p><b>Overall progress towards sustainable development</b></p>		<p>Continued growth in congestion and GHG emissions.</p>

## Findings

- Travel is the policy area where there is perhaps the least alignment between current action and long term sustainability. Between 2008-11 road expenditure is set to increase while that for public transport remains static in real terms<sup>24</sup>. Continuation of road focused transport policies could lock Scotland into a high carbon transport future that makes achievement of the Government's climate change commitments significantly more difficult
- The commitment to publish a carbon balance sheet for major transport projects is to be welcomed, as it provides a clear indication of the impacts of individual projects and their cumulative impact. However there must be clearer evidence that the balance sheet and other transport appraisal tools are used to guide transport policy along more sustainable lines
- Because of the contested nature of the costs and benefits of aviation, Government is not in a position to make decisions on additional airport capacity for Scotland
- Increases in support for active travel (walking and cycling) and for rail/sea freight are welcome. The scale of support still remains low in terms of the Transport Budget, and further reallocation of funds from road to more sustainable means is required over time.

## The Policy Framework

<b>National Transport Strategy (2006)</b>	Published in December 2006, this covers all areas of transport policy in terms of infrastructure investment and also 'softer' measures to manage demand.
<b>Budget and Spending Review (2006)</b>	The Spending Review sets out the allocation of transport expenditure between 2008-11.

## Analysis

### Transport Strategy

Transport strategy and policy are still underpinned by the principles of **the National Transport Strategy (NTS) (2006)**.

Since the NTS was published in December 2006, a number of the commitments set out in the NTS have been completed:

- A carbon balance sheet for major transport infrastructure commitments is being prepared. Government intends to use this as a tool to monitor and review progress towards the NTS strategic outcome of 'reduced emissions'
- The 'refreshed' **Scottish Transport Appraisal Guidance (STAG)**, used to appraise infrastructure projects, was published in May 2008. One of the key changes in STAG has been to explicitly require the quantification and monetisation of greenhouse gas emissions into the appraisal process
- Work is ongoing in adapting Scotland's transport infrastructure to our changing climate. Transport Scotland published two key reports in October 2008
- Transport Scotland published its new **2008-11 Corporate Plan** in September 2008. This identifies the role that Transport Scotland will play over the coming years in delivering the Scottish Government's single Purpose of sustainable economic growth. Greener transport alternatives, reduced emissions is established as one of the Agency's four key delivery priorities.

The current Scottish Government is developing a Delivery Plan to clarify which NTS policies and commitments it wishes to encourage, and to set out Scottish transport priorities, policies and initiatives.

Transport Scotland, the national transport agency, is tasked with delivering much of the Government's vision for transport. The Government's Transport Directorate is still responsible for the co-ordination of the **National Transport Strategy**, for liaising with the Regional Transport Partnerships, for non road and rail transport and for 'sustainable transport'.

Transport Scotland is also leading on the development of the **Strategic Transport Projects Review (STPR)**. The STPR will make recommendations about the strategic transport projects that will be taken forward between 2012 and 2022. The STPR will focus on identifying which Government actions "most effectively contribute towards the Government's Purpose of promoting sustainable economic growth". The STPR will also complement the second National Planning Framework and contribute towards the delivery of the three strategic outcomes identified in the National Transport Strategy.

There are already significant commitments on delivery of new transport infrastructure around Scotland, and the cumulative impact of these developments will be to add to GHG emissions from transport. To ensure that transport does support delivery of sustainable economic growth, Transport Scotland and the Government need to set out clearly how transport projects (individually and collectively) will make a contribution to the delivery of each of Government's nine Purpose targets. In particular, this will require setting out how transport spending can be used to deliver social benefits that support solidarity and cohesion targets, as well as making a positive contribution to reducing Scottish greenhouse gas emissions.

The Government has recognised the links between health, inequality and transport. The report **Equally Well: Report of the Ministerial Task Force on Health Inequalities**<sup>25</sup> recognises that transport has a role to play in reducing health inequalities. The Task Force has recommended that:

- The National Transport Strategy Delivery Plan should include specific actions likely to improve health and reduce health inequalities
- Health inequalities should be addressed specifically in the Government's first review of the National Transport Strategy
- The Government should take forward action targeting children from disadvantaged areas who are at greater risk of injury in road accidents.

These recommendations are welcome, and the Commission would hope to see more strengthened and more explicit links being made between health and transport policy in the future.

The Commission has not been able to review the STPR as a part of this Assessment. We will therefore be undertaking a review of the STPR when published and expect to make an assessment of how we see this contributing to sustainable economic growth. We are hopeful that not only will the STPR represent a shift in policy towards a more sustainable approach, but that it will present clearly to the wider public the impacts of individual policy decisions. However, we have concerns that Government will have insufficient funding available to invest in more sustainable transport projects because of commitments to deliver other major projects such as a replacement Forth Crossing.

The provision of fair and balanced information to the public on the impacts of new travel schemes is an important issue. The Commission is concerned that data does not always set out overall economic, social and environmental impacts in a clear and understandable manner.

We also want Government to set out more clearly how it intends to develop the use of policy tools in setting overall direction of transport policy and delivery. STAG, the carbon balance sheet, the STPR and the Second National Planning Framework should all be working together to influence direction of policy and delivery. In particular the carbon balance sheet will need to develop into a monitoring tool that better tracks Government delivery of its Climate Change commitments.

Once Government has developed carbon assessment across all policy, the carbon balance sheet will increase in significance as a way of monitoring delivery and informing new transport policy. The balance sheet should not be used to reject outright policies with a negative impact upon emissions, but to ensure that robust data is fed into the decision making process. However, to meet the 80% reduction, Government will need to, as a bare minimum cap the growth in emissions from transport, and over time begin progressively to reduce the agreed carbon budget for transport.

## Transport by Sector: A Review of Spending Plans and Transport Initiatives

### Road Transport

Funding for road transport will grow significantly up to 2010/11. Some of this expenditure is on action that will enhance road safety and better manage the network. However, significant funding is earmarked for new road schemes such as the M74 extension and the AWPR which will lead to significant new GHG emissions.

Other major transport schemes such as proposals

for a replacement Forth Crossing are currently under consideration. The Commission accepts that a fixed link between the Lothians and Fife is a vital part of Scotland's transport network. However we believe that whatever solution is decided upon it must provide for effective multi modal transport links. A failure to do so will create transport infrastructure incapable of meeting the needs of the 21<sup>st</sup> century.

### Public Transport

Investment in public transport fluctuates over the period 2008-11. The Scottish High Level Output Specification (HLOS) sets out Scottish Ministers' expectations for Network Rail's investment programme of £3.6 billion from 2009-2014 and includes a package of measures such as improvements to the Edinburgh to Glasgow rail corridor aimed at improving journey times and

reliability and increasing capacity across the Scottish rail network.

This work is welcome. However, overall expenditure on rail and bus networks does not grow in real terms over the budget period. The Commission believes a reallocation of funding from roads to public transport is therefore required.

### Active Travel – Cycling and Walking

The Government launched Smarter Choices, Smarter Places in March 2008. The scheme is designed to improve infrastructure and promote active travel and public transport use in a range of different communities, with monitoring and evaluation over a three-year period to identify the most effective interventions. Seven demonstration communities<sup>26</sup> were announced in August 2008.

The Government has also made a commitment to develop a Cycling Action Plan for Scotland to be published by March 2009, with Transport Scotland investing in provision of trunk road sections and crossings for bikes.

The Commission welcomes these initiatives and the increase in funding. However, the overall scale

of funding (£11million per annum) remains small and a substantial redistribution of funds is likely to be required to deliver a significant shift towards active travel choices.

The Smarter Choices, Smarter Places scheme is to be particularly welcomed. However, it will be critical that Government seeks to learn from these seven demonstration communities, and that successes are replicated across the country. It will be particularly important that Government seeks to use planning and transport policy to implement lessons learned, rather than developing a second round of demonstration schemes that bring interesting pilots but little application of the experience gained.

### Aviation

The Commission supports the ending of the **Route Development Fund** in 2007 alongside the continued support for the air discount scheme for the Highlands and Islands. The former represented a subsidy for unsustainable economic growth while the latter represents an important social and economic link for Scotland's more isolated communities.

At the same time however, the Government's vision – as set out in the Second National Planning Framework draft – is to support the continued expansion of Scotland's two largest airports.

While the proposals for Edinburgh and Glasgow airports outlined in the draft include enhanced public transport provision they also include other elements directly designed to support increased passenger numbers.

This year the Commission has published two reports looking at aviation policy. These reports were the result of work by the Commission to bring together stakeholders from Government, the aviation industry, business and environmental groups to discuss aviation policy. From these engagement

sessions, it became clear that evidence on the costs and benefits of aviation was contested. We therefore recommended that the UK Government set up a Special Commission to develop an agreed evidence base and that this work is then used to inform a revision of the UK Air Transport White Paper. We also noted that the UK Government should consider major airport expansion only after this had taken place.

This recommendation also applies to the Scottish Government. Until it has clearer evidence

about aviation and the costs and benefits that would stem from expansion of airport capacity in Scotland, Government should not make decisions on new capacity and cannot confidently assert that new capacity will deliver economic growth that is sustainable.

In the absence of action by the UK Government, we would therefore recommend that the Scottish Government seeks to commission an independent review of evidence, in line with the recommendations in our reports.<sup>27</sup>

## Ferries and Waterways

The introduction of a pilot Road Equivalent Tariff Scheme on ferries to the Outer Hebrides may, through a reduction in cost for locals, visitors and freight, help boost the economy of peripheral

communities. If the appraisal of the pilot phase demonstrates benefits, it has the potential to be used to help support other island communities.

## Freight

The Government continues to support the objectives of the Freight Action Plan (2006) and has expanded the support available to encourage a shift from road to rail/water.

Recent announcements on the enhancement of rail freight between the Central Belt, Aberdeen and

Inverness are welcome. The Commission believes that there is far more scope to achieve a modal shift for freight within Scotland and with our trading partners. Indicators at present show the trend being towards road freight – this must be reversed if sustainable transport is to be pursued.

## Recommendations for Government

- The Government to develop a Greenhouse Gas Emissions Reduction Strategy for Scotland, setting out how all sectors, including transport, can help move Scotland towards the 80% target
- The Scottish Government to set out more clearly how it will integrate the use of carbon assessment, the carbon balance sheet and the Scottish Transport Appraisal Guidance to inform all future investment in transport infrastructure. The Government and Regional Transport Partnerships should also extend the balance sheet approach to the Regional Transport Strategies and make this information publically available
- Government should not give consent to additional airport capacity until it has resolved the problem of contested evidence on the costs and benefits of aviation.

## What the Commission will do

- Review the Scottish Transport Projects Review when published and provide our advice to Government on how well we see this contributing to sustainable economic growth
- Provide advice to Government on the use of assessment tools such as STAG, and their integration with carbon assessment and the carbon balance sheet
- Work as a member of the National Transport Strategy Steering Group to input into strategy delivery and the 2010 Strategy review
- Act as a sounding board for wider Government action on carbon assessment.

## 4.2 A Smarter Scotland

This section includes analysis of:

Education	Education for Sustainable Development	
Performance as shown by indicators		Positive trends in most indicators although some indicators still in development.
Overall progress towards sustainable development		Continued progress in integrating sustainable development within the education sector.

### 4.2.1 Education

#### Findings

- Through the UN Decade of Education for Sustainable Development Group, the Government has set in place a mechanism to review progress in delivering the Learning for the Future Strategy and in shaping plans for future work on education for sustainable development
- The establishment of the new Standards Council has the potential to provide a useful mechanism for ensuring sustainable development is integrated into community learning and development
- Whilst it is encouraging that Her Majesty's Inspectorate for Education is starting to integrate sustainable development into its school inspection process, it is not clear how exactly this will be done and how this will be linked with Eco Schools and Health Promoting schools
- Good progress has been made on education for sustainable development in further and higher education in terms of estate management and embedding sustainable development in courses. However, there is still the need to address how sustainable development is to be included as a requirement for teacher training in further education.

#### The Policy Framework

<b>Learning for Our Future (2006)</b>	This is the Scottish Government's Strategy for sustainable development education
<b>A Curriculum for Excellence (2004)</b>	This sets out the Scottish Government's vision for transforming Scottish education by 2007

#### Analysis

##### Education

In 2006 the previous administration published **Learning for Our Future**, Scotland's first education for sustainable development strategy. This represented its response to a UN Resolution that the years from 2005 to 2014 should be the Decade of Education for

Sustainable Development (DESD).

In our First Annual Assessment,<sup>28</sup> the Commission committed to coordinate an expert working group to advise the Scottish Government on the development of its action plan for the second half of the UN DESD.

This group was established in January 2008 and has met three times.

In our 2007 report, the Commission identified a need to consider how secondary schools in Scotland could learn from the success of the **Eco Schools Programme** at primary school level. This has been taken on by the Eco Schools Advisory Group.

The last year has seen other positive developments. **Her Majesty's Inspectorate of Education** has also begun work to ensure education for sustainable development is reflected in the school inspection process.

Progress is also being made on integrating sustainable development into Initial Teacher Education through the IDEAS project – Taking a Global Approach to ITE – which seeks to place the concepts and principles of Global Citizenship at the heart of Scottish Initial Teacher Education.

Furthermore, the **Scottish Funding Council (SFC)** has made significant progress in promoting and delivering education for sustainable development. It launched its Sustainable Development Guidance for Estate Management in May 2008.

SFC has also provided funding to the Scottish Further Education Unit to support colleges in taking forward the learning and teaching objectives of

Learning for our Future. A particular focus of the work is responding to guidance from the Scottish Qualifications Agency on embedding sustainable development in courses. The work was launched at a conference in October 2007 and is overseen by a steering group which includes representatives of the national sector organisations.

Finally, the Scottish Government along with SFC and the Environmental Association for Universities and Colleges are members of the advisory board, developing a Scottish Principals' Climate Commitment which covers both Higher and Further Education.

One piece of work conducted by the Commission in England should also be of interest to the Scottish Government and local authorities. In 2008 the Commission published a Carbon Footprint of England's 23,000 schools.<sup>29</sup> Our work highlighted that these schools emit 9.4 million tonnes of greenhouse gas emissions every year, and are responsible for 15% of public sector emissions. While analysis has not been conducted for Scotland, we would expect that Scottish schools will be responsible for a similar (or comparable) percentage of Scottish public sector emissions.

## Recommendations for Government

- The Scottish Government to build on the work undertaken by the Scottish Further Education Unit and include sustainable development literacy as part of the training for those working as lecturers in further education
- The Scottish Government's Standards Council to explore how skills and course materials relating to the promotion of sustainable development can be reflected in community learning and development courses.

## What the Commission will do

- Continue our work coordinating an expert working group advising Government on the development of its action plan for the second half of the UN Decade of Education for Sustainable Development
- Support dissemination of the results of our work on carbon footprinting in English schools.

