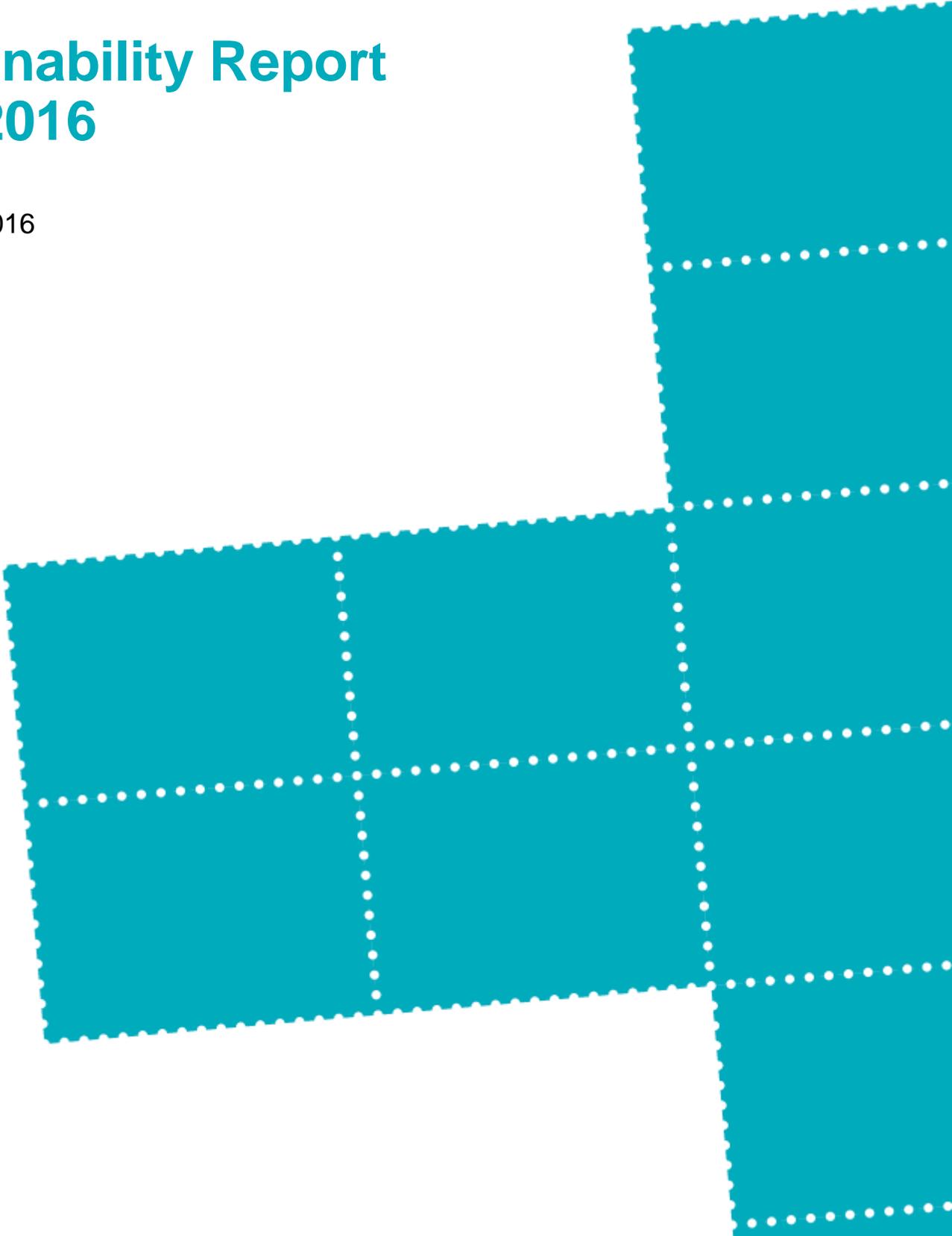


Sustainability Report 2015/2016

November 2016

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Introduction

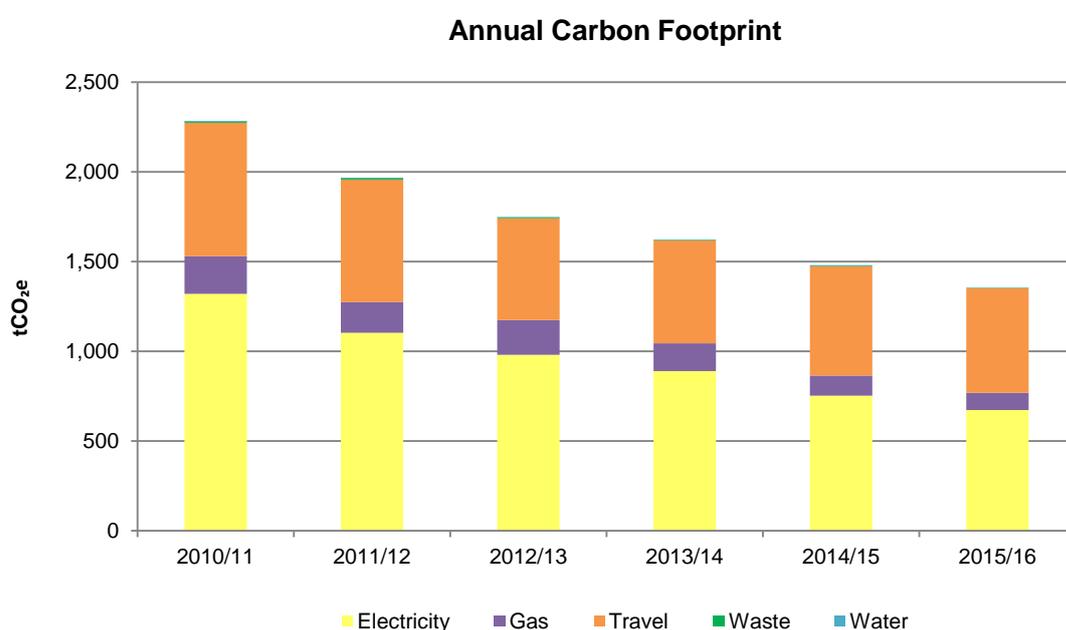
Skills Development Scotland (SDS) is committed to operating in a sustainable manner. Our sustainability activities fall under three key areas: organisational carbon management, sustainable procurement and promoting the low-carbon employment sector.

SDS measures its environmental impact through an organisational carbon footprint which allows us to set emissions reduction targets and track our progress. Table 1 shows our annual carbon footprint since 2010/11.

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Emissions (tCO ₂ e)	2,285	1,968	1,749	1,623	1,480	1,357
Emissions Intensity (tCO ₂ e/FTE)	1.79	1.65	1.56	1.34	1.21	0.99

Table 1: Annual total and normalised emissions

The main components of SDS's carbon footprint are energy use and business travel - accounting for 57% and 43% respectively. Water and landfill waste are also included - each accounting for approximately 0.2% of the carbon footprint.



Scope of Reporting

SDS has a diverse estate portfolio, operating in properties ranging from leased offices and retail spaces to desks in libraries and schools. As a result, we use a financial control methodology to calculate our carbon footprint. For energy and water this covers offices where we are directly billed for our consumption through metering. Direct billing means that we control consumption and benefit from energy efficiency improvements from both a financial and carbon perspective.

Our footprint also includes business travel for SDS's total headcount and waste to landfill for the offices on our Mitie Waste uplift contract. Diagram 1 below illustrates the scope of SDS's carbon footprint in 2015/16 with the dashed line showing a breakdown of the activities covered by our financial control methodology. Despite the exclusion of unmetered sites where SDS does not have control over energy, waste and water, our carbon footprint still covers 73% of our employees' permanent bases.

