

**Summary of Key Anticipated Questions and Points to Raise**

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**What is the definition of a Just Transition?**

- We do have a statutory definition of Just Transition.
- I will also summarise to say that for the Scottish Government, Just Transition, at its core, is about carefully managing major shifts in our economy as we move to net-zero; using evidence to identify the risks and benefits of decarbonisation, and finding ways to share them equitably through collective action.
- The Scottish Government has identified that the best way that it can support this is through Just Transition Planning that is co-designed and takes into account a much more diverse range of views in terms of what the future should look like, and the actions that are needed to deliver on that future.

**Statutory Definition**

- The Climate Change (Emissions Reduction) (Scotland) Act 2019 places a set of just transition principles of a statutory footing
- It places duties on the Climate Change Plan to:
  - (a) explain how the proposals and policies set out in the plan are expected to affect different sectors of the Scottish economy and different regions in Scotland, including how they are expected to affect employment in those sectors and regions, and
  - (b) set out the Scottish Ministers' proposals and policies for supporting the workforce, employers and communities in those sectors and regions.
- It also specifies a series of just transition principles:
  - (a) supports environmentally and socially sustainable jobs,
  - (b) supports low-carbon investment and infrastructure,
  - (c) develops and maintains social consensus through engagement with workers, trade unions, communities, non-governmental organisations, representatives of the interests of business and industry and such other persons as the Scottish Ministers consider appropriate,
  - (d) creates decent, fair and high-value work in a way which does not negatively affect the current workforce and overall economy,
  - (e) contributes to resource efficient and sustainable economic approaches which help to address inequality and poverty.
- As the Just Transition Plans will be part of a suite of documents that form part of the Climate Change Plan, they will have to demonstrate alignment with these statutory duties.

**What is the definition of a green job?**

- The Office for National Statistics (ONS) conducted extensive stakeholder engagement and has arrived at the definition of a green job as:

***“Employment in an activity that contributes to protecting or restoring the environment, including those that mitigate or adapt to climate change.”***

## What are our top asks of UK Government

1. While welcoming the UK Government including Acorn as one of the 2 projects that are best able to meet Track 2 eligibility, we continue to urge the **UK Government to provide a clear timetable for when Track 2 clusters will be awarded.**
2. We urge the UK Government to **expedite progress on amending regulations and legislation to support hydrogen** blending, accelerate decisions on the role of 100% hydrogen in the gas grid and to enable our ambition to maximise volumes of renewable hydrogen in our energy system as quickly as possible.
3. We urge **the UK Government and Ofgem to ensure that investment in our grid infrastructure happens at the pace and scale** required to deliver a just energy transition in line with statutory climate targets, including those set by the Scottish Parliament.
4. We urge the **UK Government to match our ambitious £500m Just Transition Fund** which is supporting businesses, workers and communities across Scotland as we transition to net zero, and helping to ensure that no-one is left behind.
5. We call on UK Government to set out a **comprehensive response to the significant commitments to net zero financing** seen in US and Europe through the USA's Inflation Reduction Act; and the EU's Net Zero Industry Act and Critical Raw Materials Acts – which will change global net zero capital markets. We are told to wait for the Chancellor's Autumn statement – and the CEO of the CCC has said the next few months are 'critical' to lure the right net zero enabling capital to the UK.

## Alignment of Grangemouth Just Transition Plan with SG's other JT Plans

- We are developing Just Transition Plans for sectors, regions and sites, ensuring our transition to net zero is a fair and managed transition. As these plans relate to structural shifts in the wider economy and society, each plan, of course, has to have a level of read across with the others, acknowledging specific interdependencies across the economy as it exists today.
- I should note that we have a legal requirement, set out in the 2019 Climate Change Act, which requires the forthcoming Climate Change Plans to address the challenges faced by sectors, regions and communities in Scotland and the policies Ministers set out to address these challenges.
- To fulfil this legal requirement and ensure that our climate change policies are fair, we will align our Just Transition Plans with the next Climate Change Plan and in doing so, this approach will ensure join up across all of our Just Transition Plans.
- For example, Grangemouth today provides roughly 80% of the central belt's road fuel, and 100% of Scotland's aviation fuel. We want Grangemouth to preserve this critical role in fuelling Scotland, in a climate compatible way. As such there will be very clear read across to the Transport Just Transition Plan. So any vision for Grangemouth must make sense in the context of a vision for the future of transport and visa versa.
- At an operational level, those leading on the development of all Just Transition Plans, including this plan for Grangemouth are centrally co-ordinated by a working group that meets regularly.