## 4.3 A Healthier Scotland

This section includes analysis of:

<b>Health</b>	Health and wellbeing strategy and policy Fuel Poverty Estate management in the health service
<b>Food</b>	Food Strategy and Policy

### 4.3.1 Health and Well-Being Strategy and Policy

<b>Performance as shown by indicators</b>		Some successes but still major challenges on obesity and alcohol.
<b>Overall progress towards sustainable development</b>		Scale of Scotland's health challenges require action across all policy areas.

### Findings

- Over the last year the Government has taken steps to develop a more integrated approach to health with a stronger emphasis on prevention and public health. However an integrated approach that fully links health to housing, transport, environment and regeneration policy is required to radically change Scotland's poor health record
- The creation of a Cabinet Secretary for Health and Well-Being signifies a desire for a more joined up approach. The inclusion of housing within the Cabinet Secretary's remit is particularly welcome in making the links between our living environment and health
- The number of households in Scotland in fuel poverty has been steadily increasing since 2002 and is now estimated at 29% of Scottish households. The long term and sustainable solution to fuel poverty is investment in the energy performance of the poorest performing homes coupled with greater economic equality. Action on fuel poverty will have significant benefits for Scotland, creating employment and cutting emissions
- The NHS estate has, through work with Health Facilities Scotland, taken the lead in the public sector in addressing corporate environmental impacts, achieving significant cuts in emissions and in waste. Further action is required however on procurement and transport management, and on wider integration of sustainable development principles.

### The Policy Framework

<b>Better Health Better Care: Action Plan (2008)</b>	Sets out the Government's programme for the delivery of a Healthier Scotland. The Action Plan is informed by a consultation undertaken in late 2007.
<b>Equally Well: Report of the Ministerial Task Force on Health Inequalities (2008)</b>	Published in June 2008, the Ministerial Task Force has sought to identify and prioritise actions to reduce the most significant health inequalities in Scotland.

<b>Sustainable Development Strategy for NHS Scotland (2008)</b>	Sets out how the health service in Scotland intends to address its environmental impacts and wider sustainable development issues.
<b>Review of Fuel Poverty in Scotland (2008)</b>	A Government commissioned review into fuel poverty and the challenges in reversing recent negative trends.

## Analysis

### Health Strategy and Policy

The Government's vision of how to make Scotland healthier is set out in the **Better Health, Better Care Action Plan**. This aligns work on health with the Government's five Strategic Priorities and is based around a commitment to continued public ownership of the health service and to a new system of performance management.

The Action Plan acknowledges NHS Scotland's role as a corporate citizen with *"a huge opportunity to act as a force for change in shaping and influencing healthy environments far beyond hospital settings."*<sup>30</sup> It also considers other important public health challenges such as mental health and well-being. Links are made with action on diet, physical activity, obesity and environment through the action plan Healthy Eating, Active Living.<sup>31</sup>

In June 2008 the Government published **Equally Well**,<sup>32</sup> the report of the Ministerial Task Force on Health Inequalities. It identified the particular challenges of addressing Scotland's health inequalities including inter-generational issues, life circumstances and factors in the physical and social environment that cause stress and can harm well-being. The Government has recently announced the establishment of eight test sites in communities across the country that will help show how local services can work better to improve well-being.

The Commission welcomes much in Better Health Better Care and Equally Well. In broad terms the documents offer an increased emphasis on public and preventative health and on addressing the difference in average health between affluent and poorer communities and between different geographical areas. The Commission endorses the recommendations of the Ministerial Task Force and supports their uptake by Government. We also support the commitment to more cross-Government working on health.

Government must recognise however, that such positive steps can be undermined by very public decisions such as the September 2008 announcement on the removal of car parking

charges.<sup>33</sup> The Government's Hospital Car Parking Charges review group concluded that NHS Boards should provide car parking free of charge. However, they also concluded that when other measures put in place to manage car parking pressures are unsuccessful, Boards may charge for car parking facilities. Furthermore, they concluded that Health Boards should ensure that there is appropriate public transport provision to enable patients and staff working shift patterns to access hospital sites.

However, in September 2008 the Scottish Government announced that car parking charges were to be abolished, but in the statement set out no further guidance about what other ways NHS Boards might manage car parking pressures, or how to ensure appropriate public transport provision. It is unfortunate that this announcement was solely on car parking charges rather than as part of a wider package on sustainable transport for the NHS.

Looking forward, the scale of the health challenge facing Scotland means that we need to transform our approach to health. In Chapter Two we highlighted that the Government's target on obesity is simply to reduce the rate of increase in obesity rates rather than to secure a stabilisation or even reduction. Other indicators on health, including those on alcohol use, stress and mental illness, highlight significant problems and in addition Scotland faces huge challenges in addressing the impacts of our ageing population.

Addressing these issues requires more radical integrated action across all areas of Government with personal and community well-being at its heart. It also requires that reductions in inequality of income and quality of life are achieved at the same time as cutting Scotland's overall resource use and ecological footprint.

To bring this about Government must make the most of its new structure to deliver health benefits within its wider work, looking in particular at transport policy, planning, communities and the environment.

## Fuel Poverty

Fuel poverty requires urgent action. Although not a target in the national performance framework, the Government has a statutory commitment to eradicate fuel poverty “as far as is reasonably practicable by 2016”. This represents a major challenge.

Government provides a regular estimate of fuel poor households in Scotland, and assumes that for every 1% increase in fuel costs, 8,000 additional households become fuel poor, a figure which takes no account of increased household incomes or improvement in household stock energy efficiency. This data was last updated in March 2008. Energy Action Scotland has estimated that based on fuel cost rises since March 2008, 850,000 households are now fuel poor.

The Government published a Review of Fuel Poverty in Scotland in May 2008. This recognised that the prognosis for meeting the 2016 target was ‘not good’ and that there was a lack of alignment between fuel poverty policies and those on poverty alleviation, housing repair and climate change. May also saw Government reconvene the Fuel Poverty Forum a group bringing together energy companies, charities and installers, to advise on how to improve progress toward the 2016 target within available resources. The Government is due to announce its response to the report of the Fuel Poverty Forum around the time our Assessment is launched. We will provide a detailed response to this separate from this report.

Not all levers required to tackle fuel poverty in the existing housing stock are held by the Scottish Government. However one key lever the Scottish Government does hold is its funding for the Warm Deal and Central Heating programmes.

Government currently spends £45.9m on fuel poverty and in October announced an additional

£10m for 2007/08. However, it is not yet clear how the additional money will be spent or whether the additional funding will be replicated in future years. The £45.9m covered the upgrading of 16,000 homes, so the additional £10m is likely to support an additional 4,000 homes per year, dependent on what measures are chosen. The Government is currently assessing how to ensure that Scottish households get more benefit from the Carbon Emissions Reduction Tariff (CERT) scheme delivered by energy companies. If CERT funding was used in Scotland proportionate to the population it would deliver £100m per annum of energy saving investment. CERT targets at least 40% of funding on vulnerable customers.

The Government is also looking at how to better target existing grants and at the use of associated schemes such as the Climate Challenge Fund. Beneficial though this work is, it is hard to see Government making significant inroads into fuel poverty without allocating significant additional funding.

It is clear that at the current installation rate, Government will fail to meet its 2016 target by a wide margin. Even if CERT funding is used effectively in Scotland, if fuel prices stabilise and the additional £10m is replicated in future years, government will still be many years from meeting its target.

The Commission would wish to see the Scottish Government accept the recommendations of the Fuel Poverty Forum. Furthermore we strongly support its view that “Current investment levels, both from Government and other sources, are wholly inadequate, given the growing scale of the problem. Substantial further investment will be needed to meet the statutory 2016 target.”<sup>36</sup>

## Estate management in the health service

In addition to its vital role in healthcare, the NHS is the largest organisation in Scotland and one therefore with a significant corporate contribution to make to sustainable development. The health service employs 154,000 staff – 6.3% of Scotland’s total workforce. Its budget in 2008/9 is £10.6 billion rising to £11.1 billion in 2009/10.

The Scottish Government health directorates have produced a range of guidance aimed at promoting better estate management within the health service. **Health Facilities Scotland** has published environmental reports on the health service since 1998. Performance on aspects of environmental management has been strong in some areas – since 1989/90 an absolute cut of 42.5% in carbon dioxide

emissions from the NHS estate has been achieved (2006/7 figure).<sup>37</sup> Health Facilities Scotland, working with the Government, has now developed a draft *NHS Scotland Sustainable Development Strategy*. This recognises the need for the NHS to operate within environmental limits and to engage with community stakeholders.

The Commission supports the development of this draft Strategy and its acknowledgement that implementation must “go beyond environmental management towards an integrated approach to the environment, to healthy communities, and to the delivery of services”.

However, it is important that NHS Scotland considers not just the environmental impact of

its estate but its wider work. In May 2008 the Commission published a study into the carbon footprint of NHS England.<sup>38</sup> This found that NHS England was responsible for 30% of English public sector emissions, and that 60% of NHS England’s emissions stemmed from procurement.

The Commission’s Good Corporate Citizenship Assessment Model has been taken up by many NHS Trusts south of the border. The Commission would welcome the opportunity to further explore the

potential for the use of such a model by the Scottish health service.

The audit of performance of NHS boards also has the potential for enhanced integration of sustainable development. Audit Scotland is currently in the process of developing Best Value audits for health bodies. These will include an evaluation of sustainable development performance and therefore offer the possibility of audit driving better performance.

**Recommendations for Government and Public Bodies**

- Building on the work of the Ministerial Task Force the Government must create an integrated approach to policy that has well-being at its heart. This requires greater integration of all relevant policy levers. It also requires further action to help and support individuals to make better health choices
- Increase the support available to tackle fuel poverty. Current investment levels, both from Government and other sources, are wholly inadequate and substantial further investment will be needed to meet the statutory 2016 target
- Act to support sustainable procurement in the health service as part of wider public sector action on procurement
- Set out a commitment to support the uptake of the Good Corporate Citizenship model throughout NHS Scotland
- In light of announcements on car parking charges, set out more clearly the role of Health Boards in delivering on Government’s sustainable transport policies
- Support the work of Audit Scotland in integrating Best Value into the health audit process, ensuring that sustainable development performance is a central part of the assessment of NHS performance and helps promote a more sustainable approach.

**What the Commission will do**

- Build on the existing work of the Commission across the wider UK to implement the Good Corporate Citizenship model throughout NHS Scotland
- Advise Government on delivery of sustainable procurement policy
- Promote understanding of the climate change impacts of health through dissemination of our report for NHS England on the carbon footprint of health.

**4.3.2 Food Policy and strategy**

<p><b>Performance as shown by indicators</b></p>		<p>Some indicators e.g. on fish stocks shows positive trend. Others such as on fruit and vegetable consumption are negative.</p>
<p><b>Overall progress towards sustainable development</b></p>		<p>Major challenges in changing Scottish diet while at the same time reducing carbon footprint and increasing food security.</p>

## Findings

- The Scottish Government has initiated the discussion on the development of a National Food and Drink Policy for Scotland. This now needs to be taken forward through the creation of a sustainable approach to food policy that incorporates consideration of food affordability, access and security, fair supply chains and greenhouse gas emissions.

## The Policy Framework

<b>Choosing the Right Ingredients: The Future of Food in Scotland Discussion Paper (2008)</b>	Government Discussion Paper on food intended to set the direction for Scotland's first food policy.
<b>Healthy Eating Active Living (2008)</b>	An action plan on diet, exercise and obesity published June 2008.
<b>Scottish Diet Action Plan (SDAP) Review (2006)</b>	The SDAP aimed to improve Scotland's diet through a concerted approach. It set out 71 recommendations for action to improve the diets of Scots. A review was conducted in 2006.
<b>A Forward Strategy for Scottish Agriculture: Next Steps (2006)</b>	The strategy builds on and updates the 2001 strategy A Forward Strategy for Scottish Agriculture.
<b>Eating for Health: Meeting the Challenge (2004)</b>	This document provides a strategic framework for food and health in Scotland.
<b>Hungry for Success (2003)</b>	The report set out a whole-school approach to food in all schools in Scotland. An implementation report was published in 2008.

## Analysis

Food, drink and diet are significant issues for Scotland. There are long term concerns as to the quality of the Scottish diet and the knock on effects on health. There are now also major environmental and food security challenges.

Following a resolution by the Scottish Parliament in November 2007 that Scotland should have a national food policy, a national discussion on the future of food in Scotland was launched in January 2008. The discussion concluded in April and Cabinet Secretary Richard Lochhead announced in June of this year that the five key themes for action to develop the future policy have been set as:

- Supporting the sustainable economic growth of the food and drink industry
- Supporting consumers and working with the food and drink industry to support healthier

and more environmentally sustainable choices through better food education about the impact on health and the environment

- Celebrating and enhancing Scotland's reputation as a Land of Food and Drink
- Walking the talk – Getting Government to lead the way
- Affordability, access and security in relation to food.

The Commission supports the Scottish Government's commitment to developing a National Policy for Food and Drink and the broad themes for action.

However we believe it is essential to take a sustainable development approach to these issues so as to achieve integrated solutions, rather than elements being 'traded-off' against one another.

This in turn will enable progress towards the Government’s five Strategic Objectives. To this end we welcome the involvement of Commission Vice-Chair Professor Jan Bebbington in the recently established **Food and Drink Leadership Forum**.

In terms of public procurement, the **Schools (Health Promotion and Nutrition) (Scotland) Act 2007** indicates that local authorities, when purchasing food and drink, should have regard to wider sustainable development principles as set out in Scottish Ministerial Guidance.<sup>39</sup> Evidence shows that the majority of local education authorities have adopted sustainable development principles in relation to their food purchasing.<sup>40</sup>

Scotland still faces rapidly rising childhood obesity. The recent evaluation of the implementation of **Hungry for Success** showed that whilst this guidance had resulted in improvements in the quality of school meals and greater emphasis on healthy eating in the curriculum, slower progress

had been made in secondary schools, due in part to the ‘lack of priority and urgency’ afforded to meeting the recommendations.<sup>41</sup>

The Commission therefore welcomes the 2007 Act, which sets out an enabling framework for health promotion in schools, including the establishment of nutritional requirements. Furthermore, the forthcoming Action Plan on Healthy Weight, Physical Activity and Healthy Eating provides further opportunities to address the continuing poor dietary record of a large number of Scotland’s population.

One area that requires further action is with regard to climate change. Farming, food and drink are responsible for significant emissions of CO<sub>2</sub> and other greenhouse gases. Food waste is also a significant problem in Scotland with 61% of wasted food being avoidable.<sup>42</sup> Further action is required on this issue. Action taken will have significant benefits in terms of waste targets and GHG emissions as well as in terms of cost savings for households.

**Recommendations for Government**

Our full recommendations to Government on food policy are set out in our response to the Government’s discussion on a National Food Policy for Scotland.<sup>43</sup> However our core recommendations are that the Government should:

- Establish a clear definition of sustainable food and drink based on the need to promote healthy eating, support local economies, meet the needs of the less well off and live within environmental limits
- Develop closer links between policy on education, social justice, sustainable development and health and agriculture with the aim of tackling obesity and promoting good health. The Commission believes ‘choice editing’ has a role to play in encouraging people to select healthier diet options
- Develop a strategic plan for climate change and GHG reductions across the food chain from agriculture to food waste.