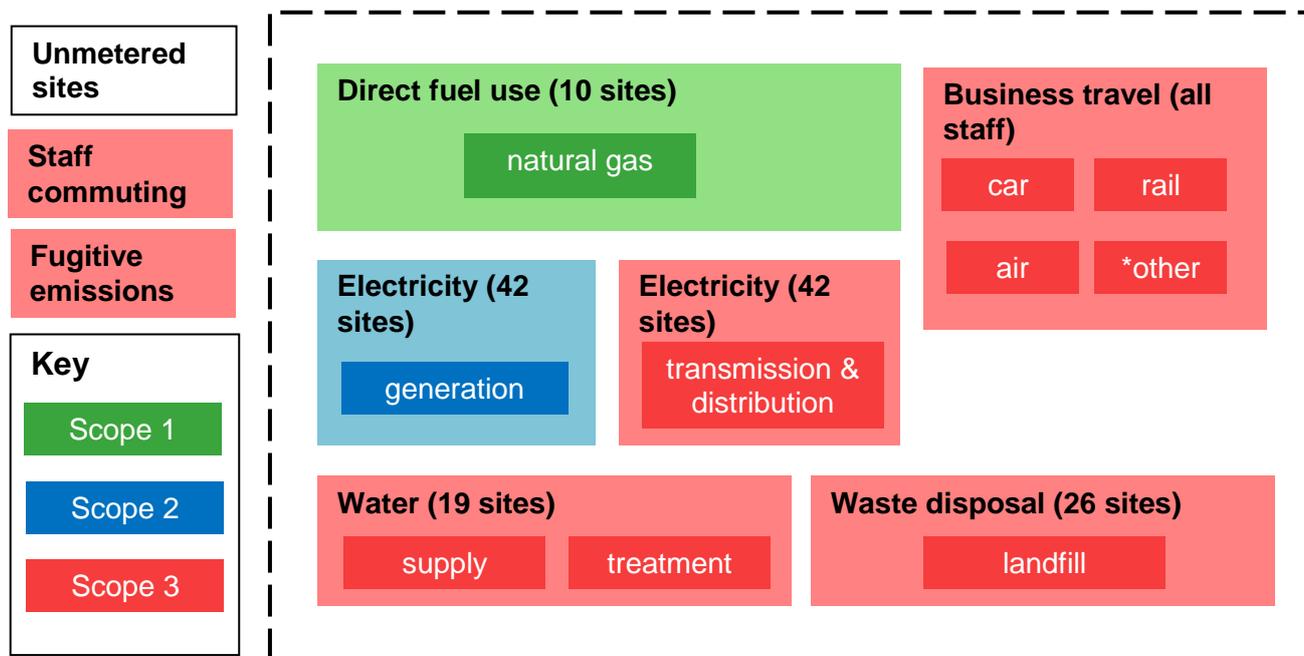


Diagram 1: Carbon footprint scope (*ferry, underground and tram)

Performance to Date

In 2011 SDS devised a four year Carbon Management Plan (CMP) which set out an ambitious target of a 30% reduction in carbon emissions by April 2015 against the 2010/11 baseline. SDS exceeded this target achieving a 35% carbon footprint reduction. We are now committed to further reducing our footprint by 7% on a 2010/11 baseline by April 2020 – taking our overall reduction target to 42%. Our strategy to achieve this is detailed in the second [Carbon Management Plan](#) covering the period 2015-2020. At the end of the first year we have achieved 96% of our 2020 target, reducing our footprint by 8% compared to 2014/15. This resulted in a 41% reduction on the 2010/11 baseline by April 2016. All targets will be re-evaluated at the next annual review of the Carbon Management Plan in March 2017.

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Target Reduction (on 2010/11)	0%	0%	7%	16%	30%	36%
Actual Reduction (on 2010/11)	0%	14%	23%	29%	35%	41%

Table 2: Annual target and actual emissions reduction

Throughout 2015/16 we continued to engage with colleagues to encourage low carbon behaviour such as tips on recycling and reducing business travel. Whilst this engagement helped to reduce SDS's carbon footprint, the reduction was particularly significant due to the following three factors:

- In 2014/15 the electricity grid conversion factor was higher than average therefore our carbon footprint in 2015/16 benefited from automatic 'free' reductions.
- In 2014/15 38,000 miles of long haul international flights were travelled. Our average annual long haul air travel since 2010/11 is 8,713 miles.
- In 2014/15 we moved out of three offices which accounted for 7% of our electricity consumption.

If we remove the influence of these three factors by using the 2014/15 electricity conversion factor on the 2015/16 data and discounting the long haul air travel and the energy consumption in the three offices from 2014/15, we can estimate that SDS achieved an emissions reduction of 2.8% in 2015/16. This more accurately reflects the annual reduction that can be achieved through implementing our carbon management strategy of employee engagement and energy efficiency improvements.

Influenced Impacts

Throughout our transition to becoming a low carbon organisation we have and will continue to highlight the environmental benefits of low carbon actions and believe this has a positive impact on colleague's choices at home.