## **Addressing Points from Prof. Jim Skea and the Just Transition Commission, EFW Committee April 19 (ref. P 42 in full support pack)**

### *On SG's Relationship with the Just Transition Commission*

- We have sought advice from the Just Transition Commission on our approach to Just Transition Plans and will continue to draw on their expertise.
- In response to feedback from the Just Transition Commission, we have taken a series of steps to strengthen the relationship between Scottish Government and Commissioners.
- Last month (March 2023), the Commission and Scottish Government published a Shared Memorandum of Understanding outlining how we will work together to develop the Just Transition Plans.
- This reflects a series of improvements made following the Commission's correspondence with the former Minister for Just Transition, Fair Work and Employment, including an agreed work plan, ensuring the Commission see drafts at an earlier stage, and appointing a series of new Commissioners to provide specialist advice on different sectors.
- Officials have been working closely with the Commission ahead of the publication of a series of discussion papers on the sector Just Transition Plans and have greatly benefited from their advice.
- As the Just Transition Commission's role is to support the production and monitoring of Just Transition Plans, providing expert advice and scrutiny of their development, we would expect there to be adjustments made to our ways of working in response to their reflections. This is the way the relationship between an independent body and Government should work.

### *Letter Outlining Energy Strategy and Just Transition Plan Recommendations*

- The advice provided will be particularly valuable as we continue to develop the discussion papers for the Just Transition Plans, and as we refine the Energy Strategy and Just Transition Plan following the conclusion of the consultation period.
- The advice was wide ranging, but a number of themes stood out, for example
  - Monitoring and evaluation: suggesting a focus for an initial core group of metrics and indicators
  - Engagement, Co-design: ensuring the involvement of those most likely to be negatively impacted and prioritising community benefit
  - Skills and workforce planning
  - Supply Chains
  - Finance: The need for more detail on the type and timing of finance required.
- There are eighty-two actions to consider and we will be carefully considering Government's ability to deliver at the scale the Commission has set out.
- We have asked officials to fully consider the Commission's recommendations and will be providing the Commission with a more detailed response in due course.
- This advice will also inform our thinking on the other sectoral plans being developed this year.

### *Engagement with Grangemouth*

- Our MOU includes an agreed work plan, ensuring the Commission see drafts at an earlier stage. We have identified a series of points in the work plan where we think the Commission may want to engage with the Grangemouth Just Transition Plan and

where we believe would be most valuable considering both our timescales for delivery, and the JTC's schedule.

- We were grateful for the Just Transition Commission providing evidence to this committee and continue to welcome any further engagement with them throughout the process of developing this plan.

## **Community Engagement & Co-Design**

### **Are you involving community in this work? Who have you spoken to so far?**

- We recognise a strong partnership between business, unions, workforce and local communities will be vital for the success of any Just Transition Plan.
- This is a critical success factor for Grangemouth, given the long standing and interwoven relationship between the industrial cluster and the wider community.
- To date, officials have had initial conversations with the Grangemouth Community Council and CVS Falkirk, the third sector interface, which has well established roots in the community.
- We also attended a Greener Grangemouth community engagement session in March, alongside Falkirk Council and Scottish Futures Trust, to introduce our work and seek participation.
- Going forward those identified will be invited to workshops to help develop of vision for the future, and we continue to seek ways to widen this network of stakeholders to ensure we are reaching as many from the community as possible.

### **What do you understand community concerns or ambitions to be at this point?**

- it's important to flag again the early stage of this work, and that there are other bodies such as the local authority and the Community Council who have been working hard, and for much longer to understand and address community concerns.
- A key part of the Grangemouth Just Transition Plan is the Baseline exercise, which will enhance our understanding of communities' concerns much more specifically in relation to the activity of the industrial cluster.
- However, we know that the community has already put a great deal of effort into collating and presenting its hopes for the future, outlined in their Community Action Plan.

