

Third meeting of the Just Transition Commission Buildings, Transport, and the Public Sector

5 June 2019, 09:45 – 16:00

Energy Action Scotland, Ingram House, Glasgow

Commission attendees

Professor Jim Skea (Chair)

Lang Banks, representing WWF Scotland

Colette Cohen (dial-in, present for agenda items 2,3,4)

Richard Hardy, representing Prospect

Charlotte Hartley, representing 2050 Climate Group

Norman Kerr

Rachel McEwan

Dave Moxham, representing STUC

Kate Rowell

Tom Shields

Professor Karen Turner

For agenda item 2 only

Liz Marquis, Existing Homes Alliance

Laura McGadie, Energy Saving Trust

Nigel Holmes, Scottish Hydrogen and Fuel Cell Association

For agenda item 3 only

Jess Pepper, Transform Scotland

Rebecca Kite, Freight Transport Association

Keith Watson, Alexander Dennis

For agenda item 4 only

Duncan Booker, Glasgow City Council

Kate Dapre, NHS National Services Scotland

Douglas Scott, Scottish Borders Council

For agenda items 4,5,6

Annabel Pinker, James Hutton Institute

Secretariat attendees

Colin Seditas, Scottish Government

Gregor Auld, Scottish Government

Lauren Begbie, Scottish Government

1. Welcome and overview of the agenda

1.1 Professor Jim Skea welcomed everyone to the meeting. The Commission briefly discussed topics and questions they wished to raise in advance of the first information gathering session.

2. Information gathering session 1 – Buildings

2.1 The Chair welcomed guests to the session, and started the session by asking guests what had worked well to date in Scotland with regards to the decarbonisation of buildings.

2.2 Programmes for Fuel Poverty and Energy Efficient Scotland were said to have demonstrated leadership to industry and put in place mechanisms to deliver reductions in emissions. Focus on consumer advice through programmes such as Home Energy Scotland were said to have helped people and reduced stigma while also leveraging ECO-funding.

2.3 Much had been done to connect fuel poor households to the gas grid while also paying attention to the energy efficiency of the housing stock. It was felt that more understanding was needed of the relationship between fuel poverty and energy supply networks; the case of Orkney was highlighted, where there was a higher incidence of fuel poverty alongside a surplus of renewable generation.

2.4 The discussion then turned to the current labour market and capacity of both the workforce and supply chain to deliver energy efficiency programmes. Findings from recent research into the supply chain were said to show the need to continue to invest in skills for the future and the need for Government to provide long-term certainty to help with this. It was noted that it was important to remember that jobs relating to consumer advice were also needed, in addition to skilled technical work. Advice would be especially important as easier energy efficiency measures are completed, leaving the more difficult and complex measures to be addressed.

2.5 The number of jobs that could be realised in the low-carbon heat and energy efficiency industries were also questioned, particularly given the experience of unrealised job number projections in the renewables industry. In the case of hydrogen, it was said that the number of jobs servicing the existing gas system would be largely the same if the gas grid was repurposed in future. A number of jobs would also be created to facilitate the transition. The transition from town gas to natural gas was said to provide an illustrative account of the likely impact on jobs. There could also be potential for workers in the oil and gas industry to move into production of hydrogen.

2.6 There was agreement that more needed to be done to understand long-term employment figures relating to energy efficiency. Understanding the longevity of skills and labour requirements in this area would have a major influence in determining the attractiveness of the work, particularly for workers currently in stable jobs thinking about transferring into the sector.

2.7 Whether the quality of work in the sector was sufficient to attract young people into the sector was also questioned. There was a feeling that, compared to other European countries, not enough was being done to highlight the opportunities in the sector. Apprenticeships created through Scottish Government programmes were

highlighted as one successful example of bringing young people into the workforce, but even with this support it was felt that small businesses still found it difficult to commit to training and investing in young people.

2.8 Economic opportunities associated with export were also discussed. In particular, there was discussion around Scotland's particular expertise in any one area. Aspects such as consumer advice were said to be areas where Scotland attracted interest internationally. Other examples, such as development of hydrogen technology generally and the manufacture of Hydrogen powered buses were also noted.

2.9 While questions remained about the numbers and exact type of work that would be available in future, there was agreement that more needed to be done to kick-start the transition. Legislation was noted as one way of speeding up the transition by compelling people to act, though it was noted that voluntary behaviour change could also be brought about if action was made easy, cost-effective and normalised. The need to bring people along in the transition was noted, with good consumer advice vital in this respect.

2.10 The cost of funding retrofits was also raised, along with the question of whether energy efficiency measures should be focused on delivering deep retrofits. There was agreement that more deep retrofits were required but at the moment the finance that would be required for this was not available. It was noted, however, that when considering the cost of delivering deeper retrofits the savings that might result from reduced health service spending should be factored in. It was also suggested that the idea of retrofit needed to be taken further and that it was important to consider retrofits of heating infrastructure and not just individual buildings. Whilst there were some successes with district heating (for example in Aberdeen), this had not been widely adopted. It was suggested that prevailing social attitudes towards 'centralised' / 'state' ownership may present barriers to heating schemes, particularly when compared with other European situations.