**What the Commission will do**

- Act as champion on sustainability within the Government’s Food and Drink Leadership Forum.

**4.4 A Safer and Stronger Scotland**

This section covers the following issues:

<b>The Built Environment</b>	Planning Affordable Housing Building Standards
<b>Sustainable Communities</b>	Regeneration The Third sector

#### 4.4.1 The Built Environment

<b>Performance as shown by indicators</b>		Positive action on homelessness but house completion target unlikely to be met.
<b>Overall progress towards sustainable development</b>		A step change in policy is required to reduce the carbon footprint of the built environment.

#### Findings

- Sustainable Communities are underpinned by an effective planning system. The new draft National Planning Framework is stronger than before and makes clear links to various sustainable development issues. However the national projects outlined in the draft, while appraised against a range of criteria, are not aligned with sustainability. Investment in such strategic infrastructure could lock Scotland in to a high carbon future, making achievement of the Government's own targets difficult
- The Commission supports the Scottish Sustainable Communities Initiative, based as it is on sustainable design and the promotion of mixed communities. The view of the Commission is that in most cases such new developments yield the greatest sustainability benefits when integrated into existing settlements
- The Sullivan Report is to be welcomed, setting out as it does a clear path towards zero whole life carbon buildings by 2030
- A greater challenge facing Scotland is in reducing emissions from existing homes and buildings. With around 1% of homes replaced every year, much of the housing stock in 2050 has already been built, often to low environmental performance standards. Meeting the Government's climate change targets therefore requires significant annual investment in retrofitting.

#### The Policy Framework

<b>Second National Planning Framework</b>	Published in the summer of 2008, the draft sets out the governments strategic aims for the planning system and identifies nine priority projects. The draft has been consulted upon and the final version is due to be submitted to Parliament late in 2008. The finalised Framework will be completed in the spring of 2009.
<b>The Sullivan Report: A Low Carbon Building Standards Strategy for Scotland (2007)</b>	Published in September 2007 it reported to Scottish Ministers as to how to move Scotland to a low carbon built environment.
<b>Housing Supply Task Force (interim report) (2008)</b>	The Task Force published an interim report on progress in May 2008. A final report is expected at the end of 2008.
<b>Firm Foundations: A Discussion Document (2007)</b>	Consultation document on the Government's proposals for addressing market failure in housing supply in terms of both housing shortage and lack of affordability. The Government's response was set out in a Parliamentary statement on 26 <sup>th</sup> June 2008.
<b>New Scottish Planning Policy (SPP) on Sustainable Development</b>	Due for publication in 2009.

## Analysis

The way we design and manage our homes and communities has major sustainability implications. Good design can help promote social inclusion, reduce crime, create economic opportunities and cut our environmental footprint.

## Planning

It is essential that all future planning decisions in Scotland help move us to a more socially, environmentally and economically sustainable society. Given the lifespan of most buildings and infrastructure, poor planning decisions taken now will lock Scotland into further decades of unsustainable development.

The Commission believes that of particular importance in this context is ensuring that all Government strategies and frameworks help contribute to significant reductions in GHG emissions. The Government's commitment to cut Scotland's emissions by 80% by 2050 is ambitious and will require action across the board. It should therefore underpin both general planning policy and guidance and the specific proposals outlined in the draft **Second National Planning Framework** (also referred to as the Planning Framework).

The draft of the new Planning Framework is set more clearly within the principles of sustainable development than its predecessor. Its stated aim, as set out in the Planning etc (Scotland) Act 2006, is to contribute to sustainable development. It is also intended to be closely aligned with the Government's Economic Strategy based as it is on *sustainable economic growth* and supported by targets on Solidarity, Equity and Sustainability.

The Commission also welcomes the commitment to long-term planning (to 2030) set out in the Planning Framework. A long term perspective is essential in helping align development to the aims of sustainable development.

## Affordable Housing

A major sustainable development challenge facing Scotland is the lack of good quality affordable housing. This, an issue for both urban and rural communities, is the result of the exponential growth in property prices and low supply of all types of accommodation, particularly affordable housing.

The Government, in recognition of this, has set a target to increase house-building to 35,000 per annum by the middle of next decade. First time buyers will also be assisted through the **LIFT** (Low Cost Initiative for First Time Buyers) initiative.

The Government's plans are laid out in a

The social aspects of sustainable communities are dealt with in 4.4.2. This section concentrates on the major challenge facing Scotland in enhancing the infrastructure of our towns, cities and other settlements. Central to this is action on three fronts: Planning, Housing and Building Standards.

In terms of specifics, the Commission supports the recognition of the '*major contemporary challenges of global competition, climate change and resource depletion*'<sup>44</sup> and of the need to move Scotland to a low carbon economy. The Planning Framework also highlights many of the social and economic challenges facing Scotland.

However, the draft of the Planning Framework does not:

- Properly set all development within an overarching framework of sustainability – sustainable development as explored in the text is largely viewed as an environmental agenda, separate from economic and social development
- Show how the overall approach to development can play a major role in creating a low carbon Scotland. This is particularly the case with regard to the nine national developments outlined in the draft. Of these eight would be expected to lead to an increase in carbon. The carbon impact of individual developments is not appraised in the report.

The Commission raised these issues in our submission to the consultation on the draft. It is hoped that they are reflected in the final version of the new Planning Framework when published. The Commission will review this more fully in our next Annual Assessment.

statement made to Parliament on the 26th June 2008. The Scottish Government, in conjunction with COSLA, has reformed the housing and planning delivery framework to help support an increase in housing supply.

The Commission welcomes these steps. However it is important that all new housing is of the highest sustainability and energy performance standards, is integrated with other housing types to create mixed neighbourhoods, and is sited appropriately in terms of transport links and access to employment and services.

## Building Standards

The Sullivan Report – A Low Carbon Building Standards Strategy for Scotland – published in 2007 and endorsed by the Government, set out a range of measures aimed at increasing the carbon efficiency of the building stock, leading to an aspiration of total life zero carbon emissions by 2030. It provides clear guidance as to improvements in building standards that should be expected for 2010 and 2013 with the aim of net zero carbon buildings by 2016/17. The report also includes recommendations as to how to reduce the carbon impact of the existing building stock.

The Commission believes that the Sullivan Report outlines a clear approach to building standards that is more holistic and which goes further than current

strategy in England. It is hoped that the Government adopts the report’s recommendations in their entirety. It is also imperative the Government develops an ambitious plan of action to address the energy performance of the existing building stock – something that the report did not address in any detail.

The Government is currently consulting on what action it should take to improve the energy efficiency of existing non domestic buildings, something which is welcomed. However, it also needs to set out clearly how it intends to improve efficiency in existing domestic buildings, something that will support its work on fuel poverty and GHG emission reductions.

## Recommendations for Government

- That the National Planning Framework is set within a clearer sustainable development framework. Of particular concern with the draft is the likely impact of most National Developments on GHG emissions
- The Government to adopt in full the recommendations of the Sullivan Report and set out a clear timetable as to how it intends to move towards the actions recommended for both new build and the existing built environment
- The Government must put forward proposals for significant further investment in improving the energy efficiency of the existing housing stock. Such action could contribute significantly to cutting fuel poverty, energy security, climate change targets and employment.

## What the Commission will do

- Review progress on fuel poverty, energy efficiency in buildings and the Second National Planning Framework in our Third Annual Assessment.

### 4.4.2 Creating Sustainable Communities

<b>Performance as shown by indicators</b>		Progress on perception of neighbourhood and on number of problem drug users. No clear trend in crime indicators.
<b>Overall progress towards sustainable development</b>		Some good initiatives promoting more sustainable communities but much to be done.

## Findings

- The Government is moving towards a more localised and integrated approach to regeneration through the launch of the Fairer Scotland Fund, delivered through Community Planning Partnerships. This presents an opportunity for more 'joined up' action on regeneration
- It is not clear as yet that all regeneration spending by Community Planning Partnerships through the Fairer Scotland Fund will be aligned with all sustainable development objectives. In particular it is not clear that environmental concerns are fully integrated into the framework for the Fund
- The removal of ring fencing for regeneration expenditure after 2010 presents a risk that investment in regeneration and communities may decline. The impact of the removal of ring fencing on regeneration expenditure must be monitored
- It is also not clear that the communities themselves will have a sufficient say in investment in their area – the record of Community Planning Partnerships to date on engagement has been mixed. Community engagement is included in Scottish Government Guidance on the Fairer Scotland Fund, and it is essential that Community Planning Partnerships create effective structures to ensure local people are part of decision making processes
- The Third Sector Enterprise Fund and the commitment to consider social aspects of public procurement offer social enterprises and the third sector new and welcome support.

## The Policy Framework

<b>Fairer Scotland Fund (2008)</b>	Established in 2008 as the central initiative to support community planning partnerships to regenerate the most deprived communities, tackle poverty and improve employability.
<b>Enterprising Third Sector Action Plan (2008)</b>	Published in 2008, the Plan aims to create an environment in which the third sector can thrive.
<b>Taking forward The Government Economic Strategy: A Discussion Paper on tackling poverty, inequality and deprivation in Scotland (2008)</b>	Consultation on this paper closed at the end of June 2008 and following this consultation a framework to tackle poverty inequality and deprivation will be published in November 2008.

## Analysis

Sustainable communities require at the local scale the same conditions as a sustainable Scotland. All policy chapters of this report therefore deal with aspects of local sustainability whether economic, social or environmental in character. This chapter concentrates on two specific issues – how we regenerate marginalised areas and how we support the Third Sector.

In promoting sustainable communities Government has a challenge ahead. SDC's 2007 report Building Houses or Creating Communities looked at delivery of the UK Government's Sustainable Communities Plan for England. It found

that the standard of implementation of various programmes was variable, and that overall the programme had focused on building or refurbishing housing rather than achieving sustainable communities. It is important that the Scottish Government looks beyond technical 'fixes' such as building standards, and instead creates settlement patterns which have greater resilience in social, economic and environmental terms.

The Commission is interested in looking at how we can better measure sustainable and unsustainable communities. For example, recent research in England suggests that people living on

streets with heavy motor vehicle traffic experience a considerable deterioration of their local social lives.<sup>45</sup> If local authorities and Government were able to map a number of such relationships they would have a better understanding of the relative sustainability of communities and how they could use existing data to monitor progress. Although not a precise measure, there are opportunities here for Government to think about how to support action on sustainable communities. This is something that the Commission plans to come back to, and we hope to work with partners such as Architecture and Design Scotland and Scottish Natural Heritage to develop this thinking further.

The Government's **Scottish Sustainable Communities Initiative** aims to encourage

## Regeneration

There have been substantial changes in regeneration policy in Scotland over the last year. Most fundamental has been the creation of the **Fairer Scotland Fund** replacing seven previous funding streams.

The Fund is delivered through **Community Planning Partnerships** with measurement of progress undertaken through the **Single Outcome Agreement** (SOA) framework. Through the creation of a single fund and the linking to wider community action the Fund is intended to act as a catalyst to integrate community regeneration with wider community priorities. Monitoring and audit processes have been significantly reduced.

In addition to the Fund, the Government is supporting six **Urban Regeneration Company** pathfinder schemes in communities facing particular challenges – Clydebank, Craigmillar (Edinburgh), Raploch (Stirling), Inverclyde, Irvine Bay and the Clyde Gateway. These are intended to operate at arms length from Government and involve public and private sector partners. Such companies have operated for longer in England and early evidence from them is positive in terms of their impact.

Beyond this, the Government is engaged in a range of action that supports the sustainability agenda. There is a focus on bringing back into productive use vacant and derelict land, both to reduce concentrations of brownfield sites in Scotland and to reduce pressure on the greenbelt as a source of land for development. The Vacant and Derelict Land Fund goes to five local authorities – Glasgow, North Lanarkshire, South Lanarkshire, Dundee and Highland – to support remediation works.

the development of integrated and sustainable settlements, either as part of existing towns and villages or as new stand-alone developments. Bids for the first round of the Initiative had to be submitted by 19 September 2008. Having received around 70 submissions the process of assessment is expected to take some time. Conclusions may be reached early in 2009.

The Commission will review progress of this promising scheme in the next Annual Assessment. However, as a basic principle it is the Commission's view that developments integrated with existing settlements are more likely to be economically, socially and environmentally sustainable than new 'stand-alone' developments.

National structures for regeneration have changed too, most significantly with the abolition of Communities Scotland on 1st April 2008. Most of its non-regulatory functions have been transferred to the Government's Housing and Regeneration Division while its regulatory role is now undertaken by the newly established Scottish Housing Regulator.

The Government plans to launch a national framework for tackling poverty and inequality in November 2008.

The Commission believes that the creation of a single integrated regeneration fund and its linking to wider action through Community Planning Partnerships offers a model that has potential to encourage more cross-cutting action.

It is not clear as yet however that the framework for the Fund will be aligned fully with sustainable development principles. The Government intends that the Fund is guided by the national performance framework and in particular by a 'Strategic Line of Sight' representing those Objectives, outcomes, indicators and targets felt most relevant to regeneration.<sup>47</sup>

While action through the Fund is linked to all five Strategic Objectives, the national outcomes, indicators and targets that are in the 'Strategic Line of Sight' are focused largely on measures linked directly to inequality and poverty (see Table 5). The suggested measures within the draft menu of local indicators prepared by the Local Government Improvement Service also concentrate on a traditional view of sustainable communities based on education, crime, neighbourhood quality and health.

**Table 5** 'Strategic Line of Sight' for national and local indicators

National indicators and Targets	Menu of locally relevant indicators
<p><b>Indicator 7</b> Increase the proportion of school leavers in positive and sustained destinations.</p> <p><b>Indicator 10</b> Decrease the proportion of individuals living in poverty.</p> <p><b>Indicator 28</b> Increase the percentage of adults who rate their neighbourhood as a good place to live.</p>	<ul style="list-style-type: none"> <li>• % of school leavers going into employment, education or training.</li> <li>• Number of claimants in receipt of out of work benefits per 1,000 of population.</li> <li>• Proportion of children living in households that are dependent on out of work benefits or Child Tax Credit.</li> <li>• Number and percentage of children attending publically funded schools and achieving appropriate levels for stages 5-14.</li> <li>• Deaths per 100,000 population from coronary heart disease and all cancers.</li> <li>• Pregnancies among under 16 year olds per 1,000.</li> <li>• Estimated number of people being prescribed drugs for anxiety, depression or psychosis.</li> <li>• Alcohol related hospital admissions.</li> <li>• % of adults stating their neighbourhood as a very or fairly good place to live.</li> <li>• % of adults stating they feel safe when at home alone or in their neighbourhood at night.</li> <li>• Volume and rate of recorded crimes and offences per 10,000 population.</li> <li>• Number of employable vulnerable sustaining paid employment for 6 months or more.</li> <li>• Membership uptake in local authority and local authority supported leisure centres.</li> </ul>

While the Commission accepts there is a need for the Fairer Scotland Fund to concentrate on these particular aspects of sustainable development (regeneration and social inclusion), it is important that action is grounded in wider sustainability principles. The Regeneration Outcome Agreements developed by the previous administration included commitments to environmental outcomes. It does not appear that the Fund has incorporated such outcomes and could thus lead to low environmental standards.