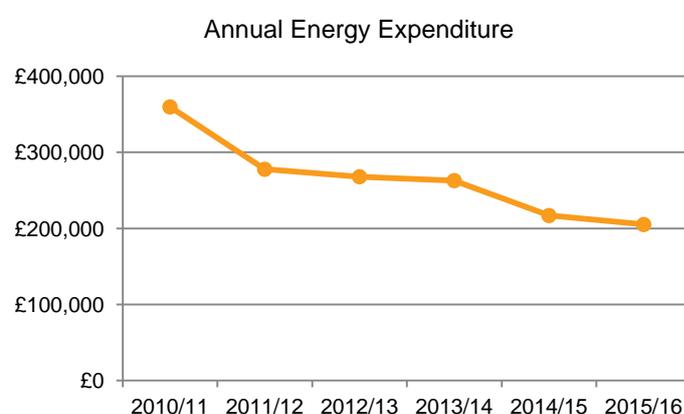
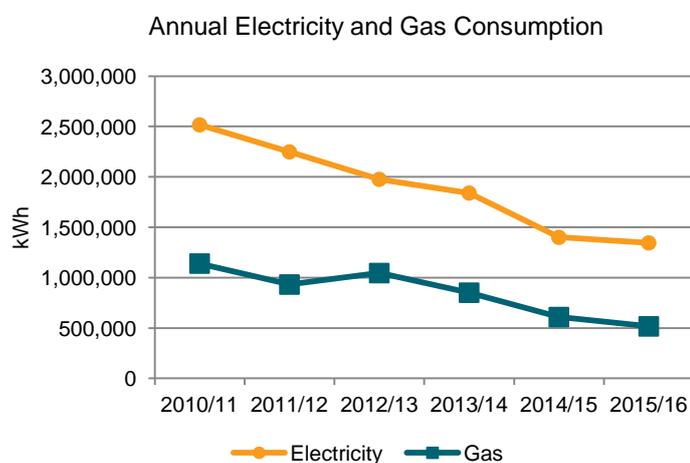
Whilst we continue to focus on reducing our own impact on the environment, we also endeavour to encourage our providers to reduce their environmental impact through our procurement process. SDS is committed to meet our obligations in a manner which achieves both value for money and value on a whole life basis. This generates benefits, not only for SDS, but also for the wider society and economy whilst minimising damage to the environment. SDS adheres to the Scottish Government's 'Scottish Procurement Directorate' and the 'Sustainable Procurement Action Plan for Scotland', as well as supporting the 'Developing Market Sector for the Third Sector Provider's Programme'. Community Benefits in this context are contractual requirements which deliver wider social benefits, including targeted recruitment and training, and environmental and community engagement.

Energy

		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Emissions (tCO ₂ e)	Electricity	1,320	1,103	981	890	753	673
	Natural Gas	211	171	194	155	113	95
	Total	1,531	1,274	1,175	1,045	865	768
Emissions Intensity (tCO ₂ e/FTE)	Electricity	1.03	0.93	0.88	0.73	0.62	0.49
	Natural Gas	0.16	0.14	0.17	0.13	0.09	0.07
Consumption (kWh)	Electricity	2,517,112	2,248,575	1,976,517	1,840,060	1,400,603	1,345,593
	Natural Gas	1,140,265	932,280	1,045,990	851,093	609,296	517,151
	Total	3,657,377	3,180,855	3,022,508	2,691,153	2,009,899	1,862,744
Financial Expenditure	Electricity	-	£236,519	£227,596	£225,683	£189,665	£183,125
	Natural Gas	-	£41,215	£40,329	£37,147	£27,290	£22,024
	Total	£359,660¹	£277,734	£267,925	£262,830	£216,955	£205,149

Table 3: Annual energy emissions, consumption & expenditure

Graphical Analysis



Performance to Date

Carbon emissions from electricity and gas consumption across SDS's estate accounted for 57% of our carbon footprint in 2015/16. Electricity was the main source of our emissions reduction in 2015/16 accounting for 61% of the total annual carbon footprint reduction. We reduced energy kWh consumption across the estate by 7% in 2015/16. Our Carbon Management Plan contains a target to reduce energy consumption by 10% by 2020 on a

¹ The financial expenditure data for 2010/11 is only available for the total electricity and gas consumption.

