

Friends of the Earth Scotland submission to the Smith Commission on devolution October 2014



Introduction

Friends of the Earth Scotland is an independent Scottish charity with a network of thousands of supporters, and active local groups across Scotland. We are part of Friends of the Earth International, the largest grassroots environmental network in the world, uniting over 2 million supporters, 74 national member groups, and some 5,000 local activist groups. We campaign for environmental justice: no less than a decent environment for all; no more than a fair share of the Earth's resources. Friends of the Earth Scotland engaged in the debate around independence but did not support either case.

We welcome the opportunity to input to the Commission, albeit over a very tight timescale. The Commission's work provides an opportunity to consider devolution of powers over a range of matters too specialist to have received much attention in the last few months of debate during the referendum campaign. In this response we have tried to concentrate on areas where Scotland is physically different, or has existing significant policy differences from the rest of the UK, where further devolution of powers would help the Scottish Government and Scottish Parliament to deliver more effectively.

A. Written constitution – the offer of a written constitution, enshrining protection of the environment, was one of the most attractive offers from the 'yes' side in the referendum campaign. The Commission should examine ways in which this kind of constitutional guarantee can be built into any revision of the foundations of the Scottish Parliament.

B. Climate change – Scotland has much more ambitious climate change targets than the UK as a whole (at least 42% by 2020, including aviation and shipping, and annual reductions targets of at least 3% in future). Many of the powers needed to deliver these targets are reserved, including most of energy policy, those on aviation and shipping, and welfare powers which could help tackle fuel poverty. The following sections detail power which could be devolved to help Scotland deliver on our climate targets. Doing so would also directly and indirectly help the UK meet its climate and energy targets.

Energy Policy – energy challenges and opportunities in Scotland are very different from the rest of the UK in number of ways

- there is a very large renewable energy resource
- within this wave and tidal are more important than for the rest of the UK
- offshore wind presents special challenges in Scottish waters due to the depth of the seabed
- new nuclear reactors are very unlikely to ever be proposed in Scotland
- levels of fuel poverty are higher in Scotland due to both poor building quality and a colder climate.

The Scottish Government has set much more ambitious targets for renewable energy and renewable electricity than the rest of the UK, as well as a decarbonisation target for the electricity sector for 2030. However, the latest reform of the UK electricity market has been designed to support nuclear power at the expense of renewable energy.

Full devolution of energy powers, including the details of how a GB-wide energy market works in Scotland and the priorities between levels of support for different energy technologies, would allow Scotland to concentrate on developing its natural advantages in renewable energy. The UK R&D spend on energy has given low priority to tidal and wave energy and devolving a per capita share of this budget would enable more rapid development of these technologies.

Community ownership of renewables is supported by a 2020 target and Scottish Government grant schemes. A barrier to many of these developments is access to the electricity grid. Devolution of powers over the distribution grid would help ensure the success of community-owned power projects.

Unconventional fossil fuels – the Scottish Government has taken a much more precautionary approach to the development of unconventional fossil fuels than the UK Government because of uncertainties over health impacts, the inadequacy of the regulatory regime and the impact on climate emissions. With higher climate targets, greater renewable energy potential and the differing scale and nature of the resource in Scotland, these fuels will always be a lower priority in the Scottish context. Although the Scottish Government can take a different approach to the UK Government by using planning powers this sends a confusing message to the industry, which could be granted a licence by the UK Government only to be blocked by the Scottish Government. Much better would be full devolution of licensing powers to the Scottish Government so that industry is clear on what will and will not be permitted from the start.

Fuel Poverty – Scotland has a particular problem with fuel poverty, with more than 1 in 3 households in fuel poverty according to Energy Action Scotland. While the Scottish Government controls building standards for new build and has put in place number of good grant or loan schemes to retrofit existing homes, there is poor join up with UK schemes like the Green Deal and the mandatory spending of electricity companies on energy efficiency. Full control of energy efficiency spending in Scotland would ensure the tax-payers' and bill-payers' money was spent in the most effective fashion to reduce emissions and eliminate fuel poverty. Power over the levels of welfare benefits would also allow more efficient help for those in fuel poverty and better targeting of retrofit schemes.

Marine environment – environmental protection between 12 and 200 nautical miles is already administratively devolved. The Commission should take the opportunity to propose that this becomes permanent.

The Crown Estate is a crucial body for the development of marine renewables. Proper accountability to the Scottish Parliament for Crown Estate assets and policies in Scotland, as well as management closer to the community, would maximise the chances of rapid delivery of green energy from the sea.

Aviation and shipping – Scotland has a strong incentive to reduce climate emissions

from aviation and shipping because these sectors are included in Scotland's climate targets but not in the UK's. Full devolved control of policy for these sectors would result in greater pressure to reduce emission than currently, potentially leading to innovation which would benefit the rest of the UK.

Other transport – much of transport policy and delivery is already devolved but control over vehicle excise duty and fuel duty would help future Scottish Government's to control emissions from road vehicles in line with Scotland's stronger climate targets. The Scottish Government already control most aspects of the ScotRail franchise, but further devolution of power would enable consideration of alternative ownership models for the next time the franchise comes up for renewal.

International development – Scotland has successfully created international aid relationships and funded development work, including the innovative Climate Justice Fund. Full devolution of a per-capita share of the UK international aid budget would enable this climate-centred approach to aid to do even more good in the world.

International representation - Scottish Ministers already attend some UN conferences and EU meeting as part of the UK delegations, however these roles have often been lacking substance. Given the different circumstances and the more ambitious commitments of the Scotland Government on issues like climate change and renewables energy we would encourage the Commission to look at ways in which the role of Scottish Ministers could be formalised in international discussions, at least in relation to devolved responsibilities if not more widely.

C. Crown immunity on environmental matters – as demonstrated by the lengthy wrangling over responsibility for radio-active waste at Dalgety Bay and this year's radio-active leak at the Vulcan reactor in Caithness the MoD's self regulation and Crown immunity from prosecution act against the public interest, with long delays before Scottish authorities were informed of the incident and the UK Minister kept in the dark about the extent of the leak. Removal of Crown immunity would reassure the Scottish public that the MoD were being held to meet the same standards as everyone else.

D. Banking and financial regulation – the financial sector is crucial for Scotland's economic development. 85,000 people in Scotland are employed in finance – around 7% of all jobs – and a further 100,000 are employed indirectly. Scottish financiers provide capital for businesses and communities to develop. However Scotland has particular challenges that require a different approach to financial regulation than the rest of the UK:

- Scotland has more ambitious climate targets than the rest of the UK. To meet these targets the Scottish Parliament needs control over financial regulation to cut the carbon intensity of investment and stimulate investment in energy efficiency and renewable generation.
- Less of a problem when viewed at the UK-scale, the banking market in Scotland is acutely concentrated. 70% of SME accounts are held with just two banks: Lloyds Group and RBS. Both these banks are part-owned by the UK Treasury and as such could be broken up by government to create a diverse and competitive banking sector in Scotland. As this problem is most acute at a Scottish level, the Scottish Government be best placed to oversee this transition.

Conclusion - there are many areas where further devolution of powers would help Scotland deliver environmental commitments more effectively and more efficiently. We would be glad to elaborate on any areas of this response if the Commission would find that useful.