

Seventh meeting of the Just Transition Commission Finance and Investment

24 April 2020, 10:15 – 15:30

Commission attendees

Professor Jim Skea (Chair)
Lang Banks, representing WWF Scotland
Professor Mike Danson
Richard Hardy, representing Prospect
Charlotte Hartley, representing 2050 Climate Group
Norrie Kerr
Rachel McEwen
Dave Moxham, representing STUC
Kate Rowell
Tom Shields

For agenda item 2 only

Colin Baines, Friends Provident Foundation
Anna Kynaston, Scottish National Investment Bank
Richard McIndoe, Strathclyde Pension Fund
Helen Wildsmith, Institutional Investors Group on Climate Change

For agenda item 3 only

Professor Andy Gouldson, Leeds University / Place-Based Climate Action Network
Craig McLaren, Royal Town Planning Institute
Tony Rose, Scottish Futures Trust

Secretariat attendees

Gregor Auld, Scottish Government
Jacob Greenhalgh, Scottish Government

1. Welcome and preparation for session one

1.1 Professor Jim Skea welcomed everyone to the meeting. Apologies from Colette Cohen and Professor Karen Turner were noted.

1.2 The Commission discussed topics and questions they wished to raise in advance of the first information gathering session.

2. Information gathering session one – Finance

2.1 The Chair welcomed guests to the session and started the questioning.

2.2 The group began by exploring the role of investors in delivering a just transition to net-zero in Scotland. Several examples were noted including investing directly in projects that delivered social and environmental outcomes, such as

community energy schemes, as well as engaging with companies as shareholders to ensure just transition was being given sufficient attention. Momentum had been growing behind the just transition concept in the investment community prior to the COVID-19 crisis, and it was hoped that this would return as the crisis prompted investors to place increased attention on the resilience and social dimension of their investment portfolios.

2.3 Discussion then turned to how the public sector may support the investment community. Projects that would deliver on both climate and social outcomes were said to often be too small-scale to attract the attention of large investors. The possibility of public sector playing a role either in delivering a steady pipeline of such investments or helping to facilitate the aggregation of small projects was suggested as one way of helping to attract larger investors. Stable and long-term policy frameworks supplemented by legislation were also noted to be an effective way of mobilising the investment community, with mandatory EPC standards in buildings noted as a positive example.

2.4 Finally, the impact of COVID-19 was discussed, including opportunities for a green recovery from the pandemic. It was noted that many large institutional investors were having to adapt at the moment to lower dividends and less rental income from their property portfolios. While they would need to carefully rebuild their portfolios in the coming years, there was some optimism that money would flow to green investments once the current crisis passed. Direction and leadership from Government in terms of prioritising a green recovery was felt to be helpful in giving confidence and mobilising private investors.

2.5 The Chair finished the session by thanking the guests for their contributions.

3. Wrap up of information gathering session one preparation for session two

3.1 The Commission discussed the evidence they had heard in the previous session. It was agreed the session had been helpful, particularly the range of perspectives on offer from participants.

3.2 There was then discussion about the upcoming session focussed on investment.

4. Information gathering session two - Investment

4.1 The Chair welcomed guests to the session and began the discussion.

4.2 There was agreement from all guests that place-making and planning had a central role to play in delivering inclusive climate action, by considering interventions across sectors (housing, transport etc.) together and for allowing for discussion with communities about the opportunities and trade-offs. It was felt the National Planning Framework 4 was a key opportunity for Government to lay out a strategic vision

across portfolios of where investments are needed and help channel capital towards projects that will reduce emissions while helping build resilient communities.

4.3 The extent to which public ownership would be needed to deliver emission reductions in a just manner was then discussed. While in some cases this would be appropriate, it was felt that that Government should look across all levers available to it (planning, regulation etc.) before deciding that direct ownership was required. It was noted that new funding models may also help deliver projects that would not be funded on a purely commercial basis. There was said to be particular potential for this at the local authority level, with some councils exploring the potential to issue a green municipal bond along with crowdfunding models.

4.4 Discussion finished by covering the recovery from the COVID-19 pandemic. Guests felt that any longer-term green recovery from COVID-19 would also need to boost resilience, with investment in infrastructure and people key to this. Identifying what behaviours were likely to ‘stick’ post-COVID would allow investments to be made to support people through the change (such as improved broadband to support home working). It was noted that Government needed to ensure stimulus offered to the private sector leveraged further action on climate change where possible, particularly given that some companies may try to use the current crisis as an excuse to delay delivery of ambitious action towards net-zero.

4.5 The session finished with the Chair thanking guests for their contributions.

5. Review of information gathering sessions and stock-take

5.1 The Commission discussed the evidence they had heard earlier in the day. It was agreed that both sessions had been productive and given a good overview of the opportunities and challenges associated with financing a just transition in Scotland.

5.2 There was then discussion of the Commission’s work plan in light of COVID-19. It was agreed that some evidence previously heard by the Commission would need to be returned to, particularly for the oil and gas sector where circumstances had changed drastically in recent months. There was agreement to meet again to discuss the work plan in detail, once formal direction from Ministers had been received.

5.3 Regarding the schedule of meetings, it was agreed that the next Commission meeting would focus on skills and education, rather than innovation as originally planned. It was also requested that the call for evidence deadline be extended by a month to allow for organisations to respond who may have experienced disruption due to COVID-19.

5.4 The secretariat finished by giving an update on research examining net-zero skills. An initial evidence review had been completed and the report was currently going through final sign-off and would be shared with the Commission shortly.

Advising on a net-zero economy that is fair for all



Action point 1: secretariat to arrange conference call once formal ask from Scottish Government received

Action point 2: secretariat to share skills research once finalised