2014/15 baseline. We have already achieved 66% of this target and will re-examine it at the next CMP review in March 2017.

Actions

Since 2010/11, improving the energy efficiency of our estate has been a vital element of our carbon management strategy. This has included the upgrading of lighting to LEDs, improving insulation and replacement of boilers. In 2015/16 the old boiler in Kilmarnock was replaced with an efficient model and energy efficient microwaves were distributed in several sites. In December 2015 an energy audit was undertaken across 31 sites to assess the potential for energy efficiency improvements across the estate. From the audit results we were able to develop an energy reduction project plan to action in 2016/17.

Ongoing colleague engagement on energy reduction and further development of the Green Champion Network was an area of focus in 2015/16. In June 2015 the first Green Champion Away Day was held in Stirling. This event included presentations and interactive workshops on energy, travel and recycling which allowed the Green Champions from across the country to broaden their knowledge and exchange ideas. Through the bi-monthly online meetings and environmental newsletters, Green Champions have the necessary knowledge to drive change at a local level with support from the Carbon Management Team. The annual 'We Can Make a Difference to the Environment' campaign took place in November 2015 and included advice and best practice tips to colleagues on the intranet on how to reduce energy use their offices.

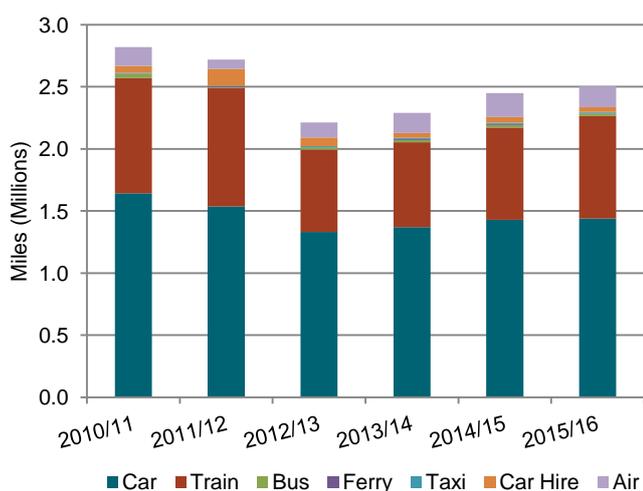
Business Travel

		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Emissions (tCO ₂ e)	Private Car	550	506	417	419	434	431
	Other: rail, bus, ferry, tram, taxi, car hire & air	192	176	150	153	174	154
	Total	742	682	567	572	608	585
Normalised Emissions (tCO ₂ e/FTE)	Private Car	0.43	0.42	0.37	0.35	0.35	0.31
	Other: rail, bus, ferry, tram, taxi, car hire & air	0.15	0.15	0.13	0.13	0.14	0.11
Miles	Private Car	1,641,412	1,537,473	1,330,274	1,369,136	1,422,969	1,437,900
	Other: rail, bus, ferry, tram, taxi, car hire & air	1,176,853	1,182,556	870,904	920,827	1,018,768	1,065,680
	Total	2,818,265	2,720,029	2,201,178	2,289,963	2,441,736	2,503,580
Financial Expenditure	Private Car	£613,347	£654,247	£518,122	£535,982	£562,230	£574,730
	Other: rail, bus, ferry, tram, taxi, car hire & air	£293,840	£248,419	£256,879	£312,666	£351,456	£366,479
	Total	£907,187	£902,666	£775,001	£848,648	£913,687	£941,209

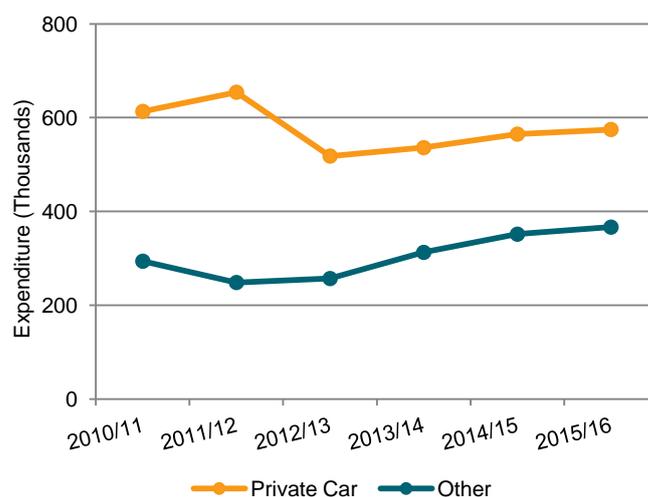
Table 4: Annual business travel emissions, miles & expenditure