The Fund has been developed over a short space of time and it is not apparent that there has been much engagement with communities in shaping the Fund. In their guidance on the Fund issued in December 2007 and February 2008,<sup>46</sup> the Government stressed the importance of engagement and requested that evidence of engagement be

presented in final submissions. The track record of Community Planning Partnerships in engaging communities is not strong and so it is important that this guidance is properly taken on board as actions under the Fund's guidelines develop.

Looking forward, from 2010 the Fund will no longer be ring-fenced and will be absorbed into the general local authority settlement and reported on through Single Outcome Agreements. It is intended that all Community Planning Partnership priorities related to regeneration, employment or anti-poverty outcomes will be integrated into these Agreements. While there is potential for this to lead to more joined-up decision-making based on local priorities, there is also the risk that regeneration funding will be reallocated to other budgets. Investment in regeneration post-2010 must therefore be monitored.

### Third Sector

Also of importance to local sustainability is the health and vitality of community and voluntary organisations, the so-called ‘Third Sector’.

An **Enterprising Third Sector Action Plan** was launched by Government in June 2008. The Plan includes objectives aimed at supporting the third sector through procurement, and promoting social entrepreneurship. Specifically there is a commitment to measure public sector spend in the social economy.

There is also a pledge to establish a £30million

Scottish Investment Fund intended to encourage enterprise in the Third Sector through strategic investment. A Third Sector Enterprise Fund has also been established. These funds replace previous support provided to the Third Sector through earlier funding streams.

Also of interest is a commitment to develop independent data on each organisation’s social and environmental outcomes and reduce the amount of monitoring that an organisation needs to undertake.

### Recommendations for Government and Community Planning Partnerships

- The creation of the Fairer Scotland Fund as a single focus for regeneration activity, and its delivery through Community Planning Partnerships is to be welcomed. However, it is important that funding allocated by Partnerships is aligned with sustainable development principles. Particularly important is that all new capital investment is directed towards construction of the highest environmental standards, and that it supports integrated communities
- One vital partner that has not always been at the heart of Community Planning Partnerships is the community itself. Given the central role that these Partnerships now have in regeneration and joined-up community level action, they must ensure that sufficient emphasis is placed on the involvement of the community in their work
- A commitment to use public procurement to help promote social enterprise is very positive, as are aspirations to promote ‘greener’ procurement. To deliver on these commitments requires stringent monitoring and capacity building among procurement staff – the Government must incorporate these fully into its framework for sustainable procurement.

### What the Commission will do

- Work with partners to explore the concept of indicators for Sustainable Communities
- Provide advice and support to Government on sustainable procurement.

## 4.5 A Greener Scotland

This section covers the following issues:

<b>Climate Change</b>	Climate Change Strategy and Policy
<b>Natural Heritage and Resources</b>	Ecological Footprinting Biodiversity
<b>Waste</b>	Waste Policy and Strategy

### 4.5.1 Climate Change

<b>Performance as shown by indicators</b>		Emissions rose in last year after steady decline. Far greater reductions required.
<b>Overall progress towards sustainable development</b>		The Government is creating some of the machinery required to radically cut carbon but overall cuts in emissions not close to what is needed.

### Findings

- Scottish emissions continue to fall, but at well below the rate that will be required by the Scottish Climate Change Bill. Average annual reductions in GHGs over the last decade have been only 1% when in future, at least 3% annual reductions will be required
- Government should now set out the short, medium and long term policy options which can deliver planned emission reductions
- Action on carbon assessment shows that the Scottish Government is at the forefront of international thinking on how to integrate action on GHG emissions with overall Government policy and programmes. The challenge will be to ensure that carbon assessment tools are linked to Government budget and policy development and used to steer them along a low carbon path.

### The Policy Framework

<b>Changing Our Ways: Scotland's Climate Change Programme (2006)</b>	This document set a framework to deliver carbon savings and to reduce Scotland's vulnerability to climate change through a series of voluntary, regulatory and educational measures.
<b>Scotland's Climate Change Programme – Second Annual Report 2007-08 (2008)</b>	Second annual report setting out progress on actions within Changing Our Ways to reduce Scottish GHG emissions.
<b>Climate Change: Consultation on Proposals for a Scottish Climate Change Bill (2008)</b>	Consultation published in January 2008.
<b>Adapting Our Ways: Managing Scotland's Climate Risk (2008)</b>	Consultation published in June 2008 to inform Scotland's Climate Change Adaptation Framework.

### Analysis

Climate change represents perhaps the most significant challenge facing Scotland and the world. Establishing a clear framework for reducing Scottish emissions is necessary – scientific advice is that we need to cut emissions now if the world is to avoid reaching tipping points in greenhouse gas concentrations beyond which dangerous climate change is expected. While Scottish emissions make up only a small proportion of global emissions,

action here is important not only because of our historic responsibility for emissions but also to bring international leadership and to demonstrate how developed countries can successfully put themselves on a reduction pathway.

In 2008 the Scottish Government consulted on proposals for a Scottish Climate Change Bill. The consultation confirmed that the Scottish Government intended to set a reduction target of

80% by 2050 (on 1990 levels). Following on from this a draft Climate Change Bill is due to be submitted to the Parliament at around the same time as this report is published.

On October 7th 2008 the **UK Committee on Climate Change** wrote to Ed Miliband, UK Minister for Energy and Climate Change setting out its recommendations ahead of the publication of its first report. The recommendations are that:

- The UK should aim to reduce Kyoto greenhouse gas emissions by at least 80% below 1990 levels by 2050
- The costs to the UK from this level of emissions reduction can be made affordable with appropriate policies and trajectories
- The 80% target should apply to the sum of all sectors of the UK economy, including international aviation and shipping, though the scope of the UK Bill should not be extended to include international aviation and shipping.

Responding to the Committee's letter, on the 8<sup>th</sup> October John Swinney, the Cabinet Secretary for Finance & Sustainable Growth wrote to Ed Miliband MP to support this advice, noting that "This advice will have a significant bearing on our forthcoming Climate Change Bill".

This suggests that the Scottish Government is minded to adopt the findings of the Committee, which we would support. The Commission is also of the view that:

- Government should set interim targets for 2020 and 2035. Interim targets will be necessary to send a strong signal about the need for significant and early reductions in Scottish emissions

- A duty to tackle climate change should be set for public bodies. Without this Scottish public bodies will not see climate change as of primary relevance or interest to their work and are unlikely to adequately support the Government's action to reduce emissions by 80% by 2050.

Regarding Government targets, if the longer term 2050 target is to be met, then emissions reductions of approximately three per cent a year will be required. However, because economic growth and greenhouse emissions have not been sufficiently decoupled, the Government's GDP target will require more significant real term annual cuts to be made.

The Commission supports the inclusion in the national performance framework of a shorter term target for emission cuts. However the Commission believes this target is incomplete and a clear percentage target for reduction of emissions by 2011 should be set. The correct moment to do this is when the Government introduces its Climate Change Bill in the Scottish Parliament.

Given the evolving consensus around key aspects of the Bill, the Government must also expect that it will receive increased interest and scrutiny in a delivery pathway for emission reduction. At the same time as setting out the level of emissions reduction to be delivered by 2011, Government must also set out how it plans to achieve this. As carbon budgets for future periods are developed, Government will need to set out its plans for how it intends to deliver emissions reductions within these budgets.

### Climate Change Adaptation

Alongside its work on mitigation (emissions reduction) the Scottish Government has also consulted on climate change adaptation (dealing with risks from a changing climate). In June 2008 the Scottish Government released *Adapting Our Ways*, a consultation to inform Scotland's Climate Change Adaptation Framework.

The consultation recognises that "Climate change is one of the most serious threats facing Scotland and the world today" and sets out six strategic principles and five priority actions for climate adaptation. The Government is conducting a two stage approach to this consultation, with this first stage consultation closing at the end of October 2008, followed by a second consultation in early 2009 on the detailed proposals for the final framework. The Scottish Government has also looked at future flooding risks, and how climate change will impact on the Scottish road network. The Second National Planning Framework consultation outlines how strategic planning might take account of a changing climate, for example through creating a national habitat network as a major contribution to safeguarding biodiversity.

The latest emissions data show that emissions of greenhouse gases are not reducing by the required amounts. While the overall trend is down (i.e. progress is being made) and while the latest data relates to 2006, the average annual reduction is insufficient and below what will be needed if Scotland is to meet its expected climate change reduction targets. Of greater concern is the fact that emissions rose in 2006.

Between 1990 and 2005 CO<sub>2</sub> emissions reduced by 12.3%. Annual emissions data has been available since 1998, and this data shows that between 1998 and 2005, the average annual percentage reduction in CO<sub>2</sub> emissions was 1.6%. However, data for 2006 shows a 5.4% increase in Scottish emissions due to an increase in the use of coal for electricity production that year. If this increase is factored into calculations, it means that over the last eight years the average annual percentage reduction has been closer to 1%. While much of the emission increases stem from sites covered by the EU Emissions Trading Scheme – meaning that emissions increases will need to be traded within Europe – this does demonstrate the difficulty of delivering actual reductions within Scotland.

Action on carbon assessment is very welcome and represents a significant step in integrating GHG emissions into future spending decisions. While carbon assessment has been used in the private sector, this is thought to be the first time any national Government has sought to use these tools across the whole administration. The development and use of carbon assessment by the Scottish Government does though represent a significant challenge – it is important that the system adopted allows for as accurate an appraisal of carbon impacts as possible and that this impacts positively on the ‘carbon footprint’ of Government in line with climate change targets.

A **carbon balance sheet** is also being developed for transport emissions. This is intended to help inform the 2010 National Transport Strategy review. It will show which transport sectors and sources are responsible for the greatest proportion of emissions, and how these emissions are changing. It will also highlight which future transport policy options could have the greatest influence on emission levels.

The carbon balance sheet has the potential to be a useful tool. However, to meet overall targets, Government will need to use the balance sheet to define the allocation of carbon for transport. Transport spending will have to be used to change transport patterns in Scotland to keep emissions within this allocation, not simply as an analysis tool that only records a rising carbon “debt” that transport use is accumulating from the wider Scottish economy.

Scotland continues to make significant progress on the development of **renewable energy**, and this has been one of the clear successes of the new administration. The Scottish Government has increased the 2020 target for renewable electricity to 50% of gross consumption. It has also set a nine month determination time for new section 36 applications, provided additional funding for household and community renewables, has increased the rate of consents for large scale renewable energy projects, and is setting up a Saltire Prize to stimulate development of marine renewables.

While these developments are to be supported, it must be stressed that action on energy generation alone will be insufficient to deliver the scale of emissions reductions needed. Emissions data from 2006 also highlights how easy it is for achievements in renewable energy development to be undermined by wider changes in the energy market, by changing demand patterns or by growth in transport emissions.

This means that while Scotland needs to continue moving towards more sustainable sources of generation, further action is needed to deliver reductions in energy demand from business and households, particularly in existing buildings, so that overall demand for energy can be capped.

It is also worth commenting on the issue of **nuclear power** and its role in energy policy. In 2006 the Commission undertook a comprehensive review of nuclear power,<sup>48</sup> and provided advice to the UK Government on whether nuclear power could be seen as a sustainable option. Our report to Government was based on eight new research papers, and recognised that nuclear power is a low carbon technology, with an impressive safety record in the UK. Nuclear could generate large quantities of electricity, contribute to stabilising carbon emissions and would add to the diversity of the UK’s energy supply.

However, our report identified five major disadvantages to nuclear power, covering long term waste, cost, inflexibility, the undermining of energy efficiency and international security. Our report concluded that on balance these problems outweighed the advantages of nuclear and that it could not be seen as a sustainable energy option at this time. On the basis of this, we support the Scottish Government’s decision not to support a new generation of nuclear plants in Scotland but to pursue energy goals through other means. We note that this issue has been raised by the Scottish Parliament’s Economy, Energy and Tourism Committee and the Government’s Committee of Economic Advisers. We would be pleased to provide further details from our report to these two bodies if required.

## Recommendations for Government

- The Scottish Government should set a specific target for a percentage cut in emissions to be delivered by 2011. Given the scale of the challenge (in absolute terms), Government must challenge itself and set targets that equate to the three per cent absolute annual reductions required
- The Climate Change Bill must enable Government, the public sector and indeed the whole of Scottish society to act to reduce greenhouse gas emissions at the rate required to meet the 80% target. We would expect the Scottish Government to follow the recommendations set out by the Committee on Climate Change
- The development of carbon assessment across Government and a carbon balance sheet for transport are both welcome steps. More clarity is needed from Government about how it intends to use the balance sheet to reduce transport emissions as part of an overall package of carbon assessment and management.

## What the Commission will do

- Act as a sounding board to Government on carbon accounting tools
- Provide advice to Government on the development of a Climate Change Bill and as part of a Strategic Overview on policy options for emissions reductions in the short, medium and long term
- Provide information on our work on nuclear power as required
- Help inform the Parliamentary scrutiny of the draft Climate Change Bill through the organisation of expert workshops for MSPs and Government officials.

### 4.5.2 Natural Heritage and Resources

<b>Performance as shown by indicators</b>		Many indicators do show positive trends. However ecological footprint still well above sustainable levels.
<b>Overall progress towards sustainable development</b>		Many local indicators of water quality etc positive but must address unsustainable consumption and production.

## Findings

- Scotland's current consumption of resources is, as is the case for most industrialised countries, at a level considered three times more than is ecologically sustainable. Action to curb the impact of consumption is therefore required
- There is no consistent trend in biodiversity in Scotland. Some species groups are improving while others, such as breeding seabirds, are in decline. Further concerted action is required to address species and ecosystems experiencing stress

- Scotland’s fishing fleet continues to face challenges related to low fish stocks and high fuel costs. The Government’s response, encouraging sign up to sustainability certification and to measures that enhance the fuel efficiency of the fleet, is welcome. However the scale of the challenge requires strong and consistent action to be continued
- The natural environment in Scotland is already showing signs of climate related change. Impacts are not uniformly negative but it is clear that climate change is likely to put significant pressures on Scotland’s existing natural heritage, particularly sea birds and montane species. A clear response to this is needed and as such, the Government’s commitment to an adaptation strategy is welcome.

## The Policy Framework

<b>Scotland’s Biodiversity – It’s in your hands – A Strategy for the conservation and enhancement of biodiversity in Scotland (2004)</b>	This is Scotland’s response to its obligations under the UN Convention on Biological Diversity and the UK Biodiversity Action Plan.
<b>Scotland’s Biodiversity – It’s in your hands – A Progress Report 2005-7 (2007)</b>	Published in November 2007, the progress report outlines what has been achieved against biodiversity targets.
<b>Scottish Forestry Strategy (2006) and Implementation Plan (2008-11)</b>	The Scottish Forestry Strategy sets out an overall vision for a forestry sector.
<b>Seas the Opportunity (2005)</b>	The Government’s vision for a healthy, safe, productive and biologically diverse marine environment managed to meet long term objectives for people and ecosystems.
<b>Sustainable framework for Scottish Fisheries (2005)</b>	Sets out how the Government intends to secure a sustainable future for Scotland’s sea fisheries.