2.11 It was noted that the success, or otherwise, of retrofits was very closely linked to the issue of maintenance and repair. The integrity of building fabric needs to be addressed before energy efficiency measures are carried out. The necessity of taking a whole system approach was frequently raised.

2.12 In terms of private finance, it was said that new technologies must first be able to demonstrate acceptance from the public before significant funding could be attracted. Projects such as SGN's H100 were noted as providing an opportunity to better understand what was needed to bring consumers on board with alternate technologies. The importance of encouraging homeowners to invest in their own properties was also noted, given that in many cases it could be cost-effective for them to do so.

Action point 1: Energy Saving Trust to share research on the supply chain

Action point 2: Energy Agency to share research carried out by Existing Homes Alliance on the Energy Efficiency supply chain

Action point 3: SHFCA to share (a) figures for fuel-poor gas connections, (b) estimates of work required to repurpose the gas grid to Hydrogen, and (c) research showing lessons learned from the transition from town gas to natural gas

3. Information gathering session 2 – Transport

3.1 The Chair welcomed guests to the second information gathering session of the day.

3.2 The session began with a discussion of what Scotland had done well to date with regards to decarbonisation of transport. The electrification of rail, the skills and manufacturing base for buses, active travel and ferries were all noted as successes which brought with them significant further opportunities for Scotland. However, it was also noted the need to do more going forward, as transport was now the main contributor to Scotland's emissions. The possibility of unlocking significant co-benefits from increased investment in the public transport network were highlighted, including improving public health and reducing congestion.

3.3 Guests were asked what needed to be done to secure quality jobs from the transition in the transport sector. The manufacture of fuel cells and batteries were said to present significant future opportunities, though at the moment there were few successful examples in Scotland. It was stressed that attracting companies to Scotland who were currently operating in this market may be the best way of securing economic benefits from this opportunity. The presence of a domestic fuel cell/battery industry would also help competitiveness and costs across the wider industrial landscape, for example in bus manufacture. Guests commented that while transport manufacture could provide jobs, significant numbers could also be provided by operators, meaning it was important to support strong public transport services.

3.4 Questioning then focused on whether changes in the transport sector had the potential to disadvantage rural communities if not well managed. Guests agreed that a whole system approach was needed, pointing out that, at the moment, a lot of focus was given to electric vehicles. There was discussion around whether the current ownership structure of bus networks acted as a barrier to better connectivity for rural communities. A number of public transport options were discussed which could be explored to ensure rural communities were not cut-off, including trials of free public transport, autonomous vehicles and tailored services.

3.5 There was discussion over how best to bring about a transition in transport, and the balance required between “carrot” and “stick” measures. Guests commented that effective marketing and promotion was extremely important. For example, buses often do not have a good image and need to be promoted as nice, clean, social environments. Guests emphasised that public transport needs to meet the expectations of the public. A huge cultural shift is required and more active promotion

of public transport would help in achieving this. It was said to be important to understand the drivers behind cases of declining bus passenger numbers in order to share what could be learned more widely.

3.6 While a number of factors were important in helping bring about behaviour change, ultimately it was agreed that it was key to make alternatives to travel by car cheap and reliable. Guests felt that a softer, more positive route would be more beneficial than relying on legislation alone to force people to change habits. For example, a change in travel choices would come about by a combination of making it less convenient for people to drive alongside the provision quality alternatives. Changing behaviour in young people was also noted as being vital, as owning a first car was still seen as a coming of age event.

3.7 Finally, the links between health and transport were discussed. It was questioned whether health co-benefits were sufficiently factored into decision making, particularly with regards to infrastructure investment. It was said health impact of major projects was not mandatory, meaning the human impact of investments were often neglected and poorly understood. Factoring this in was said to be one way of leveraging more funding for active and sustainable travel infrastructure, given that these could be shown to realise health benefits and generate subsequent savings for the health service.

3.8 The Chair finished the session by thanking the guests for participating.

4. Information gathering session 3 – Public Sector

4.1 The Chair welcomed guests to the final information gathering session of the day.

4.2 The session started with a discussion of what the public sector in Scotland had done well to date in tackling climate change. Reductions in emissions associated with the public sector estate were said to have been a success story.

4.3 The challenges facing public bodies were then discussed. One of the main challenges noted was the built environment, both because of the scale of investment that would be needed to make the public sector estate net-zero, but also in some cases due to the technical difficulties associated with upgrading some types of buildings within the estate.