Graphical Analysis

Business Travel Mileage



Business Travel Expenditure



Performance to Date

Business travel is a significant component of our carbon footprint as SDS delivers its services across the length and breadth of Scotland. Accounting for 43% of our carbon footprint in 2015/16, it is the largest contributor after energy use.

Unlike energy use which has reduced significantly, business travel mileage has been increasing since 2012/13. There was an annual increase in 2015/16 of 2.3% which equates to over 55,000 miles; however this is not as steep as the 7% increase in 2014/15.

SDS is committed to creating a culture which enables individuals and businesses to perform to the best of their capability. The increase in business travel is attributed to the expansion and improvement of our services and commitment to local provision of services in every public school and in partner locations as well as our own network of centres.

Private car continues to be the most common mode of transport, accounting for 57% of SDS's total business travel mileage in 2015/16, followed by rail travel which accounts for 34%. Total air travel saw a 12% decrease in 2015/16, however, domestic air travel saw a 7% increase compared to 2014/15 which can be attributed to an increase in colleagues flying to our more remote offices in the Highlands and Islands.

As communicated in the CMP, SDS has set a target to reduce business travel mileage by 5% by 2020 on a 2014/15 baseline, equating to 122,419 miles. There is also a target for private car to account for 50% or less by April 2020.

We remain committed to reducing our business travel mileage and overall carbon footprint. We will do this by redoubling our efforts in a number of areas as outlined below.

Actions

Although the increase in travel can be in part attributed to the positive expansion of our services to deliver a world class service for our customers, we continue to take proactive steps to reduce business travel through increased use of online meeting technology and greater use of low carbon methods of transport. In order to reduce business travel mileage for internal meetings we have invested in online conferencing technology to allow SDS colleagues to hold meetings remotely. Our annual 'We Can Make a Difference to the Environment' campaign included articles and a blog post on the intranet encouraging colleagues to make a conscious decision before travelling and to use public and active forms of travel where possible.

In January 2016, our second organisation wide 'Limited Internal Travel Month' took place where colleagues were requested to limit their internal travel where feasible by utilising the available technologies for meetings with colleagues. This resulted in an overall 32% reduction in miles claimed for internal business travel compared to January 2014 when there was no limit on

internal travel. Car mileage decreased by 40% while rail travel decreased by 15%, equating to a saving of 5,293 miles and 2.3 tCO₂e. Due to the success of this campaign, we will roll it out again in February 2017.

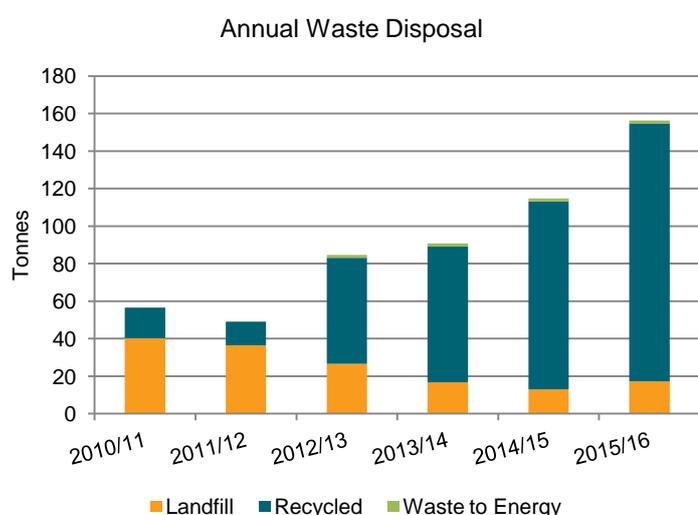
In 2015/16 we installed bike racks and shower facilities in two offices to promote active travel to work. Furthermore, the Cycle2Work scheme which offers employees up to 42% off the cost of a brand new bike and safety equipment continues to be available.