## Analysis

### Ecological Footprint

According to ecological footprint calculations, an average Scot currently uses more than three times their fair share of global resources, which means as far as use of resources is concerned, Scotland as a whole is currently living beyond its means. This is no worse than for most Western nations – unsustainable consumption is a problem across the developed world – but the trend in Scotland’s footprint must be set on a downward path.

A particular challenge will be aligning a reduction in our environmental footprint with a desire for higher levels of GDP growth. Evidence shows that those areas with stronger economies (e.g. Aberdeen and Edinburgh) tend to have higher footprints than those (e.g. Glasgow and Dundee) with weaker economies. It is important that the Government’s action to stimulate the economy and

reduce disparities between regions is set within a framework where increases in resource use efficiency exceed our overall growth in consumption.

The benefits of addressing Scotland’s overconsumption are not just for national and global ecosystems, vital though they are to sustaining human life. Recent rises in food and fuel prices have been an indicator that we are moving towards a global economy, with living standards elsewhere rising closer to Western ones. Reducing Scotland’s footprint will thus become an economic necessity, helping us maintain quality of life in a globalised world.

Indicators also show that we are living unsustainably in relation to a wide range of resources. Specific actions required on Energy, Food and Waste are set out elsewhere in this report.

## Biodiversity

Maintaining and enhancing biodiversity is another significant challenge looking forward. Progress will be affected by our ability to ameliorate climate change and effectively adapt to its impacts on flora and fauna. Notwithstanding this, much can

still be done and it is apparent that certain species and ecosystems require far more concerted action. All public bodies have been given a duty to 'further the conservation of biodiversity' but it is not apparent how this is translating into practice.

## Air, Water and Soil Quality

Water, air and soil quality reflect the health of Scotland's ecosystems, and, by extension, of its people. There are clear links with transport policy and physical and mental health as well as with industrial regulation, land use policy and overall resource use, and with waste.

With much smaller population density than England, levels of air pollution are relatively low compared to UK averages. However, heavily congested urban centres, especially parts of Edinburgh, Aberdeen and Glasgow, are at risk of exceeding air quality limit values set out in the Air Quality Standard (Scotland) Regulations 2007.

Water quality is often considered separately in marine policy, drinking water quality and river quality. Data for these three areas suggest quality levels have maintained a slight upward trend in the last 5-10 years, with the exception of bathing water quality in 2007 (2008 figures are not yet available). SEPA has suggested that the dip in bathing water

quality is mitigated by an increase in wet weather over recent years. However, there is every indication that this trend is likely to continue into the future, and needs to be factored in as part of climate change adaptation strategies. Some beaches are failing quality standards set by the Water Framework Directive.

The consultation on a **Scottish Soil Framework** closed for responses in September 2008. There is less current information on soil quality, compared to water and air quality. Soil is essential for healthy food – and is at the heart of all life – and as such should arguably be given a higher policy profile. Overall, the indicators suggest that soil quality in Scotland is generally robust. However there are two main areas for concern. Firstly, peatland – which has high carbon content – is under threat in various places. Secondly, high levels of diffuse pollution (see water quality, above) point to an over-use of agricultural fertiliser.

## Marine issues

The Scottish Government is planning a **Marine Bill**, to set out a new relationship with Scotland's seas. It is intended to safeguard this natural resource for future generations through better, more sustainable management and protection of our ecosystem. It aims to modernise and streamline the management of the marine environment to deliver sustainable economic growth.

The consultation makes proposals for the sustainable management of Scotland's seas and coast, including coherent framework measures for

marine planning, conservation and sea fisheries. It aims to enhance Scotland's stewardship of the seas, support sustainable development and provide protection for the marine environment, recognising the many social, cultural and economic benefits that the seas deliver and safeguarding these benefits for future generations.

The Commission is supportive of the Marine Bill and the intention behind it of developing an integrated approach to marine management.

## Recommendations for Government

- Following the publication of new footprint data the Government should develop an action plan setting out how it intends to stabilise and then reduce Scotland's ecological footprint. Action to cut the footprint could have significant economic, social, health and environmental benefits
- Clear action is required to address those aspects of biodiversity that are showing a negative trend at present. While it is accepted that some changes in biodiversity are an inevitable consequence of climate change, more still needs to be done to protect and enhance those aspects of biodiversity that are currently in decline

- The Government, working with the fishing industry, must move towards a situation where 100% of Scotland’s fisheries are sustainable.
- In partnership with SEPA, Local Authorities and other relevant parties continue to act to address air and water quality issues. It is also important that the likely impacts of climate change on air and water quality are fully considered.

### What the Commission will do

- Support and advise the Government on action to cut Scotland’s footprint through integrated action on economic development, transport, waste management and resource use.

### 4.5.3 Waste

<b>Performance as shown by indicators</b>		Progress on recycling strong. Waste arisings fell last year but too early to determine a trend.
<b>Overall progress towards sustainable development</b>		Much to be done to deliver a ‘zero waste’ society.

### Findings

- The Government’s use of ‘Zero Waste’ to guide development of future waste policy and delivery is very welcome
- Scotland’s performance on municipal waste recycling continues to improve with latest figures showing that 31.7% of municipal waste is now being recycled or composted. As a result of this increase, the level of municipal waste going to landfill continues to fall
- The Scottish Government has announced its intention to increase municipal waste recycling and composting targets, and cap the level of municipal waste being sent to landfill and used in energy from waste
- More action on waste avoidance is needed to complement work on recycling
- Government’s move to link action on waste to its National outcome on sustainable production and consumption is welcome, but more focused action on waste prevention and business waste is needed.

## The Policy Framework

<b>National Waste Strategy (1999)</b>	Scotland's approach to waste management stems from this strategy which was published by SEPA and adopted by the Scottish Executive in 1999.
<b>National Waste Plan (2003)</b>	This established the direction of the Scottish Executive's policies for sustainable waste management.
<b>Business Waste Framework (2007)</b>	This framework sets out a strategy for addressing commercial and industrial waste.
<b>Household Waste Prevention Action Plan (Scotland) (2007)</b>	This plan sets out actions that will be taken to stop the growth in municipal waste by 2010 and then reduce it thereafter.
<b>Statement to Parliament on waste policy (2008)</b>	On the 24th January 2008, Richard Lochhead MSP, the Cabinet Secretary for Rural Affairs and the Environment, made a statement to Parliament outlining future direction of waste policy.
<b>Potential Legislative Measures to Implement Zero Waste (2008)</b>	This consultation sets out seven proposals for changing legislation to support further action on waste.

## Analysis

Within the National Performance Framework, Government has set a National Outcome that "We reduce the local and global environmental impact of our consumption and production." The 2007 Spending Review commits Scotland to move towards a 'zero waste society' and to reduce the amount of biodegradable municipal waste sent to landfill.

Government's commitment to tackle waste as part of an outcome covering sustainable production and consumption is welcome, but overall more concrete actions will be needed to make significant progress in this area. National and local government action has traditionally focused on meeting landfill diversion targets set out in the EU Landfill Directive. This has ensured significant progress in increasing recycling and composting rates for municipal wastes, but there has been little significant action on the overall growth of waste levels in municipal waste or business wastes. 2007's **Business Waste Framework** and **Household Waste Prevention Action Plan (Scotland)** were both welcome policy developments from the previous administration, but both rely too heavily on voluntary action, despite the pressing need to begin reducing overall waste levels.

Our first Assessment concluded that "Scotland's historic performance on waste management has been poor both in absolute terms and in comparison with our European neighbours" but noted that there has been significant progress over the last few years to tackle this poor performance. Over the last

twelve months the Scottish Government and local authorities have continued to make progress, and Government is also reviewing overall waste policy and direction.

Also relevant is the Commission's report **A Burning Issue**<sup>49</sup> published in December 2007 after a request by Government for advice on energy from waste. Since providing our advice to Government, Richard Lochhead, the Cabinet Secretary for Rural Affairs and the Environment has made a statement on waste policy to the Scottish Parliament, in which he set out Government waste priorities within a Zero Waste framework, and announced plans to develop a new National Waste Management Plan.<sup>50</sup>

The statement included proposed revised targets for municipal waste recycling and composting of 60% by 2020 and 70% by 2025, a cap on landfill of municipal waste of 5% by 2025 and a limit of 25% set on the amount of municipal waste that could be dealt with by energy from waste. On energy from waste, Government also announced its opposition to "large inefficient energy from waste plants" and set a national and regional cap on energy from waste from municipal waste. SEPA is expected to follow up this statement with the publication of new Thermal Treatment Guidelines early in 2009 that will detail the regulatory limits allowed for thermal treatment of waste.

Government has also announced the setting up of a new Zero Waste Think Tank "with a remit to advise Scottish Ministers, in the context of the

*revision of the National Waste Plan, on innovative and creative policies that assist in moving towards a zero waste Scotland, the environmental, social and economic implications of these policies and the work that needs to be done to implement these policies.*<sup>54</sup>

In August 2008 the Scottish Government also launched a consultation on **Potential Legislative Measures to Implement Zero Waste**.<sup>52</sup> This consultation sets out seven proposals for changing legislation to support further action on waste.

Individually and collectively, these initiatives

around waste are very welcome. The overall targets set out by the Cabinet Secretary indicate a desire for further action on municipal recycling and composting targets. The conditions set out on issues around energy from waste will allow development of such plants in a sustainable manner. In our First Assessment and A Burning Issue report the Commission advised Government about the need for more concerted action on prevention and business waste. The work of the Think Tank and the latest consultation on Legislative Measures indicates Government is taking these concerns on board.

## Recommendations for Government

- The Government review of waste policy and the establishment of the Zero Waste Think Tank are welcome. Government will need to consider the conclusions of this Group when drafting its revised Waste Management Plan and in particular, will need to focus on how to tackle waste prevention and business wastes to deliver on its Outcome to reduce the local and global environmental impact of consumption and production
- Government will need to work closely with local authorities to ensure that local action on waste continues apace. Further

waste infrastructure is required if recycling and landfill avoidance rates are to improve further. Government must ensure that there is sufficient expertise and advice to help local authorities here, and that waste infrastructure requirements are properly factored into the Second National Planning Framework

- Government to make a stronger link between waste and climate change policies (both in terms of waste heat and waste biomass developments) and set in place wider measures to cut waste emissions.

## What the Commission will do

- Jan Bebbington, Vice-Chair of the Commission sits in a personal capacity on the Government's Zero Waste think tank. The Commission will provide information to Professor Bebbington and the think tank as required

- Provide advice to Government as part of the advocacy of our A Burning Issue report.

**“People moan about the rain, but we love it!”**

This is the roof of St. John’s Hospital in Livingston, West Lothian. The hospital has installed a rain water harvesting system to supply water for its laundry.

The cost of installing the ‘grey water’ system was quickly recovered through 30% savings in water.

# Leading by Example



## 5.1 Findings

- The Government has taken steps to better address the sustainability of public procurement. However the Scottish Government still lags behind the UK Government in this regard and more concerted effort is required to focus public expenditure on positive economic, social and environmental outcomes
- Public sector procurement has huge sustainability impacts but reporting on the sustainability of procurement is not included in current environmental performance reports
- Government needs to improve the current system of environmental reporting to allow better scrutiny and support
- In the last year the Government has made solid progress against its targets for water conservation, travel, biodiversity and waste
- Far less progress has been achieved in cutting energy related CO<sub>2</sub> emissions. No significant reduction has been made since 2002/3 and on present trends targets for 2011 and 2020 will not be met
- When compared to Whitehall, the Scottish Government performs better than average against most environmental performance indicators. However it does not match the best performing departments of the UK Government. More action is therefore required before the Scottish Government can be considered an exemplar of good practice.

## 5.2 Introduction

Achieving high sustainability standards in the operation of the Scottish Government estate is an integral part of effective and efficient management; it is also important as a demonstration of commitment and leadership, setting an example for others in the public sector and beyond.

The Government directly employs 6,962 staff (2006/07 figures), working from 36 small, medium and large offices Scotland. Its corporate impact (in terms of purchasing policy and resource use) is therefore significant.

### 5.2.1 Procurement

Public procurement has the potential to promote a more sustainable Scotland. The public sector in Scotland spends around £8 billion per annum on goods and services.

Public procurement is a devolved activity and the Government's responsibility for public sector procurement policy, including policy on sustainable procurement, is discharged through its Scottish Procurement Directorate, in conjunction with other bodies such as the Public Procurement Reform Board and the cross sectoral Public Procurement Policy Forum. This Directorate also engages with other external parties including the Sustainable Scotland Network and the Local Authority Working Group on Sustainable Procurement, as well as other parts of the Scottish Government including Greener Scotland.

Current procurement policy is guided by the Scottish Public Finance Manual and by legislation, but it has also been influenced by two significant reports. Published in 2004, the **Building a Better Scotland** report contained a commitment to conduct a review of public procurement in Scotland in 2005. This was undertaken by Professor John McClelland, and his report was published in 2006.<sup>53</sup> In response

to the **McClelland Report**, the Government undertook a range of actions including the launch of the **Public Procurement Reform Programme**.

Part of the Public Procurement Reform Programme has been to set up five centres of expertise to support "better collaboration and increased efficiency across the public sector." Four of these centres have objectives of sustainable development within their remit.

A **Scottish Sustainable Procurement Action Plan** will be published in late 2008. It will include a means by which public bodies can assess their performance on sustainable procurement, a methodology for mainstreaming sustainability as part of everyday procurement activity and guidance on various aspects of sustainable development which should be considered when identifying organisational requirements and future procurement activity.

A core set of National Procurement Best Practice Indicators has also been developed. This includes two indicators aimed at boosting the local economy and the third sector. These will be supplemented by indicators relating to sustainable procurement.

The Procurement Directorate has issued

guidance on how the social, environmental and economic aspects of sustainable development can be incorporated into public procurement.

The Commission's view is that the Government has made progress in developing a framework within which procurement can be made more sustainable. Performance in developing such a framework does however lag behind that of the UK Government. We believe the Government should build on its current work in this field in the following ways.

Firstly, the Scottish Sustainable Procurement Action Plan needs to set out clear and practical actions to ensure sustainable criteria inform purchasing decisions across Government. As part of this Government should set out what "Quick Wins" it intends to adopt straight away.

Secondly, Government should encourage non-departmental public bodies, agencies and the wider public sector to develop organisation-specific

sustainable procurement action plans that set out in detail the policy, procedures and targets that each organisation should deliver. One means of doing this would be to add a sustainable procurement Best Practice Indicator (BPI) for public bodies on the development of a sustainable procurement action plan.

Thirdly, independent scrutiny of work on sustainable procurement must be put in place. This should be through introduction of a scrutiny process similar to the Sustainable Development in Government reviews that take place in the UK Government.

The Commission intends to engage with the Scottish Government over the coming year on sustainable procurement, and provide practical advice on how to implement sustainable procurement and better mainstream its work across Government.