In relation specifically to industry, we do understand that the most frequently cited topics are:

- Having enhanced access to education and employment, and the opportunities arising here from the industrial base
  - Greater transparency and clarity on environmental monitoring and hazards
  - Planning and action that better manages the through traffic of Heavy Duty Vehicles and the impact this has on shared spaces in Grangemouth
  - Addressing energy and fuel Poverty
  - Enhanced transport links
- Some of these aspects are deeper issues that our Just Transition Plan won't resolve alone, but I think these represent topics that have clear touch points and read across to the activity of the industrial cluster, and certainly should be factors that the plan seeks to improve in a proportional way.

**What do you think meaningful co-design or participation would look like for community, or other groups such as workers, trade unions etc?**

- Co-design will be vital to this work, as we have outlined already. I would certainly welcome the Committee's views on this when publishing its findings following this inquiry.
- As the initiators of this work, we are considering specific ways for community to engage meaningfully with the process of Just Transition planning and indicatively what this looks like is:
  1. Early engagement now to establish connections and maximise participation
  2. Representation and input at workshops to help build our vision and the actions to deliver it.
  3. A forum for continuous input into the drafting process of the Just Transition Plan, and to be updated with developments as and when they occur, rather than after the fact.
- For the Grangemouth community itself, I acknowledge that there is a general sentiment of being over-consulted but that views are not reflected back in actions. I don't wish to speak for the community, but I would say from early engagement what may help this could include:
  1. Strengthened community networks, with more diverse representation from e.g youth groups, with a shared sense of collective purpose.
  2. This would be enhanced by an improved sense of confidence that effort and input will be listened to, and better reflected in outputs/ outcomes.
  3. A sense that this input has equal or proportional value to the inputs of other groups.
  4. A clear streamlined process for engagement, so that the landscape of development programmes is clear, the actors within that are clearly defined, and that community members do not feel they are answering the same questions over and over again.
- Acknowledging the aspects of the Grangemouth community's capacity to engage with this work, and the key requirement to seek further representation across more diverse groups in the area, we have decided to fund a Community Just Transition Engagement Officer for Grangemouth.
- The specific focus of that role will be to widen and co-ordinate community involvement in the Grangemouth industrial just transition planning process, supporting a strengthening of the local social infrastructure and collaboration, and maximising Just Transition opportunities for the local community by assisting alignment of programmes, resources and partnership opportunities.

## Positive Quotes to Draw On

### *Prof. Jim Skea and Just Transition Plans having a place-based focus*

- I was reassured to note that Professor Jim Skea, in providing evidence to the committee last week, noted that there must be a specific place-based approach to Just Transition plans.
- In taking this regional approach with Grangemouth, there is an opportunity to focus more specifically on local matters, that will be unique to the area. We have an opportunity to try and address specific inequalities or place based matters and go further in delivering for Grangemouth, and as we have already mentioned, the area is so critical to Scotland's economy that it deserves that kind of dedicated approach.

### *Engagement with Unite the Union*

- I was particularly pleased to see the reflections in Unite's written evidence that tripartite discussions between Unite and employer representatives at the INEOS site at Grangemouth and representatives of both SG and UK Government focused on transition have been positive and an example model.
- I also note Unite's view that this model of engagement being developed by Grangemouth should be replicated in other environments and in other industries where transition is necessary.
- **Just last week when I visited the Grangemouth site I met with one of the Union Convenors** and I look forward to further, close engagement with the Unions as part of the planning process.

### *INEOS Engagement / Investment*

- We regularly engage with INEOS and the Committee will note its welcome and indeed very significant investment into the complex in recent years:
- INEOS' Sustainability Plan is particularly welcomed. It aligns with our net zero targets, and is backed by over £1bn investment into a world-scale hydrogen and carbon capture facility –which, when executed, will help to secure a sustainable future for the complex;
- Combined with over £350m into a much more efficient new energy plant at the centre of the site; and £500m to upgrade the lifetime of the Forties Pipeline System asset – installing best available technology throughout – collectively, we've seen significant investment from that operator.
- I was delighted to be in Grangemouth last week to meet with INEOS to learn more about these significant plans and am aware the Committee also visited the site too.

