

Agenda Item	7
Report No	CCWG/5/21

HIGHLAND COUNCIL

Committee: Climate Change Working Group

Date: 28 May 2021

Report Title: Just Transition Update

Report By: Executive Chief Officer Infrastructure and Environment

1 Purpose/Executive Summary

- 1.1 This report provides a summary of the Just Transition Commission report which provided the Scottish Government with recommendations on how to achieve a fair and equal transition to net-zero.

2 Recommendations

- 2.1 The Climate Change Working Group is asked to discuss and note the contents of this report.

3 Implications

- 3.1 **Resource** - There are no direct resource implications arising from this report.
- 3.2 **Legal** - There are no direct legal implications arising from this report.
- 3.3 **Community (Equality, Poverty and Rural)** - There are no direct community implications arising from this report. However, the Just Transition principles have been designed to ensure that all sectors of society are treated fairly throughout the shift to net zero.
- 3.4 **Climate Change / Carbon Clever** - It is imperative, more so now during a financially challenging period, that the Council maximises external funding to enable the delivery of low carbon projects which support the principles of a Just Transition as well as our climate change targets.
- 3.5 **Risk** - Failure to proactively take cognisance of the Just Transition principles in respect of our corporate approach to the net zero agenda would likely have a negative reputational impact. In addition, failure to adopt a proactive approach to the Just Transition is likely to limit opportunities to secure external funding for positive climate change action.

3.6 **Gaelic** - There are no Gaelic implications arising from this report.

4 Background

4.1 The Scottish Government has pledged to end Scotland's contribution to climate change no later than 2045. All public bodies have a duty to support and work towards this target under the Climate Change (Scotland) Act 2009, as amended by the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019.

4.2 At a meeting of The Highland Council on 9th May 2019, the Council declared a **climate and ecological emergency**, whilst recommitting to achieving a carbon neutral Highland by 2025.

4.3 By setting these ambitious targets, Scotland and The Highland Council have committed to a fundamental transformation of our economy and society. The unprecedented pace and scale of the transition can provide an opportunity to tackle existing issues within our society. However, we will need to ensure the transition is inclusive and supportive for the people within the Highland region, taking into account the unique challenges in Highland areas.

4.4 The Just Transition Commission was established in 2018, with the objective to provide practical, litigable, cost-effective recommendations to Scottish Ministers. The Commission travelled across the country, engaging with people's views on how we, as Scotland, should undertake the transition to net-zero. The public identified the aspiration for a just and fair approach to tackling climate change that involves everyone, whilst ensuring Scotland's wellbeing is boosted through the process. The report outlines that any transition needs to be achieved *by* the people of Scotland, not done *to* the people of Scotland.

4.5 To this end, the Commission outlined four simple messages:-

1. Pursue an orderly, managed transition to net-zero that creates benefits and opportunities for people across Scotland. Delivery of this must be a national mission;
2. Equip people with the skills and education they need to benefit from the transition;
3. Empower and invigorate our communities and strengthen local economies; and
4. Share benefits widely and ensure burdens are distributed on the basis of ability to pay.

4.6 This report summarises the key recommendations from the [Just Transition Commission report](#) and sets out what Just Transition means for the Highlands and how we can deliver on a Just Transition and a look to the future.

5 What does Just Transition mean for the Highlands?

5.1 Achieving net-zero will affect everyone, both on a national and local scale. Therefore, it is vital that ensure the transition is both coordinated and inclusive.