### 5.2.2 The Government's approach to Corporate Sustainability

The Government has set environmental management targets for 14 buildings that together account for 90% of floor area and 95% of staff. Senior Management has overall responsibility for delivery on environmental performance. Action in each of the 14 target buildings is taken forward by operational Environmental Working Groups and supported by Environmental Management Systems being developed based on the ISO14001 certified system currently operating at Victoria Quay.

The Government has reported annually on progress since 2001 with independent consultants commissioned to verify the accuracy of the data produced. The most recent report was issued at the end of last year and covers financial year 2006/07. Our analysis is based on the information provided

in that report and thus reviews the period up to the end of March 2007.

In addition to its in-house targets the administration has sought in recent years to encourage wider public sector action. In May 2007 the **Leading by Example Programme** was established to examine the environmental performance of the public sector and ensure it is a visible leader, taking the Greener Objective into account in all policies and their impacts. This enabling programme brings together and builds on existing activity by the Scottish Government, NHS Scotland, Local Authorities and other government bodies.

The Government has also encouraged volunteering by staff as part of their overall approach to corporate social responsibility.

### 5.2.3 Review of Government Reporting Procedures

In our First Assessment we made recommendations to Government regarding its reporting procedures. We welcome the fact that two of our main recommendations have been adopted:

- The Government has maintained the baseline years for all its targets allowing progress towards targets to be more easily appraised
- The Government has adopted the template we suggested to present its summary of progress towards all targets.

The Commission's view is that further clarity could be provided by showing trends towards targets within the summary of progress. Rather than simply state that a target is 'in progress' the table should indicate clearly whether the trend is positive, negative or neutral/unclear. This would bring presentation in line with that used in reporting the Government's national performance framework. See Table 6 overleaf.

**Table 6** Suggested reporting format

	Baseline	Current Performance and Trend	Target	Action Required	By When
<b>Waste</b>					
Reduce the amount of office waste going to landfill by recycling 80% of total wastes arising by March 2007.	n/a	78% recycling rate ↓	80% recycling rate	Set new target	n/a
Reduce total wastes arising by 25% by 2020 relative to 2006/07 levels.	1227 tonnes	1227 tonnes ↔	920 tonnes	Reduce waste production by 307 tonnes	March 2020
<p><b>Progress</b></p> <p>The 1227 tonnes of wastes produced during 2006/07 is 11% less than last year. 78% of this was recycled missing the 80% target but a new target to achieve 80% recycling has been set in support of the new waste reduction target.</p>					
<b>Water</b>					
Reduce the average water consumption in our key buildings to 7.0m <sup>3</sup> per person per year by March 2009.	n/a	6.79m <sup>3</sup> per person ↑	7.0m <sup>3</sup> per person	Set stronger target	n/a
<p><b>Progress</b></p> <p>The 2009 target has been achieved and a new one has been set to reduce the average water consumption in our target buildings to 5.5m<sup>3</sup> per person by 2020.</p>					

### 5.2.4 Review of Progress

As was the case last year progress against targets has been mixed.

On the positive side there has been strong performance on water efficiency, an area which in the previous annual report, had been identified as a particular weakness. Targets in transport and biodiversity have also been met and waste recycling performance is good although falling just short of target.

Other areas of performance are more mixed. Energy related CO<sub>2</sub> emissions have fallen since the baseline year of 1999/2000 but most of the gains were achieved in the early years, and performance has been flat since 2002/03. Far more impressive performance will be required to meet

the Government's longer term target of a 30% cut by 2020. While recycling performance has been strong, that on waste arisings has been less so – the Government generates more waste now than it did in 2004/05 although there has been progress over the last year.

Overall the performance of the Scottish Government is stronger than the average performance of UK Government departments. It does not however match the best performing departments in Whitehall.

Details of progress are shown in Table 7 (below). A more detailed review of progress against targets is provided in the online annex of this report.<sup>54</sup>

**Table 7 Summary of Review of Performance of Government Estate**

<b>Aspect of Estate Management</b>	<b>Performance against target</b>	<b>Performance in relation to Whitehall</b>	<b>Comments</b>
<b>Environmental Management System</b>	In 2006/07 Greencode software was installed and a corporate framework for management established. There are now Environmental Working Groups covering 10 target buildings	N/A	The original target was to establish Environmental Working Groups and implement the EMS at all 14 target buildings by March 2007. This target was missed and a new target set for March 2008. By March 2007 four buildings had still not delivered against targets.
<b>Energy</b>	The energy related CO <sub>2</sub> target was revised in 2005/06. The baseline was changed from 2003/04 to 1999/2000 and the target reduction from baseline increased from 7% to 12.6% by 2011. In 2006/07 energy related CO <sub>2</sub> emissions were 4.6% below levels in the revised base year of 1999/2000. However emissions over the last year have remained broadly constant (0.14% increase). A longer term target to cut emissions by 30% by 2020 has now been set.	The reduction of 4.6% achieved since 1999/2000 is in line with that achieved in Whitehall (average 4% reduction over the same period).	Despite the reductions achieved, performance on energy CO <sub>2</sub> emissions in recent years has not been good. Emissions have been 'flatlining' since 2002/03. The setting in 2005/6 of a longer term target for emission reduction of 30% by 2020 is welcome. However performance since 1999/2000 falls far below what is required to meet this longer term objective. It therefore appears that significant investment in both technology and staff awareness is required to meet both the shorter and longer term targets.
<b>Waste</b>	The Government achieved a waste recycling rate of 78% in 2006/07. This is an improvement of 1% on the previous year but falls just short of the 80% target set. The Government has also committed to cut waste arisings by 10% by 2011 using this year (2006/07) as a baseline. In the longer term the aspiration is to reduce waste arisings by a quarter by 2020	Scottish Government performance on recycling is better than most but not all UK Government departments. Two achieved a better recycling rate – the Department for International Development (DFID) achieved 80.9% and the Department of Health an impressive 91.5%.	The recycling rate achieved (78%) is high and represents significantly better performance than most but not all UK Government departments. The Government's performance is therefore good but not exceptional. More important from a sustainable development perspective is the need to reduce waste generated. Waste produced in the baseline year of 2006/07 was 11% lower than the year before, although this followed on from an 18% increase in waste generation between 2004/5 and 2005/6. Overall waste production by Government is therefore still higher than it was in 2004/5.

<p style="text-align: center;"><b>Water</b></p>	<p>The Government target is to reduce average annual water consumption in key buildings to 7.0m<sup>3</sup> per FTE by March 2009. This has already been achieved - mean water consumption was 6.79m<sup>3</sup> per person in 2006/07, a significant fall from the 8.40m<sup>3</sup> per person recorded in 2002/03.</p> <p>The Government has now set a target to cut water per person per year to 5.5m<sup>3</sup> by 2020 in line with the UK Government target to cut consumption by 25% over that period.</p>	<p>The Scottish Government's water consumption figures compare well with the average for Whitehall which is significantly higher at around 30m<sup>3</sup>/FTE for office based departments. Performance is still below the best performing UK Government departments however - the Treasury for example only consumed 4.1m<sup>3</sup>/FTE in 2006/07.</p>	<p>There has been an impressive turnaround in performance on water consumption. Figures had been on an upward trend in the previous three years. In this context the improvement seen in the last year must be especially commended.</p>
<p style="text-align: center;"><b>Transport and Travel</b></p>	<p>The Government has already met its target to cut carbon emissions from travel by 5% between 2005/6 and 2010/11. Overall emissions in 2006/07 were 12% below baseline levels. This reduction is also a significant step along the way to achieving the Government's longer term target of a 25% cut by 2020. Revised targets to cut carbon emission from travel by a fifth by 2011 and by 40% by 2020 against the 2005/06 baseline have now been set.</p> <p>In addition a Travel Plan Co-ordinator has been appointed and a Travel Plan for the organisation prepared. The Plan includes a range of further travel targets</p>	<p>Overall performance in Whitehall was less impressive than in Scotland - across the UK Government there was a rise of 1.5% in transport carbon emissions. Some departments did however perform very well - DFID, ECGD and the Treasury all recorded cuts of over 50% in emissions.</p>	<p>Progress on travel has been strong over the past year. While the target to cut emissions by 5% by 2011 may not have been especially challenging, it has been met four years ahead of schedule. The 2006/07 report notes that there was a significant switch from air (down 18% in a year) to rail (up 39%) for travel to London. However total aviation emissions are now almost twice what they were in 2003/04 despite earlier figures including some Government agencies not included in the current figures. Further action to promote more sustainable transport modes and videoconferencing is therefore required.</p>

<p style="text-align: center;"><b>Carbon neutrality</b></p>	<p>Since 2006 the Scottish Government has charged a carbon levy for specific areas of corporate travel to allow investment in appropriate projects to offset all emissions relative to business travel. It has also committed to ensuring the core Government estate is carbon neutral by March 2012.</p>	<p>Target is the same as for Scotland</p>	<p>The Government has recognised that any carbon offset must be undertaken within a framework where the priority is to reduce emissions. The Commission supports this. The administration holds 'banked' credits from flights and road transport and is deciding at present what to do with these. The Commission believes that any action taken to offset the emissions must be in line with the VALID principles agreed to by the UK Government with Scottish Government involvement.</p>
<p style="text-align: center;"><b>Biodiversity</b></p>	<p>The biodiversity target, to undertake inventories of flora and fauna at all 14 target buildings by March 2007, has been met. From the inventories action plans designed to enhance biodiversity have been developed for eight sites and there is a new commitment to implement activities from the Biodiversity Action Plans by March 2010</p>	<p>N/A</p>	<p>Biodiversity is an area where the Government has progressed steadily over recent years. The Commission welcomes this.</p>

The Commission would also like to see a clearer reporting and monitoring framework. At a UK level the Commission is responsible for an annual scrutiny of the operations across the Government estate, based on data collected by UK Government departments. This review also includes an assessment of Government's delivery of sustainable procurement objectives.

The involvement of the Commission ensures independent scrutiny of performance and brings greater trust in the published findings. The Commission has also been able to support departments in improving performance and to give advice on how Government can deliver on set targets. Within Scotland the situation is different. Here Government collects operations data and then submits this to a consultant which is commissioned to report on progress. While this approach does bring

some separation between data collection, analysis and reporting, the Commission sees that this approach fails to ensure the Scottish Government is comparing itself with other parts of government, and is not receiving sufficient high level advice on how to improve performance.

The Commission therefore recommends that the Government should tighten up its current procedures to bring greater confidence to reporting, and integrate monitoring of sustainable procurement within these reports, in line with the **Sustainable Development in Government** reporting process which occurs at a UK level.

Finally the Commission also believes that in future years the annual report should provide information on procurement and on the social aspects of sustainable development.

## 5.2.5 Recommendations for Government

- The Scottish Government should improve the reporting framework to provide greater independence and scrutiny and include an assessment of sustainable procurement. As is the case at a UK level, Government should assign responsibility for preparation of the independent report to the Sustainable Development Commission Scotland
- The Government should build on its current work in this field by preparing a specific sustainable procurement action plan for the Government itself, and encouraging agencies, NDPBs and other public sector bodies to do the same. Plans should set out in detail the policy, procedures and targets that each organisation should deliver
- Energy related CO<sub>2</sub> emission must be brought down more rapidly if targets for 2011 and 2020 are to be met. Achieving these targets is important in demonstrating leadership on climate change. Government must invest further in both technological solutions and staff awareness – it is hoped that the Government’s inclusion in the Carbon Management Programme will provide a suitable framework for the investment required
- Corporate responsibility extends beyond environmental concerns. The Government’s approach should therefore include targets on procurement (as above) and link to wider social issues such as equalities or its engagement with the wider community
- Many public bodies have still not prepared detailed and challenging environment/ sustainability reports for their own operations as requested by the previous administration. The Government should restate this requirement and ensure that all reports are prepared in line with guidance that ensures clear information is provided on all relevant sustainable development issues and which allows easy comparability.

# Conclusion

# 6

## 6.1 Introduction

The last year has seen significant changes in the workings of Government in Scotland, in its overall objectives and in its approach to specific policy agendas. These internal changes have been mirrored by changes in the wider political and economic climate, most notably through price pressures on food and oil and the crisis affecting the global banking and finance system.

Looking forward these wider economic pressures can be seen as either a threat to, or an opportunity for, a more sustainable Scotland.

The threat is that governments across the world choose to focus effort on short term and narrowly defined economic gains and reduce the action taken to move the economy onto a more sustainable footing.

The opportunity is that the Scottish Government recognises the huge long term benefits of transforming the economy into one that is more socially just and resource efficient. The wider economic concerns of the last year – energy and food security and commodity price inflation – are

being driven by globalisation and the rising living standards in China, India and some other parts of the developing world. A global economy requires we move towards one planet living since it is impossible for everyone on the planet to use resources in the way that Scotland currently does.

Put simply this means that those countries and economies that move fastest to high resource efficiency are most likely to enjoy economic success and to be able to protect their economy from future price pressures on resources.

It is within this broader analysis that we present our overall conclusions. We consider in turn:

- What progress has been made since our first assessment of Government performance?
- Are new Governance structures fit for purpose?
- What progress has been made and where is more action required?
- What are the key challenges the Government must address?

## 6.2 What progress has been made since our First Assessment?

In our first assessment, as in this report, we made a series of recommendations to Government on where action was most urgently required. The full list of recommendations and a review of progress to date is provided in Appendix 1.

The change of Government has meant that some of the strategies and mechanisms on which we based our recommendations, are no longer 'live'. However, our recommendations were designed to deliver more sustainable outcomes, and progress towards these has been mixed.

### 6.2.1 Action on Governance Structures and Indicators

In our first assessment we made recommendations designed to embed the sustainable development strategy **Choosing Our Future** into Government and to broaden the scope and the influence of the sustainable development indicators. Choosing Our Future is now no longer a 'live' strategy and the national performance framework includes a new set of national indicators and targets that are seen as most important in guiding Government policy.

In terms of strategy and governance structures the Commission's view is that Government's new structure and its national performance framework offer good potential to embed sustainability across Government in line with our previous

recommendations. However the extent to which they do so is dependent on how Government takes forward its commitment to sustainable economic growth and translates this into policy actions across the board.

In our previous report we also identified gaps in the sustainable development indicator set. We are disappointed that these have not been addressed either through the sustainable development indicators or the new national performance framework. We again make recommendations as to how and where changes to the national performance framework could be made to align it fully with sustainability.

In terms of the other key recommendations:

- The Government is developing a carbon balance sheet for transport and is starting to think more widely about how carbon can be considered in strategic and operational decisions
- There has been some progress in developing a framework for more sustainable procurement but it is not clear how this will translate into practice across the public sector
- There has been no action on sustainability appraisal and indeed there has been a failure to consistently conduct strategic environmental assessments for major Government strategies and plans.

Within this year's Assessment, the development of a more sustainable approach to carbon management and the delivery of sustainable procurement remain at the heart of many recommendations.

### 6.2.2 Action on Policy

Drawing on the recommendations made in our last assessment we conclude that there has been good progress in adopting better policy frameworks, particularly on sustainable development education and on aspects of waste policy. There has been action taken to create a better framework for managing carbon and in setting out a more balanced vision for food policy.