Waste

		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Emissions (tCO ₂ e)	Landfill Waste	7.8	7.3	5.3	3.3	3.3	1.6
Consumption (tonnes)	Landfill	40.24	36.52	26.59	16.8	13.03	17.32
	Recycled	16.46	12.62	56.55	72.35	100.20	137.39
	Energy From Waste	0	0	1.44	1.59	1.62	1.59
	Total Disposal	56.7	49.14	84.58	90.74	114.85	156.3
Financial Expenditure	Landfill	-	-	£9,788	£21,211	£18,674	£18,372
	Recycled	-	-	£18,564	£24,131	£32,703	£36,694
	Energy From Waste	£0	£0	£296	£290	£340	£358
	Total Disposal Expenditure	£40,204²	£35,091	£28,648	£45,632	£51,717	£55,424

Table 5: Annual waste emissions, consumption & expenditure

Graphical Analysis



² The financial expenditure data for 2010/11 and 2011/12 is only available for the total waste disposal.

Performance to Date

In 2015/16 the total waste disposal (landfill, recycling and waste to energy) increased by 41 tonnes, equivalent to a 36% increase on 2014/15. The total volume of waste sent to landfill saw a 33% increase from 13 tonnes in 2014/15 to 17 tonnes in 2015/16. However, the landfill diversion rate increased by 1% to 85% and the recycling rate increased by 2% to 61%. The biggest increase in waste was from confidential paper. This is likely due to colleagues being reminded to ensure that all potentially confidential documents are disposed of safely and also the increasing misuse of the bins for non-confidential paper. The confidential bins are collected by Shred-it who have a more accurate weighing system compared to the general recycling and waste bins and therefore the total amount of waste has shown an increase. In 2016/17 this misuse of the confidential bins will be addressed through internal communications and assessment of the number and locations of these bins.

We have set two 2020 targets on a 2014/15 baseline: reduce the total tonnage of waste (landfilled and recycled) by 10% and attain a 90% landfill diversion rate.

Actions

SDS strives to reduce the total amount of waste produced overall and increase the proportion of recycled waste. In April 2013 an organisational wide waste and recycling contract with Mitie Waste came into effect which covered 37 offices at the end of 2015/16.

A 'follow-me' print system was rolled out in 2015/16 across all offices which requires colleagues to swipe their staff pass at the printer in order to retrieve their documents. This is a more secure system and will help cut paper waste through reducing the incidence of colleagues accidentally printing a document multiple times or printing a document but then forgetting to collect it. Due to the transfer onto a smarter printing system in quarter three of 2015/16, we are now able to access accurate data on paper use from all the SDS printers across our estate. Colleagues across the organisation printed a total of 2,888,319 sheets in Q3 and Q4 of 2015/16. Going forward we will therefore be able to carry out more detailed analysis on our paper use.

We continue to use 100% recycling paper and/or Forestry Stewardship Council (FSC) paper for all printed internal documents where available and print external documents and brochures on 80% recycled paper. We also continue to encourage our colleagues to 'think before you print' and to share documents online. Default settings are double sided and grey-scale to reduce the volume of paper and ink used.

The type of material that can be recycled varies across different regions in Scotland. To ensure that the correct materials are being recycled in our offices we carried out a waste

