

# Climate Change (Scotland) Bill

## April 2008

### Introduction

The Federation of Small Businesses is Scotland's largest direct-member business organisation, representing over 19,000 members. The FSB campaigns for an economic and social environment which allows small businesses to prosper.

We welcome this opportunity to comment on the Climate Change (Scotland) Bill, as we are supportive of measures to protect the environment and human health, while we have taken steps for some time now to encourage resource efficiency and environmentally friendly working practices. Many small businesses are aware of the threat that global warming may pose and are willing to take action to mitigate the risks, but are unclear about the next steps and how much difference they can make. We would hope that this will be clarified in this Bill and the ensuing policy and regulatory measures. Our response focuses on the key issues which are of concern to small businesses.

### Issues

#### 1. General

The draft Bill sets out broad and laudable mechanisms for tackling climate change. However, there is very little reference as to what this might mean for small businesses and this should be addressed in subsequent policies and regulations introduced to implement the legislation. We would also urge that all steps to reduce climate change are taken within a framework of sustainable economic growth and particular care will need to be taken in introducing any measures to achieve a higher target than has been presented in the UK Bill, if there is any risk that this could place Scotland at an economic disadvantage in relation to the rest of the UK.

#### 2. Targets

We do not claim to have any great expertise in this area, but it would appear sensible to only set targets for areas which can be reliably measured. If the reliability of measurements for gases other than carbon dioxide improves in future years, then further targets could be introduced as appropriate.

There would also be merit in placing some element of targets on an end-user inventory, particularly as resource efficiency is one of the most widely understood methods of reducing carbon emissions. The technical language of much of the other language associated with debates on climate change is not

accessible to most small businesses, and 'resource efficiency' is a term which would be much more relevant and easier to understand. We would recommend that the Scottish Government should give support to agencies, such as Envirowise, to mount a comprehensive and targeted campaign to promote resource efficient measures that small businesses can easily apply to their own operational practices. This should build on the existing information developed by Envirowise in conjunction with the FSB and offer practical support and clear examples of how small businesses can maintain and improve profitability through energy savings. In addition, financial incentives on resource efficiency would be a useful contribution to meeting targets, as technical problems and the cost of changing production processes are barriers to increasing efficiency.

We are opposed to any further environmental taxation to meet targets, as it is well established that this tends to burden small businesses disproportionately. Research carried out by the FSB in 2002 on the Climate Change Levy demonstrated that a substantial number of the respondents were not aware of the aims of the Levy and that actions could be taken to mitigate the additional cost. Therefore, for many businesses it became only an additional tax and did little to improve energy efficiency or have any measurable effect on environmental behaviour.

The bill should allow a degree of flexibility in the level of the 2050 target, with changes through secondary legislation being permitted in exceptional circumstances, such as if the target is found to be having a negative impact on the economy and affecting business competitiveness.

We would support a five year interim budget period, as long as these are set enough time in advance to allow businesses to plan effectively and implement any capital intensive requirements as part of normal upgrading processes.

Any borrowing from future budget periods should be kept within minimum thresholds. If too much is borrowed from a future period, substantial measures may then need to be taken in that period to avoid incurring further debt. This may result in significant additional costs being imposed on businesses to get targets back on track, which would not be acceptable.

### 3. Supporting Measures

**Energy Efficiency** - While we would support encouraging the business community to do it all it can to ensure minimum energy efficiency standards, we would be concerned if small businesses were required to take measures to upgrade existing buildings which could impact on their ability to survive financially. Such regulatory measures tend to affect small businesses disproportionately and a "one-size fits all" approach would have a major effect on smaller businesses.

**Waste Reduction & Recycling** – Small businesses are generally keen to reduce waste and recycle, where possible, and are well aware of the potential cost savings of reducing waste materials sent to landfill. However, they find it difficult to source and equally expensive to access alternatives. Future measures should not attempt to impose further punitive measures which would disproportionately affect small businesses. Instead, we would strongly urge that existing householder services should be extended to small businesses on a cost recovery basis to simplify and reduce the costs of recycling.

**Public Sector** – The sustainable development characteristic of the local authorities' duty of achieving Best Value should be more rigorously applied in procurement practices. Local suppliers, often small businesses, feel they are squeezed out on the basis of cost alone by larger, sometimes international suppliers. Supporting the local economy and reducing the travelling distance of supplies should be recognised as key elements of Best Value procurement.

We do have concerns about the suggestion that higher charges for parking could be considered as travelling by personal vehicles might be seen as a less climate change friendly option. Small businesses often have no alternative but to use larger cars or vans to carry tools, vehicle mounted equipment or to deliver supplies and services. Small business provide valuable services and care must be taken to ensure that their essential journeys are exempted from any higher charges.

For further information on any of the points raised in this submission, please contact Martyn McIntyre, Policy Officer, on [martyn.mcintyre@fsb.org.uk](mailto:martyn.mcintyre@fsb.org.uk) or 0141 221 0775.