



Just Transition Commission

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Dear Mr Lochhead,

Initial advice on Draft Energy Strategy and Just Transition Plan

Thank you for your letter of 21 December 2022 regarding the Just Transition Commission's role in providing scrutiny and advice on the Draft Energy Strategy and Just Transition Plan as well as the series of further Just Transition Plans currently under development.

I was glad to discuss this further with you at our most recent meeting on 10 January 2023. The publication of a draft of this first sectoral Just Transition Plan is a major milestone in the Scottish Government's internationally recognised Just Transition Planning Framework. We recognise the commitment of the Scottish Government in progressing this demanding agenda to this point and appreciate the complex challenge of turning aspiration into a detailed strategy. The Commission is eager to play a positive and constructive role in shaping the programme of work that lies ahead to develop and refine these critically important plans.

The Commission conducted an initial review of the ESJTP at our most recent meeting in Glasgow on 27 January. We identified some high-level considerations which we agreed to communicate to you promptly to provide an initial response to the Draft Energy Strategy and Just Transition Plan and, as some are generic, to assist with efforts underway to progress draft Just Transition plans for other sectors.

- Inequalities – Sectoral Just Transition Plans should begin with an assessment of the current 'state of the sector'. This should document in plain terms existing inequalities within a given sector (including those related to income, gender, race, ethnicity, disability, age, and regional disparities including remote, rural and island areas) and identify the key systemic factors contributing to these inequalities. Each plan should seek to redress these as a core strategic objective, as well as setting out realistic and achievable actions towards the delivery of fair outcomes.
- Equity – A just transition approach requires that the costs and benefits of transition be shared equitably. To demonstrate this, Just Transition Plans should

map out clearly what the costs and benefits are, who will benefit, who is vulnerable to negative impacts and what these are, who will pay more for the transition and which groups will pay less.

- Fair work – Fair work considerations must be a central and explicit focus of all Just Transition Plans. Many of the new jobs required by our Energy transition will be in construction, and there is a risk local communities may not enjoy the full benefit of this unless a stable and settled workforce can be created within the areas where this work needs to occur.
- Engagement – Just Transition Plans should demonstrate how they have been shaped by engagement and co-design processes by documenting where this work has had a material impact on the plan, whether in terms of objectives, approach, actions or scope.
- Accessibility – Just Transition Plans must be accessible to everyone whose lives and livelihoods are likely to be impacted by the transition to Net Zero. The principles, decisions, aims, actions, costs and benefits of these plans should be expressed in a way that a non-specialist can understand. This is a minimal requirement to enable meaningful engagement, consultation and co-design.
- Scale/Quantification – The structure of Just Transition Plans should reflect the comparative scale attached to different elements of the strategy in terms of their importance to delivering a just transition.
- Risk management – Just Transition Plans should as a matter of course include a detailed and credible assessment of key risks to strategic delivery as well as actions to mitigate these risks. One key risk to the delivery of the energy transition, for example, is workforce capacity. A step change is needed if Scotland is to have the skills required to build a low carbon energy sector, both in terms of supply and demand, and to enjoy the associated benefits.
- Road maps – Road maps are a critical tool in the development of credible Just Transition Plans. These should be detailed and thorough, mapping interdependencies between actions and outcomes, and providing a critical path analysis that includes a realistic assessment of institutional capacity and other key constraints. As Commission members have previously engaged in strategic road-mapping activity, we will contact your civil servants with a more detailed account of what we believe to be needed.
- Finance and investment – All forms of finance in Scotland need to support a just transition, with a vanguard role for public finance, with private finance implementing clear just transition standards, and a real opportunity for Scotland to lead the way in community finance for a just transition. This needs to come together in the investment prospectus.
- Mainstreaming – A ‘standalone’ format for Just Transition Plans may be an effective approach to maintain a clear focus on the action plan to achieve fairness, how progress will be assessed, and key risks. Just transition considerations must in any case be core to all sectoral strategies covering the transition to Net Zero.

Over recent weeks we have discussed the need for close collaboration and exchange between the Scottish Government and the Commission, and our

Memorandum of Understanding is currently in the process of being finalised for publication. In that spirit, the Commission has identified a number of specific topics related to the Draft Energy Strategy and Just Transition Plan where we would be grateful for further engagement with officials and/or information by correspondence as we work towards finalising advice regarding the Draft Energy Strategy and Just Transition, which I expect to share with you by correspondence in March.

On 7 February, a number of Commissioners had a productive meeting with officials and contractors regarding Project Ninian, particularly the analysis of markets and employment, including on hydrogen. We would welcome the opportunity for Commissioners to discuss further the following topics through meetings with relevant officials during February:

- 1) Considerations related to a public energy company
- 2) Plans to develop an investment prospectus for the energy transition.

I understand our Secretariat has engaged relevant policy teams regarding these meetings.

We would also be grateful for further information and/or clarification on the following questions:

- 1) Regarding the Supply Chain Development Programme, whether further detail can be provided to the Commission on the following:
 - target sectors
 - target roles and skills requirements within those sectors
 - job-creation targets
 - longevity targets for employment
 - approach to co-design or co-production
 - approach to consultation with stakeholders (and who those stakeholders are thought to be)
 - fair work criteria and objectives
 - delivery strategies

All such information would be helpful to us, considering the core role diversification plays in ensuring adequate labour absorption in a just transition. Would it be possible for you to share specific examples which are in train, or where planning is nearly concluded?

- 2) Can additional detail be provided regarding plans to deliver decarbonisation of 1 million homes by 2030, including how existing constraints to financing, skills and workforce capacity will be addressed?
- 3) The draft strategy references a forthcoming review on approaches to shared ownership (p.42). We would be grateful for clarification regarding whether this refers to the review on community benefit best practice for offshore wind or is an additional, more comprehensive, review to look into different ownership models and maximising the potential of those models?
- 4) Can an update be provided on when we can expect the impact assessments to be published?



I look forward to welcoming you and the Cabinet Secretary for Net Zero, Energy and Transport to the Commission's next full meeting on March 8 in order to discuss further the Draft Energy Strategy and Just Transition Plan.

We also look forward to reviewing the forthcoming 'skeleton' Just Transition Plans for Transport, Land Use and Agriculture and Buildings and Construction next month. The Commission's work plan includes in-depth workshop sessions across each of these three sectors during the first half of 2023, with sectoral briefings to be published following each. In designing these workshops, early discussions with relevant officials will be invaluable to Commissioners in understanding the key challenges and opportunities currently in view as draft plans for these sectors are progressed. We would welcome attendance and participation from the Scottish Government at these sessions and will share formal invitations in due course.

Sincerely,

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Chair, Just Transition Commission

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