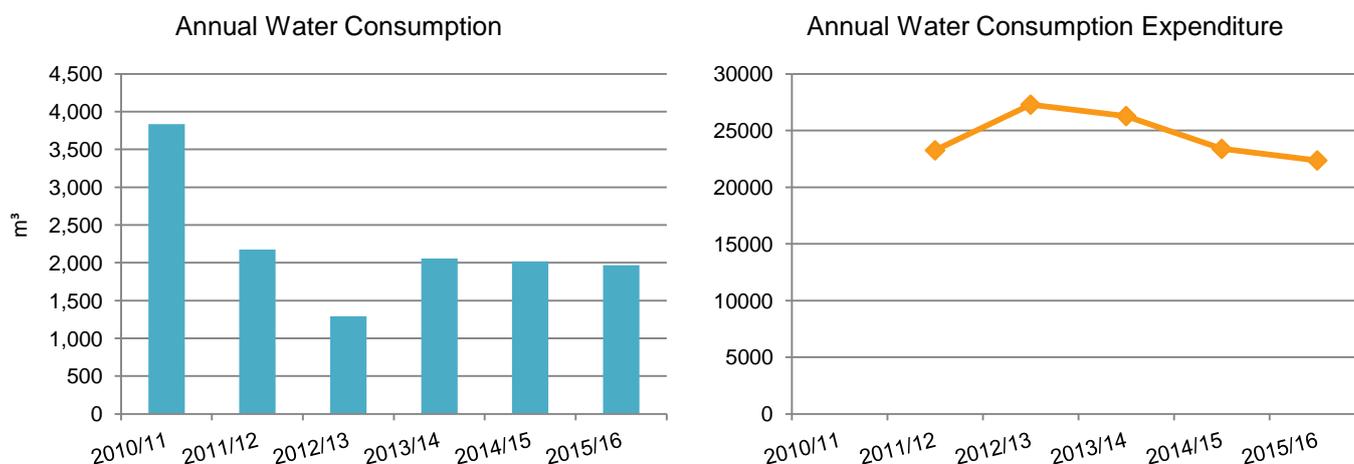
audit in 2015/16. We contacted the organisation responsible for waste uplift at each site not on our Mitie Waste contract, whether a local authority or a private company, and clarified what materials can be recycled. From the information gathered, appropriate posters were given to the Green Champions to display which we anticipate will improve the quality of recycling at our sites.

Water

		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Emissions (tCO ₂ e)	Water Consumption	3.2	2.3	1.4	1.8	2.7	2.1
Consumption (m ³)	Water Consumption	3,833	2,176	1,290	2,056	2,017	1,969
Financial Expenditure	Water Consumption Expenditure	No data available	£23,259	£27,283	£26,281	£23,385	£22,365

Table 6: Annual water emissions, consumption & expenditure

Graphical Analysis



Performance to Date

In 2015/16 SDS's water consumption reduced by 2%, a total reduction of 47% since 2010/11.

Actions

Since 2013/14 all office retrofit projects have been required to consider water saving devices, such as low flush toilets, waterless urinals, spray and low flow taps and water saving white goods. Hydrotaps and hot water boilers have been installed in some offices to reduce the overuse of water when boiling the kettle. Dishwashers have also been purchased for busier offices as less water is used in a full dishwasher compared to running a tap to clean dishes.

Promoting the Low Carbon Employment Sector

SDS continues to promote the Low Carbon Skills Fund (LCSF) which offers Scottish businesses (with up to 100 employees) 50% towards the cost of low carbon training for their employees. Training can cover areas such as renewable energy and low carbon technologies, energy efficiency and waste management. By giving small businesses access to these skills, SDS is supporting Scotland's transition to a low carbon economy. The LCSF supported a total of 480 training places for 151 employers in 2015/16 with energy efficiency being the main area of training. From the employers that have used the funding so far, 83% advised they saw an increase in the skills and competencies of staff.

Through supporting Modern Apprenticeships (MAs), SDS helps tackle Scotland's skills gap by contributing towards training costs to allow young people to gain valuable work experience whilst becoming qualified. In 2015/16 we promoted youth employment in the low carbon sector by supporting 31 MAs within 'Sustainable Resource Management' and eight MAs in 'Wind Turbine Operation and Maintenance'.

SDS was also involved in commissioning the national 'Low Carbon Skills E-Learning Resource' which was launched on the Keep Scotland Beautiful website in May 2015. This aims to engage with young people to provide them with a greater understanding of environmental and sustainability issues which in turn will also help promote the development of a skilled workforce in the low carbon sector.

Furthermore, SDS is a partner in the 'Powering the Future' interactive exhibition at the Glasgow Science Centre which aims to raise awareness and understanding of the critical issues surrounding the future of our energy supply. By making the science relevant and accessible, the exhibition aims to spark interest among the future generation and inspire them to take up careers within this sector.

Notes:

Note 1: All carbon emission factors are from Defra's annual 'UK Government Conversion Factors for Company Reporting' available at <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2016>

Note 2: The financial figures are only for the offices covered by our carbon footprint methodology and therefore will not match with the figures in the annual accounts.

Note 3: The data in this report is correct as of November 2016 and may be subject to change