With regard to policy delivery the picture is more mixed. Areas where there has been progress

include waste, some aspects of natural heritage and resource use. Performance has been strong on recycling and water quality and some aspects of nature conservation.

However, within transport, fuel poverty and some aspects of health policy there has actually been a retreat over the last year. These are issues we highlighted in our last report and we note now that there has not been the scale of response required to turn round negative trends.

### 6.3 Five Key Challenges

The Commission believes that only a long term and integrated response will lead to a turn-around in some of the policy areas which are currently going in the wrong direction. Our recommendations in this second assessment are intended to highlight the

gaps in the current approach and to suggest a route forward.

Taken together we believe that there are five challenges the Government must address as a matter of urgency. These are:

## **1 To provide clarity over the way in which sustainable economic growth is to be pursued, its relationship with sustainable development and how it is supported by a performance framework.**

The Commission believes that the Government's Purpose can be consistent with sustainable development. Economic growth which respects environmental limits and delivers fair social outcomes can be described as sustainable development.

However, there are clear tensions between GDP Growth and the other Purpose targets relating to Solidarity, Cohesion and Sustainability, something

which is recognised by Government. These must be reconciled, and Government will be judged in the way that it delivers across these objectives. Critically it is not only what Government does, but what actions it chooses to forego that will best demonstrate this. The weaknesses in the national performance framework also have to be addressed.

## **2 To enact a Climate Change Bill and associated delivery framework that moves Scotland to a low carbon economy over a short time horizon.**

The Scottish Climate Change Bill is an opportunity to put Scotland at the vanguard of international action on climate change. However, current GHG emission reductions average only 1% per year. A step change in performance is therefore required to deliver the ambitions of the Bill. Successful delivery of the Bill will require the full alignment of all Government policy tools with carbon goals

and the placing of carbon reduction at the heart of all policy and strategy. Urgent attention should be given to incorporation of whole life cycle carbon management into all areas of policy, particularly planning, transport and energy efficiency in existing buildings. We also need to ensure Scotland is fully equipped to adapt to the changes in climate that are likely to happen over coming decades.

## **3 To recognise the growing problem of fuel poverty and take action to get work towards ending fuel poverty back on track.**

Fuel poverty is something that is now affecting almost one-third of Scottish households, yet it is a policy area that has been given insufficient attention for a number of years. Fuel poverty causes severe health and social problems, incurs significant economic costs and squanders energy resources. The underlying problem has been made even worse over the last year by significant rises in energy prices.

While this is not a problem of the Government's making, there can be no excuse for not addressing it. The Government is due to publish its response to the Fuel Poverty Forum at approximately the same time as this Assessment is launched. We will prepare a full response to the Government's proposals in the near future.

## **4 To build the right infrastructure to foster sustainable development actions and choices.**

People cannot act in more sustainable ways unless the infrastructure they use helps them make positive rather than negative choices. More thought is now needed in how to make links between planning,

transport and health to deliver health objectives, to cut GHG emissions and to create more sustainable communities.

## **5 To use the power of public sector spend to deliver more sustainable outcomes.**

The Government, NHS Scotland, Local Authorities and other public bodies between them spend over £8 billion per annum on goods and services and this resource could do more to support local economies, benefit communities and enhance the environment. Government must also build on current work

on sustainable development procurement by encouraging NDPBs, agencies and the wider public sector preparing organisation-specific sustainable procurement action plans that set out in detail the policy, procedures and targets that each organisation should deliver.

## 6.4 To Conclude

In summary, drawing together the analysis in this report we believe there are two fundamental issues that Government must address.

The first of these is the embedding of climate change awareness and action across all areas of Government. We recognise that within a short space of time the Government has taken significant steps to embed climate change thinking into policy and the machinery of Government – of particular note have been moves to develop carbon assessment tools and a carbon balance sheet for transport. However emissions have fallen on average by less than 1% per annum over recent years and actually rose in the last year, meaning that Government now needs to demonstrate how it will use these tools to deliver reductions.

The second is to ensure that the Government can reconcile growth (as measured by GDP) with its other Purpose targets on Solidarity, Cohesion and

Sustainability. This means Government has difficult choices to make: this is not business as usual. The Commission is undertaking work on these areas as part of our Breakthroughs and Redefining Prosperity work and hope to explore the findings of this work with Government.

The recommendations we make throughout this report, and the five challenges we have outlined are designed to help align governance and policy with sustainable development and to deliver the Government's objective of sustainable economic growth – growth that narrows the gap between rich and poor and helps cut our emissions of greenhouse gases radically.

Action to move Scotland towards sustainable development will help create an economy and society that is resilient to the major global challenges of resource availability and which is well placed to capitalise on global demand for cleaner production.

# Appendices

## Appendix 1: Review of recommendations in First Assessment

Recommendations to Government	Outcome and Comment
<b>Building a Strong Sustainable Economy</b>	
<p>The new Scottish Government must adopt a consistent approach to its references to and encouragement of economic development. It is legitimate for economic development to be a priority but this must be sustainable economic development (i.e. economic development that ensures a strong, healthy and just society while living within environmental limits). In this context the commitment of the new government to “sustainable economic growth” is welcome. There is now a need to define more clearly how this will be delivered and how the sustainability of that growth will be measured.</p>	<p>There has been progress in developing a clearer definition of sustainable economic growth and more consistency in the way Ministers frame discussion on the economy. However, our analysis highlights the huge scale of the challenge in moving Scotland to a sustainable economy and that the current rate of progress is insufficient.</p>
<p>The Council of Economic Advisors (CEA) must support the delivery of sustainable economic growth.</p>	<p>To date the CEA has not considered the sustainability of economic growth in great detail. We will appraise the performance of the CEA in more detail in future assessments.</p>
<p>The Administration should work with enterprise agencies and related delivery bodies to ensure that all their actions help contribute to a more sustainable economy.</p>	<p>Both Scottish Enterprise and Highlands and Islands Enterprise have now aligned their strategic vision with sustainable economic growth. It is not clear that this is being translated to action on the ground that will deliver more sustainable outcomes.</p>
<p>The new Administration’s commitment to sustainable economic growth based on three measurable Scottish standards (solidarity, cohesion and sustainability) is welcome. The Scottish Government should assess how existing commitments to developing additional and improved measures of progress can support measurement of these standards.</p>	<p>The Government’s Additional Measures of Progress Group (AMPG) has now reported. The Scottish Government is still to publish details of how it will respond to the AMPG.</p>
<p>The Scottish Government to investigate the potential for social enterprises to further contribute to the delivery of more sustainable local economies.</p>	<p>There has been movement on this issue with enhanced support for social enterprises.</p>
<p>The Scottish Government to review the Green Jobs Strategy to a) set out a clearer focus on what the priority industries are for Scotland and how they will be supported, and b) set out how this wider economy will be encouraged and supported to become sustainable.</p>	<p>Now taken forward through Government Economic Strategy.</p>

<b>Travel</b>	
<p>The commitment in the National Transport Strategy to introduce a Carbon Balance Sheet is welcome. If followed through by the new Government this would provide an indicator of the transport system as a whole, encouraging more transparent and sustainable choices on transport investment. If the Scottish Government is to deliver commitments on carbon reduction, tackling emissions from transport will be critical. We recommend the Executive commences work on a Carbon Balance Sheet.</p>	<p>A carbon balance sheet is also being developed for transport emissions. This is intended to help inform the 2010 National Transport Strategy review. It will show which transport sectors and sources are responsible for the greatest proportion of emissions, and how these emissions are changing. It will also highlight which future transport policy options could have the greatest influence on emission levels.</p>
<p>Individual decisions on strategic transport investments must make better use of sustainable development criteria, so the benefits to Scotland's economy, environment and society from proposals are better understood.</p>	<p>While transport appraisal tools have been revised, the evidence as yet is that most transport indicators are going in the wrong direction and that many current transport proposals will not contribute to a more sustainable transport system.</p>
<b>Wellbeing</b>	
<p>The new Government's commitment to sustainable economic growth based on three measurable Scottish standards (currently defined as solidarity, cohesion and sustainability) is welcome. The new Scottish Government should assess existing commitments to developing additional and improved measures of progress and investigate their use in measuring these standards. The SDC is supportive of work on additional measures of progress and looks forward to this commitment being delivered.</p>	<p>See above.</p>
<p>The wellbeing indicators to be included with the Scottish sustainable development indicator set once made available. Indicators on alternative measures of progress should also be developed.</p>	<p>Sustainable development indicator set is still updated but national performance framework now more significant in guiding policy. Mental wellbeing is included in the national performance framework but not a broader measure of wellbeing.</p>
<p>The current air quality indicator needs to be reviewed. We would recommend its replacement with an indicator that assesses actual air quality and not just its monitoring.</p>	<p>No change in air quality indicator. No air quality indicator in national performance framework.</p>
<p>We note the new Government's wish to publish an annual Health of the Nation report and we would commend the use of sustainable development indicators to deliver this.</p>	<p>The Health of the Nation report has now been superceded by the Scotland Performs framework.</p>
<p>More concerted action is needed on fuel poverty to reduce this long term problem. Clearer links are needed between action energy efficiency and fuel poverty. The Energy Efficiency &amp; Microgeneration Strategy and/or Scottish Energy Strategy must set out a clear vision for how Scotland will reduce energy use and improve the condition of our poorest performing housing stock.</p>	<p>The number of Scots in fuel poverty continues to rise. Far greater action is required to address this issue. Government is due to publish its response to the Fuel Poverty Forum in November 2008 – the Commission will prepare a full response to this.</p>

<p>The new Scottish Government to consider the reintroduction of fuel poverty as an indicator within the Scottish set.</p>	<p>Fuel poverty does not feature in the national performance framework or the sustainable development indicator set.</p>
<p><b>Food</b></p>	
<p>There is a need to create stronger links between the Food and Health Delivery Plan and Choosing Our Future and more generally between sustainable development and food policy. The publication of a Scottish Food and Health Strategy presents a potential significant opportunity to develop an integrated approach to these issues.</p>	<p>There has been progress in this area. The Food and Health Delivery Plan now forms part of an action plan to improve diet, increase physical activity and tackle obesity – Healthy Eating Active Living. Progress is also being made through the development of a National Food and Drink Policy which seeks to establish further links between health and sustainable development.</p>
<p>Public procurement policies should be developed further to encourage the local sourcing of food and to prevent excessive food miles. We welcome a commitment by the new Scottish Government to look more closely at opportunities within procurement policy to create a sustainable approach to food.</p>	<p>There has been progress on food procurement. National Food Policy work-streams include one on public procurement looking at what more can be done to encourage public sector procurement of local food within legal constraints. More must be done to create a truly sustainable approach.</p>
<p>Policy support to improve the sustainability of the food chain to be strengthened. Links to be established to enable action on energy efficiency, fair trade and organic food production.</p>	<p>There has been progress on food policy in terms of setting a more sustainable vision. It is not clear how this will translate into action on the ground.</p>
<p>There is a need to reduce transport impacts (e.g. cleaner vehicles, improved logistics, and rail freight) to ensure we can reduce the carbon impacts of our food chain.</p>	<p>Little action taken so far – much more required.</p>
<p>There is a need to encourage the food industry to reduce their use of packaging.</p>	<p>Some initial steps taken but far more required.</p>
<p>Social justice, as part of food policy, to be addressed. There is a need for a consistent policy approach to improve access to, availability and affordability of healthy foods particularly for those living in low-income communities. The Executive should build on the existing work of Community Food and Health (Scotland) to develop sustainable policies in the future.</p>	<p>Progress made through the Scottish Community Diet Project and other mechanisms.</p>
<p><b>Supporting thriving communities</b></p>	
<p>Further capacity is needed within Community Planning Partnerships (CPPs) to promote and deliver sustainable development across all their work including ROAs. The Executive – along with The Improvement Service, COSLA, Sustainable Scotland Network and Audit Scotland – should consider how this can be achieved.</p>	<p>Single Outcomes Agreements (SOAs) will form the basis for much local policy delivery through CPPs. It is essential that SOAs deliver a balanced approach to sustainable development that is based on local and national priorities for sustainability.</p>

Public procurement wherever possible to be used to secure local employment and training opportunities, support local economies and enhance local communities and the environment.	A framework for more sustainable procurement has been developed, including indicators on the social aspects of procurement and a commitment to develop an indicator on the 'green' aspects of procurement. Still not clear how this will translate into action on the ground.
One area of concern emerging from the sustainable development indicators set has been the apparent decline in volunteering within Scottish communities. The new Government should assess if this is due to changes in measurement or if it represents an actual decline. If so it should commission an investigation as to the possible causes of this and the means by which this situation can be addressed.	Some enhanced support for the Third Sector provided.
<b>Environmental Justice</b>	
The new Scottish Government to evaluate the potential of environmental justice as a concept underpinning its work, and seek to use the concept consistently or to integrate it into action on social inclusion and social justice.	Environmental Justice not used by the current government. Only limited integration of concept of environmental justice into wider work on social inclusion.
Any future revision or refreshing of Closing the Opportunity Gap to be used as an opportunity to more closely integrate environmental justice with social inclusion.	Policy on poverty and social inclusion still under development.
<b>Protecting Scotland's natural heritage and resources</b>	
Guidance on the effective application of the precautionary principle, developed by SNIFFER and other public bodies, to be formally adopted by all relevant Government agencies.	Adopted.
While climate change is addressed within recently revised or refreshed strategies in this policy area, further consideration to be given to the impact of our changing climate on natural resources and ecosystems, how negative impacts can be ameliorated and the extent to which forests, peatlands and soils can be effectively used as carbon sinks or reserves.	Climate Change Adaptation Strategy developed but more detailed response required by central and local government and other agencies.
<b>Waste</b>	
Procurement policies and activities to continue to develop requirements to specify the use of recycled products and to drive down waste.	Scottish Sustainable Procurement Action Plan in development and will include guidance on waste reduction/avoidance.
The Green Jobs Strategy to be revised to give a clearer role to enterprise networks to support the commercial sector in delivering significant waste reductions.	No longer a live strategy as has been superseded by Government Economic Strategy. Still huge potential for more efficient production processes and for waste reduction.