- 5.2 The Just Transition Commission report discusses the current state of Scotland's energy system; our industrial base, our buildings and how we heat them, how our transport system works, and how we use and manage our land. The report highlights that the systems do not work in neat silos and understanding how all the systems interact is key. Each system's transition to net-zero will have challenges which will impact individuals within society and the Commission advises that the Scottish Government must take practical steps to guarantee no one is left behind in this transition.
- 5.3 Scotland's energy systems will transition from carbon intensive to sustainable and renewable energy with further investments being made in green hydrogen, windfarms and other sustainable sources. There is a real opportunity in Highland to embrace this transition and harness the additional funding being made available to help develop sites and train local people.
- 5.4 The Just Transition Commission discuss the concept of a green revolution to our industrial base, outlining recommendations to the Scottish Government to strengthen our local supply chains by providing clear road maps which will give confidence to investors. In Highland, we need to be conscious of the links between industry, place and community. The Council will need to engage with the Highland communities to ensure they are involved in the green revolution.
- 5.5 Furthermore, Scotland's buildings and how we heat them is crucial when approaching the transition to net-zero. Fuel poverty is a major challenge in the Highlands; due to the geography of the region's rural communities do not have access to the natural gas mains infrastructure. Extensive investment in insulation and heating systems will be required, to ensure remote communities can transition to net-zero with the rest of Scotland. However, this will be challenging in Highland due to our higher than average proportion of hard-to-heat properties.
- 5.6 In terms of how Scotland's transport system works, the Highlands have nearly 8,000km of roads, the equivalent of driving from Inverness to Moscow and back, meaning people in the region are more reliant on road transport than elsewhere in Scotland. Therefore, to reach our net-zero targets there needs to be a shift to electric, hybrid and hydrogen vehicles, public transport and more active travel. The success of the EV infrastructure in Highland is reassuring and there are great examples of investment in integrated active travel networks in Inverness which need to be adopted regionally.
- 5.7 Additionally, changes to how we use and manage our land are essential to achieve our net-zero targets. The Just Transition Commission outline that by 2045 there will be less farmland and more healthy peatlands and woodland cover. The Highland Council covers an area of 2,648,400 hectares, the same land mass as Belgium - when reducing our carbon, we need to recognise the scale and contrasts of the land. It is crucial we adopt an integrated approach to land use and involve all stakeholders in the transition.

6 Delivering on a Just Transition

- 6.1 The recommendations are grouped into four key messages, as highlighted in para 4.4. The full list of recommendations can be summarised as follows:

Rec. No	Recommendation	Notes / potential interventions
Key message one: Pursue an orderly, managed transition to net-zero that creates benefits and opportunities for people across Scotland.		
1	Ensure sufficiently developed roadmaps exist for the net-zero transition in Scotland, including for key technology options.	Funders and investors need confidence in projects and have clear projections for the future.
2	The public sector must be more prescriptive and strategic in its use of funding streams to build strong resilient local supply chains.	Look at more long-term, inward investments. Provide seed funding for low carbon technologies.
3	All levers should be used to achieve increased local content and more competitive Scottish offshore wind projects.	Support Scottish Government's case to UK Government regarding the restructuring of Contracts for Difference.
4	All public funding for climate action should be conditional on Fair Work terms	Ensure investments are going to companies which enforce Fair Work terms thus improving the standards and quality of jobs. This will fit well with Community Wealth Building initiatives, that will form part of the Council's Economic Recovery Strategy.
5	Just Transition plans for high-emitting industrial sectors of the Scottish economy and include clear milestones out to 2045.	Coordinate clear plans on investment, engagement and policy development which support the transition away from carbon-intensive industries.
6	Develop a position on the role of a carbon border tax to mitigate against the threat of offshoring emissions and jobs	Powers are reserved to the UK Government; however, Scottish Government must develop a position which concentrations on the Scottish economy.
7	Establish a Just Transition Plan for Scotland's land and agriculture and include clear milestones out to 2045	Increased investment through the Agriculture Transformation programme. Additional support for retiring farmers.
Key message two: Equip people with the skills and education they need to benefit from our transition to net-zero.		
8	Lay the groundwork for a flexible, accessible skills and education system that can meet the needs of net-zero while addressing existing inequalities in the labour market.	Embed climate change learning in all schools. The transition is an opportunity to improve equality, address participation in STEM subjects and undertake research in the impacts of the transition.
9	Create a skills guarantee for workers in carbon-intensive sectors	Support retraining, high level transparency and social partnership with industry and trade unions.
10	Support small and medium sized enterprises to invest in their workforces	Increase funding opportunities for training and use the example of the Energy Efficient Scotland programme.
11	Equip farmers and land managers with the skills, training, and advice they need	Develop professional development aimed at improving efficiency and sustainability. Expand on the 'Farming for a Better Climate' service.
Key message three: Empower and invigorate our communities and strengthen local economies.		
12	Conclude the Local Governance Review at the earliest possible date	Reach agreement on solid steps to improve engagement and local participation. Develop the role of Community Councils and recognise the range of local circumstances.
13	Implement Green Participatory Budgeting with agreed target levels of funding	Scottish Government and COSLA need to aim to distribute £100 million through Participatory Budgeting.
14	Launch a call to action for engagement with Regional Land Use Partnerships	Establish clear advice for these Partnerships ensuring the transition is consistent and representative. Highland has been selected as a pilot Partnership area and it is important to shape the work to the distinct needs of our region.

