**Unconventional Oil and Gas Extraction**

**Policy Development**
To update the Board on the recent announcement by Scottish Government on unconventional oil and gas.

**Summary and Recommendations**
The paper updates the Board on Unconventional Oil and Gas (UOG), which is sometime referred to for shorthand as ‘fracking’. On the 3 October 2017, the Scottish Government announced that, due to overwhelming opposition to UOG expressed in the consultation, it would not support the development of an UOG industry in Scotland, meaning there is an effective ban on fracking in Scotland.

The Board is invited to:

i. Note the announcement on UOG from Scottish Government; and
ii. Agree that UOG should now be removed from the Board’s priorities.

**References**
Previous reports on unconventional oil and gas:

- Executive Group June 2016 – Unconventional Onshore Oil and Gas

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October 2017
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Policy Development
1. To update the Board on the recent announcements by Scottish Government on Unconventional Oil and Gas

Current COSLA Position
2. The Scottish Government’s consultation, ‘talking fracking’, on unconventional oil and gas (UOG) closed on 31 May. COSLA responded to the consultation building on previous debate at the Executive Group and Leaders. We highlighted in our response the tensions between UOG and other policy, especially climate change targets. We also highlighted that, due to a lack of evidence on some areas, coupled to the relatively limited scope for exploiting UOG in Scotland anyway, that options for Government were limited. On this basis, and taking a precautionary approach, our evidence leaned towards maintaining the moratorium. However, we said that if Scottish Government decided to exploit UOG, even in a limited way, that the views of communities must be considered paramount and that local government – through the democratic process – had a critical part to play.

What is changing?
3. On 3 October 2017, the Scottish Government announced that it will not support the development of UOG in Scotland, meaning there is an effective ban on fracking in Scotland. The decision followed overwhelming support for the ban with 99% of the 60000 respondents opposed to the development of an UOG industry.

4. The particular areas of concern identified in the consultation were the potential for significant, long-lasting negative impacts on communities, health, environment and climate. Scepticism was also expressed on the ability of regulation to mitigate negative impacts and doubts cast over the potential economic benefits or the contribution of UOG to Scotland’s energy mix.

5. Following the announcement, Scottish Government has written to all local authorities to make clear that the directions that gave effect to the moratorium will remain in place. A parliamentary vote will take place in the near future followed by a Strategic Environmental Assessment.

Next Steps
6. The announcement by the Scottish Government highlights a number of similar issues between the Government’s findings and COSLA’s response, particularly around potential impacts on communities and the environment. As UOG extraction this paper invites the Board to remove UOG as a priority from the Board plan.

Summary and Recommendations
7. The paper updates the Board on Unconventional Oil and Gas, which is sometime referred to for shorthand as ‘fracking’. On the 3 October 2017, the Scottish Government announced that, due to overwhelming opposition to UOG expressed in the consultation, it would not support the development of an UOG industry in Scotland, meaning there is an effective ban on fracking in Scotland.
The Board is invited to:

iii. Note the announcement on UOG from Scottish Government; and
iv. Agree that UOG should now be removed from the Board’s priorities.

October 2017
Appendix A

COSLA Draft Response to Talking “Fracking”: A Consultation on Unconventional Oil and Gas

Introduction
This is the COSLA response to the Scottish Government’s consultation on the potential development of an Unconventional Oil and Gas (UOG) extraction industry in Scotland. Due to the Local Government elections, this response has been developed by officer but it draws upon previous political discussion at COSLA on Unconventional Oil and Gas.

The consultation is broken down into three areas of consideration:

- Community
- Economic and
- Environmental

As the issue of UOG has proven a complex and controversial one, rather than discuss each of these issues individually, this response will focus on the areas of concern for local government and how they relate to the considerations listed above more broadly. These issues are as follows:

- The involvement of communities and planning in future developments
- The impact on climate change targets and strategy and
- The future role of local government if UOG is developed further

In general terms this response does not recommend either an outright ban on UOG or that Scotland should develop this industry. We recognise that there are competing factors which must be considered and that there is, in some areas, a lack of good quality data and research. It is also true that there are significant tensions between development of UOG resources and Scottish Government’s greenhouse gas emission targets. COSLA supports the targets set in the Draft Climate Change plan but they are already extremely ambitious and success is not guaranteed even before we consider the impact of UOG on emissions.

Giving the above, the likely choice facing the Scottish Government is on maintaining the moratorium or exploring a limited development of UOG in Scotland. In this scenario, a precautionary approach, given the likely limited scope for UOG extraction, would be to maintain the moratorium for the time being. For COSLA, the most important consideration is that if Scottish Government do indeed decide to exploit UOG in even a limited way that the views of communities are considered paramount and that local government – through the democratic process – has a critical part to play in ensuring a balanced view on all the competing issues.