## The Grangemouth Just Transition Plan and Progress to Date

### *Delivery of the Plan*

- The Grangemouth Future Industry Board, has initiated and leads on the design of a Just Transition Plan for the site, and we committed to this in our most recent Programme for Government.
- Those leading on the plan include Officials with me today, who sit on the GFIB group and they have already kicked off work to help deliver this ambitious plan.
- Just recently, we commenced work to deliver Phase 1 of this plan, including a detailed evidence baseline, and Vision for Grangemouth at 2045.
- The baseline will map existing economic activity of the cluster and touchpoints or impacts with the surrounding community – giving us richer context on what’s happening now.
- Whilst the vision will be a first-of-its-kind document that consolidates wide ranging views on what the future of the industrial cluster should look like to outline an ambitious articulation of the vision for the future industrial cluster at 2045
- It is our ambition that all key stakeholders can endorse the vision through an MOU or Just Transition Charter.

### *Engagement Summary*

- This has been preceded by early-stage design and engagement work, which has focused on ensuring a shared understanding of Just Transition Planning amongst stakeholders and that we have reached as many people as possible ahead of the detailed work commencing.
- **Officials from the Board have now met with 8 major businesses in the cluster to discuss their perspectives and invite their direct input into the design and delivery of the Just Transition Plan.**
- I am pleased that this has helped achieve initial agreement to participate in the work and that industry has shown a positive interest in being involved, noting a desire to engage with Grangemouth Future Industry Board and the benefits of the Just Transition approach.
- **Workforce groups** hold a unique level of detailed knowledge and expertise that will be vital to informing the Just Transition plan and achieving the transition to net zero at Grangemouth. Further to industry and trade union engagement already initiated, officials acting on behalf of the Board will seek to directly involve workforce representatives.
- My officials are working with Falkirk Council, via GFIB, to map out the landscape of **community contacts** to be engaged. They have identified an initial long list of stakeholders, however understanding the specific interest that community groups have in the industrial cluster will require further analysis.
- Officials attended a Greener Grangemouth session in early March to introduce the Just Transition Plan to these stakeholders and identify their interests in further participation. Further sessions will follow this spring.
- **Acknowledging the aspects of the Grangemouth community’s capacity to engage with this work, and the key requirement to seek further representation across more diverse groups in the area, we have decided to fund a Community Just Transition Engagement Officer for Grangemouth.**

- The specific focus of that role will be to widen and co-ordinate community involvement in the Grangemouth industrial just transition planning process, supporting a strengthening of the local social infrastructure and collaboration, and maximising Just Transition opportunities for the local community by assisting alignment of programmes, resources and partnership opportunities.
- **My officials have already engaged with Unite trade union representatives to discuss our Just Transition Plan for Grangemouth and to invite their active involvement.**
- We are also considering the best ways to engage and involve local eNGOs, such as Friends of the Earth Falkirk.
- Our plan is to continue this effort on engagement, with a view to bring all stakeholders together, in a series of workshops across summer to help establish the vision for Grangemouth in 2045, and their inputs, it is my hope, will continue as we develop the full plan, including a detailed actions plan and the wider drafting process in 2024.

#### *GFIB Skills Audit Study*

- In addition, through the Grangemouth Future Industry Board, a skills audit specific to Grangemouth has been commissioned and is being finalised. Skills Development Scotland is working with GFIB partners to identify a pipeline of skills to ensure Grangemouth is at the very heart of creating a greener, fairer and more resilient future for all.
- Skills Development Scotland has commissioned the economic consultancy OPTIMAT to currently carrying out this significant assessment, and the report will be ready by the Summer of this year.
- Skills Development Scotland's primary focus is on analysing the impact of the transition to Net Zero on local employers and the workforce right now, while assessing changing demand for green jobs and skills in the future, to ensure we have the right reskilling/upskilling support in place.
- Once Skills Development Scotland has reviewed the findings of the OPTIMAT work, and have a better understanding of the implications, a fuller action plan will be put in place.