15	Apply the lessons learned from Scotland's Climate Assembly across the development of all policies for tackling climate change	Outline fair and just climate action policies which embed the findings of Assembly's final report.
16	Empower and resource local authorities to deliver a just and green recovery	Establish strong local supply chains and aligning procurement with the climate agenda. Explore opportunities for community-managed land and woodland.
17	A new "Sustainable Scotland" brand should be created to support Scottish agriculture deliver climate action and to empower consumers to choose sustainably produced food and drink.	Establish a partnership with Scotland Food and Drink, developing a strong Scottish brand for local, sustainable food and drink. Accelerate the Good Food Nation Bill. Empower people to make the change to sustainable produce.
18	Scottish Government, local authorities and developers must commit to creating communities that embed low-carbon lifestyles, while improving our health and wellbeing	Work with local authorities to develop the principles of 20-minute neighbourhoods . The place planning work being undertaken by the Council will build this principle into future investment strategies, whilst recognising the specific needs of rural areas.
19	A statutory public interest test should be developed for any changes in land ownership over a certain threshold	Place the power back to our communities using proposals from the Scottish Land Commission.
Key message four: Share the benefits of climate action widely; ensure costs are distributed on the basis of ability to pay.		
20	Decisive action must be taken to ensure that all consumers are able to benefit from the increasing availability of new ways of buying and selling electricity.	Collaborate with Consumer Scotland and Distribution Network Operators to increase participation with energy and identify social injustices in the system.
21	Any additional costs for consumers associated with emissions reduction must be linked to ability to pay.	Achieving decarbonisation through additional charges on consumer bills is regressive. There is a need to engage with the UK Government to ensure any changes to the energy system, and UK-wide taxes, are inclusive and fair.
22	The power of public sector pension funds and business support funding must be directed towards ensuring companies align with the just transition to net-zero	Divestment may be used to shift investments to businesses which align with a just transition to net-zero.
23	New methods for funding the transition should be developed that mobilise finance towards local projects	Partnership with local authorities will be essential to establish new funding models which can develop the flow of finance to local communities
24	We must move beyond GDP as the main measure of national progress. For a just transition to be at the heart of Scotland's response to climate change, Scottish Government must champion frameworks that prioritise wellbeing.	Develop on the experience of the National Performance Framework this will ensure we measure our performance in the transition to net-zero holistically.

7 A look to the future

7.1 The report, and its subsequent recommendations, will undoubtedly impact the Highland region, largely through the policy implications this is likely to have at national level.

- 7.2 Due to the implementation of the Highland Adapts initiative, the Council is in a strong position to take holistic action at an early stage. Through the Highland Adapts Partnership, the actions required to ensure a fair and just transition to net-zero will be community focussed. The principles of the just transition can be adopted council-wide, with the Highland Adapts initiative providing the crucial steer and delivery mechanism.
- 7.3 Major investment from the Scottish Government has enabled the development of a publicly accessible EV Infrastructure network across the Highlands (with projects still underway and more planned) and continued work to improve the active travel routes through Inverness City Active Travel Network. In future, there will be more funding available for low carbon, green initiatives, and the Council must submit strong bids aligned with the principles of the Just Transition to ensure we reach our targets for a carbon neutral region by 2025.
- 7.4 By embedding the concept of Community Wealth Building into the Council's economic recovery, we can integrate sustainable practices which benefit everyone in the Highland region.
- 7.5 Finally, it is important that The Highland Council continues to work closely with Convention of Scottish Local Authorities to guarantee a collaborative, robust position on climate action and a Just Transition in preparation for COP 26.

Designation: Executive Chief Officer Infrastructure and Environment

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