The new Government to work actively with retailers, manufacturers and others to reduce packaging waste.	Only limited action to date.
Work should be undertaken to build on the concept of a zero waste economy, similar to the way in which the concept of 'carbon neutral' has taken root. This should draw on international examples of best practice.	Government has established a Zero Waste Think Tank.
The Scottish public have an important role to play in increasing recycling rates. Further engagement with the public on these issues is required if we are to achieve further significant progress on recycling.	Only limited engagement with public on waste to date. The 'Going Greener' campaign, launched in October 2008, seeks to encourage more sustainable behaviour including on waste.
<b>Scotland's Global Contribution</b>	
The Scottish Government must build on the progress made on renewable energy and seek to establish Scotland as a world leader both in the sustainability of our energy and electricity supply and in terms of the production of renewable energy technologies.	Government has provided strong support for renewables through target setting and the establishment of the Saltire Prize. Good progress on increasing renewable electricity regeneration.
A sustainable energy strategy must be based on demand reduction and efficiency of use. Not enough emphasis has been placed on this aspect of energy policy. The challenge for the new Government is to publish an Energy Efficiency and Microgeneration Strategy that redresses this and puts efficiency of use at the heart of energy policy.	Still need for far more action on energy demand reduction across the economy and society.
Transport remains an area where carbon emissions continue to go in the wrong direction. In this context the commitment of the previous Executive to consider a Carbon Balance Sheet was welcome. If Scotland is to deliver policy commitments on carbon reduction, tackling carbon emissions from transport will be critical. We recommend the Scottish Government commences work on a Carbon Balance Sheet.	Transport indicators continue to show negative trends.
The Scottish Government to develop a further carbon footprint indicator to measure carbon emissions related to Scotland's overall economic activity including imports. This should include carbon emissions from aviation and shipping and would then sit alongside the current indicator that tracks carbon emissions generated within Scotland and allow tracking of gross and net emissions.	Not done. No indication it will be.
The planned Scottish Climate Change Bill is to be welcomed. If enacted, mechanisms to independently assess delivery of carbon reductions within Scotland must be established to ensure public confidence in reporting.	Bill presented to Parliament in November 2008. Detail still to be decided.

<b>Making the Links – Built Environment</b>	
While the revision upwards of energy performance standards within the new Scottish Building Regulations is welcome, higher standards are required. The new Scottish Government to provide clearer leadership and send out a long term signal for industry and the public sector.	The Sullivan Report welcome – Government must take on board all the recommendations of Sullivan and also look at how action can be taken on the existing built environment
The Scottish Government needs to support other public bodies to take a consistent approach to implementing sustainable development principles in new developments and in particular, schools and hospitals.	Some good examples of sustainable developments but no consistency. A clear steer is required.
The Scottish Government must demonstrate leadership by further addressing carbon management, water use reduction and the encouragement of biodiversity within its own estate.	Some progress in estate management but not all targets met.
Given the balance of new build versus existing stock, a stronger emphasis to be given to the retro-fitting energy efficiency measures to older properties.	A major priority in tackling fuel poverty and climate change must be to act to cut the emissions from the existing built environment. We will review the Government's response to the Fuel Poverty Forum when available.
<b>Learning to Make Scotland Sustainable</b>	
That the excellent progress made on Eco-Schools at primary level is also achieved at secondary school level. It is also important that stronger links are made between Eco-Schools with its environmental focus and programmes on health and citizenship operating at school level.	Good progress on Eco-schools, less on making the links.
The integration of sustainable development into A Curriculum for Excellence is welcome. It is important that the effectiveness of the new approach in changing levels of understanding is monitored.	Progress achieved.
The Scottish Government to address behaviour change to support sustainable development at a strategic level and to use social marketing techniques to get key messages on sustainable development across to all groups within society.	Action on behaviour change limited to date. The 'Go Greener' campaign was launched in October 2008 and its effectiveness will be reviewed in future Assessments.
That the further and higher education sectors be more fully engaged in the sustainable development agenda.	Some progress here. Both sectors involved in the UN Decade of Education for Sustainable Development Group.
The Scottish Government strengthens existing training programmes on sustainable development for all grades of staff.	Government is developing new capacity building. This will be reviewed more fully in future assessments.

<b>Indicators of Sustainable Development</b>	
That the new Scottish Government assess the means of addressing the gaps in the current indicators set in relation to Travel and Transport, the Built Environment, Food and Wellbeing. Examples of indicators to consider are provided in the first assessment.	Significant gaps in the national performance framework and sustainable development indicators set remain.
That the new Scottish Government considers the potential to replace the existing indicators on Air Quality (AQMAS) with one that more clearly illustrates the extent of progress toward sustainable development in this area.	Not done.
That continued support is provided to the Additional Measures of Progress Steering Group and that their findings are given due consideration by the new Government.	Group has now reported. Government still to outline how it intends to take forward the recommendations of the Group.
That the new Scottish Government seeks to use existing work on Indicators in its proposed 'Health of the Nation' report.	This has now been superseded by the national performance framework and Scotland Performs.
That the Administration monitor progress being made at UK level in developing new indicators relating to Social Justice, Environmental Equality and Wellbeing and include these in the Scottish set if appropriate.	Mental health wellbeing is part of the national performance framework. A broader indicator of wellbeing is not – the other two indicators are still under development at a UK level.
<b>Sustainable Development Governance</b>	
It is essential the new Scottish Government puts mechanisms in place that ensure Choosing Our Future is properly monitored and that sustainable development is embedded in the process of Ministerial decision-making. The mechanism established by the last Executive – the Cabinet Sub-Committee on Sustainable Scotland – received wide support by stakeholders and it is important that the role taken by CSCSS is continued by a mechanism appropriate to the new government structures.	Choosing Our Future no longer a live strategy and CSCSS not continued. New framework offers potential to deliver more sustainable outcomes but not clear whether it will.
To further embed sustainable development into all government work areas, the commitment to sustainable development should be more fully integrated into staff induction training and ongoing development training for policy staff.	Some progress made but more required.
There is a need to re-examine the budget development process to ensure the wider economic, social and environmental impacts of decisions are fully taken into account.	Commitment to carbon assessment of the next spending review but need to integrate this with wider sustainability appraisal.

<p>The new Scottish Government should consider the establishment of a duty of sustainable development for all executive agencies and NDPBs and the wider public sector. For NDPBs and Agencies this should be written into revised Management Statements and other guidance. Given expected public sector reform and reorganisation within Scotland such a change would be timely.</p>	<p>No action taken.</p>
<p>The previous Executive strengthened guidance on the sustainable development impacts of procurement decisions both by the Executive and other public bodies. However it is not clear this is tracking through into actual procurement decisions. This needs to be re-assessed.</p>	<p>Scottish Sustainable Procurement Action Plan in development and will include guidance on incorporating sustainability into procurement activity. Still only limited progress in terms of outcomes.</p>
<p>The new Scottish Government should investigate the potential for extending the requirement to SEA to that of a full Sustainability Appraisal on all important plans, policies and programmes.</p>	<p>No action taken on sustainability appraisal. Indeed, SEA not applied to some key Government strategies.</p>
<p><b>Leading by Example</b></p>	
<p>The Scottish Government should, via a phased approach, extend the assessment to all buildings which form part of the government estate.</p>	<p>More buildings now included as some other functions of Government now part of the core Government estate. No move to incorporate smaller buildings into targets.</p>
<p>Assessment of progress against targets has been hampered by changes in the methodology used to measure progress and the introduction of revised targets. It is recommended that no future changes in methodology be made to current or future targets until their completion date, unless there is a compelling case that changes would improve monitoring and delivery.</p>	<p>No further changes in methodology made.</p>
<p>The commitment to set targets on environmental impacts is welcome. However, sustainable development is also about economic and social impacts. It is suggested the Executive consider social aspects such as equality of treatment of staff; also how its impact on the local community and economy can be enhanced through for example volunteering or procurement decisions.</p>	<p>Scottish Government has strong record on equalities. The Scottish Procurement Directorate has piloted the incorporation of community benefits into public sector contracts. The report and procurement guidance issued Feb 2008.</p>
<p>The presentation of data on progress made is not always as clear as is possible. It is proposed that in future annual progress against targets should be summarised as shown in Table 4.</p>	<p>Suggested changes adopted in current report.</p>

## Recommendations to Parliament

Sustainable Development Governance	
<p>Reviews the Legacy Paper of the outgoing Environmental and Rural Development Committee and its recommendation to “consider taking forward this issue and initiating discussions at an early stage in session 3 (the current session) with other stakeholders in the Parliament to establish an appropriate approach” and seeks to ensure the wider Parliament is involved in scrutiny of the Government’s delivery of sustainable development.</p>	<p>Current Committee structure stronger than before in scrutiny of sustainable development but further progress required.</p>
<p>Investigate the potential for engagement and capacity building with Committee Clerks, staff in the office of the Presiding Officer and MSPs on better integration of sustainable development into all functions of the Parliament.</p>	<p>Dialogue ongoing between the Parliament, Government and Commission on how this can be delivered.</p>

## Appendix 2: SMART Analysis of National Indicators and Targets

Indicator	SMART analysis	Nature
At least halve the gap in total research and development spending compared with EU average by 2011.	SMaT	Process
Increase the business start up rate.	SMaR	Process
Grow exports at a faster rate than GDP.	SMaR	Process
Improve public sector efficiency through the generation of 2% cash releasing efficiency savings per annum.	SMaT	Process
Improve people's perception of the quality of public services delivered.	SMaR	Process
Reduce the number of Scottish public bodies by 25% by 2011.	SMaT	Process
Reduce the proportion of driver journeys delayed due to traffic congestion.	SMaR	Process
Increase the percentage of Scottish domiciled graduates from Scottish Higher Education Institutions in positive destinations.	SMaR	Process
Improve knowledge transfer from research activity in universities.	SMaR	Process
Increase the proportion of school leavers (from Scottish publicly funded schools) in positive and sustained destinations (FE, HE, employment and training).	SMaR	Process
Increase the proportion of schools receiving positive inspection reports.	SMaR	Process
Reduce number of working age people with severe literacy and numeracy problems.	SMAR	Process
Child protection inspection findings; increase the overall proportion of local authority areas receiving positive inspection reports.	SMaR	Process
Decrease the proportion of individuals living in poverty.	SMaR	Outcome
60% of school children in primary 1 will have no sign of dental disease by 2010.	SMaRT	Process
Improve the quality of healthcare experiences.	SmaR	Process
Increase the proportion of pre-school centres receiving positive inspection reports.	SMaR	Process

Increase the social economy turnover.	SMar	Outcome
Reduce the rate of increase in the proportion of children with their Body Mass Index (BMI) outwith a health range by 2018.	SMARt	Process
Increase the average score of adults on the Warwick-Edinburgh Mental Wellbeing Scale by 2011.	SMART	Process
Increase healthy life expectancy at birth in the most deprived areas.	SMAR	Outcome
Reduce the percentage of the adult population who smoke to 22% by 2010.	SMART	Process
Reduce alcohol related hospital admissions by 2011.	SMART	Process
Achieve annual milestones for reducing inpatient of day care waiting times culminating in the delivery of an 18 week referral to treatment time from December 2011.	SMART	Process
Reduce proportion of people aged 65 and over admitted as emergency inpatients 2 or more times in a single year.	SMART	Process
Reduce mortality from coronary heart disease among the under 75s in deprived areas.	SMAR	Process
Increase the percentage of people aged 65 and over with high levels of care needs who are cared for at home.	SmAr	Process
All unintentionally homeless households will be entitled to settled accommodation by 2012.	SMART	Process
Reduce overall reconviction rates by 2% points by 2011.	SMART	Process
Reduce overall crime victimisation rates by 2% by 2011.	SMART	Process
Increase the percentage of criminal cases dealt with within 26 weeks by 3% points by 2011.	SMART	Process
Increase the rate of new house building.	SMA	Process
Increase the percentage of adults who rate their neighbourhood as a good place to live.	SMAR	Process
Decrease the estimated number of problem drug users in Scotland by 2011.	SmART	Process
Increase positive public perception of the general crime rate in the local area.	SMAR	Process
Reduce overall ecological footprint.	SMAR	Outcome

Increase to 95% the proportion of protected nature sites in favourable condition.	SMAR	Process
Improve the state of Scotland's Historic Buildings, monuments and environment.	SmAR	Process
Biodiversity: increase the index of abundance of terrestrial breeding birds.	SMA	Outcome
Increase the proportion of journeys to work made by public or active transport.	SMar	Process
Increase the proportion of adults making one or more visit to the outdoors per week.	SMar	Process
50% of electricity generated in Scotland to come from renewable sources by 2011 (interim target of 31% by 2011).	SMART	Output
Reduce to 1.32 million tonnes waste sent to landfill by 2010.	SMART	Process
Ensure that 70% key commercial fish stocks at full reproductive capacity and harvested sustainably by 2015.	SMART	Process
Improve people's perceptions, attitudes and awareness of Scotland's reputation.	SmA	Process

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# Endnotes

- 1 [www.scotland.gov.uk/Topics/SustainableDevelopment/CapacityBuilding](http://www.scotland.gov.uk/Topics/SustainableDevelopment/CapacityBuilding)
- 2 One Future Different Paths (2005) The UK Sustainable Development Framework of the UK Government, Scottish Executive, Welsh Assembly Government and the Northern Ireland Government.
- 3 This involved representatives of Audit Scotland, Scottish Sustainable Development Forum (SSDF), Sustainable Scotland Network, WWF Scotland, Scottish Environmental Protection Agency (SEPA), Scottish Natural Heritage (SNH) and Scottish Enterprise. The Group also involved two academic advisors – Ian Thompson of Strathclyde University and Professor Phil Hanlon of Glasgow University.
- 4 Including Architecture and Design Scotland, Energy Action Scotland, the Glasgow Centre for Population Health and Paul Zealey Associates.
- 5 More detailed reviews of Governance and Performance Monitoring, Indicators and Government's own Performance are included as on-line annexes. See [www.sd-commission.org.uk/scotland](http://www.sd-commission.org.uk/scotland)
- 6 A full table showing how each individual issue relates to the section headings of Choosing Our Future is included in the Appendix.
- 7 [www.sd-commission.org.uk/scotland](http://www.sd-commission.org.uk/scotland)
- 8 [www.scotlands-footprint.com/launch.htm](http://www.scotlands-footprint.com/launch.htm)
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- 11 [www.scotland.gov.uk/Publications/2008/06/19084510/0](http://www.scotland.gov.uk/Publications/2008/06/19084510/0)
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- 13 From a 1990 baseline.
- 14 [www.scotland.gov.uk/News/Releases/2008/09/18103455](http://www.scotland.gov.uk/News/Releases/2008/09/18103455)
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- 16 Based on OECD checklist [www.oecd.org/dataoecd/59/62/1947281.doc](http://www.oecd.org/dataoecd/59/62/1947281.doc)
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- 20 23rd May 2007.
- 21 [www.vaperforms.virginia.gov](http://www.vaperforms.virginia.gov)
- 22 The Commission is very grateful to Ian Thompson of Strathclyde University for his wider contribution to this Chapter.
- 23 See text box in Chapter 3
- 24 Scottish Government (2007) Scottish Budget Spending Review
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- 26 These are Barrhead, Dumfries, Dundee Central, East End, Kirkintilloch/Lenzie, Kirkwall and Larbert/Stenhousemuir. £10m from Scottish Government and £5m in matching money from local authorities, regional transport partnerships and other sources will be spent on the programme between 2008 and 2011.
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- 29 Sustainable Development Commission (2008) Carbon Emissions from Schools: Where they arise and how to reduce them.
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- 31 Scottish Government (2008) Healthy Eating, Active Living.
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The Commission reports to the First Minister of Scotland on key policy areas including planning, health, sustainable buildings, local government, energy, food, waste and procurement. SDC helps government departments, local authorities and businesses put sustainable development at the heart of what they do.



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