4.4 There was further questioning regarding whether the scale of cost required to help the public sector achieve net-zero could impact either on the quality of front line services, or negatively impact public sector workers. On balance this was not felt to be a major risk, given the separation of resource and capital budgets in public bodies. It was said that the priorities of finance and sustainability departments were becoming increasingly aligned within public bodies.

4.5 Whether public sector bodies had levers to create quality, green jobs was then discussed. The role of new bodies such as the South of Scotland Enterprise Agency, and region deals were said to be two examples that created opportunities to realise economic opportunities associated with decarbonisation. While economic development departments in local authorities were said to be aware of the need to plan for green jobs, experience suggested that what this meant in practice was often not clearly defined and limiting action in this area.

4.6 There was discussion on why district heating schemes were not more prevalent across Scotland, especially when there were successful examples available, such as in Aberdeen. It was said that ensuring a guaranteed customer base was key before investment could be made. There was also a challenge for local authorities without social housing stock, while rural councils also faced particular challenges due to their lower population density. The upfront cost of the investment was also said to be a barrier, and an area where more support could be provided from central Government.

4.7 In relation to this, there was discussion regarding the possibility of public bodies in Scotland creating publically owned electricity companies. While this would be an unfamiliar area for Scottish local authorities, there were positive examples of this in other countries that were currently being explored.

4.8 The discussion then focused on the role of the public sector in preventing new injustices occurring as Scotland moved to a net-zero economy. Guests highlighted that the public sector has a community leadership role, without necessarily having the powers to compel action. The experience of industrial change in the 80s and 90s highlighted the importance of not imposing a policy response on citizens, but rather developing a response with them.

4.9 The discussion then focused on the cultural and societal shift required to meet net-zero, and what public bodies could do to lead the transition. Guests acknowledged that local authorities could play a key role in leading a conversation about the changes needing to be made. The role of infrastructure spending was also said to be important, particularly for rural areas, where there was potential for investments to improve people's lives while also tackling emissions. To help with this, it was said that metrics used to assess infrastructure investment could better factor in emission reductions.

4.10 The Chair thanked the guests for their contributions and ended the session.

5. Review of information gathering sessions

5.1 The Commission discussed the information gathering sessions. It was felt that they had been useful, and that the format had worked well with guests submitting written evidence in advance. There was acknowledgment that the broad scope and three information gathering sessions was challenging.

5.2 The Chair raised the possibility of the Commission producing an interim report in early 2020, to feed into the development of the updated Climate Change Plan. The Commission agreed to this, on the basis that it would be a short document and only present tentative findings given the Commission would still be in the early stages of its work.

5.3 There was then discussion around the potential for an open call for evidence. This was agreed to be explored later in the year, before the production of an interim report.

5.4 Finally, the Commission discussed the importance of quantitative data on jobs in the renewable sector and possibility of commissioning a piece of research to assess and synthesise existing material. It was agreed the secretariat would explore the possibility of doing this over the coming months, with a view to procuring a piece of work later in the summer.

Action point 4: Secretariat to arrange call exploring commissioning of research over the summer

6. Wrap-up

6.1 The secretariat provided an update of outstanding actions from the previous meeting. Dates had been proposed for a meeting between a group of Commissioners and local Kincardine residents, and the secretariat explained they would look to confirm a date in the coming weeks. Commissioning of a piece of research looking at the Power sector in Scotland was also to be progressed as a priority.

6.2 Annabel Pinker, from the James Hutton Institute, then gave an update to the Commission on her fellowship project. It was explained that this would look at approaches to just transition in other countries, and historic transitions. Several Commissioners volunteered to help further refine the scope of the project and the secretariat agreed to facilitate a meeting.

6.3 The Chair then provided an update of his meeting with the Chair of the Infrastructure Commission. It was explained this had been an introductory meeting, with agreement to speak again late in the summer when both groups were further on in their work. The Commission also noted the desirability of making contact with the Fair Work Convention.

6.4 Finally, discussion then turned to a recent meeting between officials setting up the Scottish National Investment Bank and a group of Commissioners. It was noted the meeting had been positive, with assurance from Bank officials that a core mission for the Bank would be to support development of a net-zero economy in Scotland. It was noted that the legislation currently being considered by parliament did not explicitly reference climate change in its articles of association. Commission members were of the view that section 2, article e) could be enhanced to include

“taking into account of climate change and just transition policies”, to further ensure the Bank was committed to supporting development of a net-zero economy. To finish there was a request for the secretariat to draft a letter to send stakeholders drawing attention to the minutes and the discussion regarding the Bank.

6.5 The Commission noted the updated work plan, communications plan, and report outline.

Action point 5: Secretariat to finalise dates for Kincardine engagement

Action point 6: Secretariat to progress commissioning power sector work as priority

Action point 7: Secretariat to investigate meeting with Fair Work Convention

Action point 8: Secretariat to draft letter highlighting discussion regarding Scottish National Investment Bank