Community and Planning Concerns
COSLA has argued for several years on the impact that applications for onshore oil and gas could have on local communities and local democratic decision making. In Summer 2014, COSLA’s Convention responded to the previous UK Government consultation, on Underground Drilling Access, outlining a clear concern that the proposals could significantly undermine the rights of communities and individuals to object, and indeed
brought the issue to the attention of the Scottish Government highlighting the need to empower local democracy when considering onshore oil and gas extraction.

Empowered communities are at the heart of strong democracy, and engagement with our communities over the decisions that affect them is the first step to ensuring empowerment of our communities. It has been widely noted that the development of an UOG industry in Scotland would have a wide variety of impacts, both positive and negative, on Scotland’s communities. With many of Scotland’s UOG reserves occurring in the central belt, it is the people of the most densely populated communities who will be most affected by these impacts. As such COSLA welcomes the recommendation of, “sustained and meaningful community engagement” from the Expert Panel.

In addition COSLA welcomes the legal requirement for effective public engagement built in to the process of developers gaining a Petroleum Exploration and Development Licence. We note that authority for issuing these licenses is to be devolved from the Oil and Gas Authority to the Scottish Government, but would welcome further decentralisation of power from the Scottish Government to local government to ensure maximum engagement with, and control over, the impact of UOG.

We note with concern that the potential health implications of UOG on public health, noting that the Health Impact Assessment carried out as part of the evidence gathering, was found to be inadequate as a basis to determine whether development of UOG would pose a risk to public health. Whilst adopting a precautionary approach in the event of UOG development is welcomed, further assessment of the issue would be desirable in order to protect the public from exposure to health based hazards, particularly given the population density of the communities which would be affected.

Environmental Concerns
COSLA are committed to helping Scotland achieve its carbon and emissions reduction plan. We support the ambition shown by draft Climate Change Plan, even though we acknowledge the challenge of delivering the targets set. If Scotland does develop an UOG industry the products of this could replace current imports from abroad, resulting in no overall increase in Scotland’s fossil fuel consumption as well as creating jobs and economic benefits. However, this does not address the issue of emissions resulting from the production of UOG. We note the concerns of the Climate Change Committee that the UK needs to develop its Carbon Capture and Storage (CCS) in order to achieve emissions targets. If our emissions targets are to be achieved, CSS technology must also be developed as production emissions cannot be offset elsewhere in the economy without it. As such we believe if Scotland is to develop a UOG industry, the development of CCS must be included in future plans.

It is hard to predict the scale of these additional emissions as this is entirely reliant on the size of the potential industry, however strengthening of the regulatory framework and tight monitoring can mitigate the levels of associated production emissions.

While we accept the differences between UOG and Underground Coal Gasification (UCG), some conclusions can be drawn from Independent Review of Underground Coal Gasification. It stands to reason that if UCG has been blocked in Scotland due to, “UCG presenting a serious issue to face in reducing Scotland’s carbon/greenhouse gas emissions without an operational storage method, such as carbon capture,” similar considerations may also be relevant when considering UOG.
The Review goes on to state that the resources will not diminish and as such future technologies may develop which allow for cleaner, safer extraction of UCG. Similarly, this could be applied to UOG, as the consultation acknowledges that some of its assessments and evidence gathering is at this time inadequate. These issues could potentially be revisited at a future date as technology improves to make a potential UOG industry safer, cleaner and more financially viable.

**Economic Impact**

As stated above we welcome the potential economic benefits UOG could present to the Scottish economy, yet expectations of its impact must be tapered. It is widely acknowledged that a stricter regulatory framework is necessary to ensure emissions targets are met, but it is likely that stricter regulation will reduce the economic benefits of a potential UOG industry.

A further economic benefit identified in the consultation is the economic benefits to communities through community benefit schemes. We welcome the positive impact these schemes could deliver to local communities if a UOG industry is developed in Scotland. Previous examples of such schemes have been observed with the Scottish Landfill Communities Fund and benefits schemes associated with onshore wind development which fund local community and environmental projects.

Such schemes can prove lucrative to local communities and we note the Shale Wealth Fund in England and Wales is projected to invest up to £1 billion in shale producing areas over the next 25 years. However, what is less clear is the administration and management of the fund and we would welcome more clarity over the potential structures of a Scottish equivalent. The creation of a new, independent decision making body has been suggested by the HM Treasury’s Shale Wealth Fund consultation. We are cautious about establishing a new public body and as democratically elected representatives of communities, we would wish that any proposal for community is fully developed in partnership with local government.

**Conclusion**

This is an officer response but one which draws on the debate which has taken place at COSLA on UOG extraction in recent years. This debate has focused on ensuring that communities, through the local democratic process, have a clear say in the local development of onshore oil and gas. This response does not recommend either an outright ban on UOG or that Scotland should develop this industry, but it is clear from the consultation that a lack of evidence, and other constraints, that options for developing the industry in Scotland are limited. With this in mind, and taking a precautionary approach, a maintenance of the moratorium for the time being may be the most sensible option for Scottish Government.

**June 2017**