

Improvement Service Response to Energy Strategy and Just Transition Plan

1. What are your views on the vision set out for 2030 and 2045? Are there any changes you think should be made?

The Energy Strategy and Just Transition Plan sets out an ambitious vision for 2030 and 2045 with complex and wide-ranging transformation needed across every sector. Local government has a crucial role to play in all Just Transition plans, and action to drive the necessary transformation will be more effective and impactful if co designed with local authorities and supported by ongoing dialogue and collaboration. The vision and plans should also be accessible for communities, businesses and local government with support to engage and embed.

A just energy transition should be seen as part of a wider opportunity for an economic reset through development of a wellbeing economy. Councils and anchor institutions can use their role as significant employers, asset owners and procurers of goods and services to enhance their positive economic impact. This goes much further than the traditionally defined role of economic development and requires a corporate approach across the organisation. A wellbeing economy is designed to be regenerative and not cause harm to people or the environment. It focuses on prevention to stop the need for expensive interventions down the line to fix damage caused by traditional economic models. Developing a wellbeing economy, which includes a just energy transition, will reduce long-term demand for public services.

- Creating a climate friendly energy system that works for all of Scotland must have reduction in demand at its heart alongside the shift to an affordable, resilient and clean energy supply.
- There is a need to consider the breakdown of targets and activity in the short term and between 2030 and 2045 with regular monitoring, review and improvement where needed.
- The vision must acknowledge and support the funding and investment (particularly in grid capacity) and capability that will be needed within local government for implementation and should recognise the diversity of Scotland, balancing rural and urban priorities.

2. What more can be done to deliver benefits from the transition to net zero for households and businesses across Scotland?

Reducing the amount of energy used is fundamental to achieving carbon reduction, and reducing utility bills for both non-domestic and domestic buildings and assets. There is a need for a fabric first approach, reducing the demand for energy as a first principle.

Further step change in encouraging communities and businesses to adopt lower carbon behaviours is required in terms of energy consumption, travel demand, recycling and other factors and needs to be directed through sustained national communications programmes which are translated into local messaging.

The focus of energy efficiency discussion tends to be around reducing energy use but in reality many people are living in fuel poverty and can't afford to heat their homes. This has been hugely exacerbated by the cost of living crisis and has a direct impact on health and wellbeing. A Just Transition is likely to be associated with significant costs, but any approaches that do not take the cost of energy to the consumer into account will also risk exacerbating fuel poverty by pushing additional expense onto those who are already most affected.

We have worked with Scottish Government to carry out research into the training resources used by local authorities to identify areas for future support including standardised guidance and articulating the links

between different priorities such as health, economy and climate change. Through the Shaping Places for Wellbeing programme, Public Health Scotland and the Improvement Service are working to improve Scotland's wellbeing by reducing the significant inequalities in the health of its people while addressing the health of our planet.

Councils and anchor organisations purchase a significant amount of energy and this should be procured from local renewables companies, or from their own municipally owned energy generation, where possible. This will ensure that public money is reinvested back into the local economy as well as contributing to the achievement of net zero targets. Through a community wealth building approach, councils and other anchor institutions can use their procurement approach to encourage the private sector to invest in developing sustainable energy solutions. This approach will prioritise businesses that can evidence their social and environmental values, and could be used to encourage decarbonisation throughout supply chains.

Green energy initiatives are often expensive to implement, and this is partly due to a lack of local supply chains with the capacity to deliver requirements. There is a need to build the capacity of local businesses to enter this space and shorten supply chains, which will have significant environmental benefits, as well as providing a huge opportunity for wealth to be retained within a local economy. Councils and other anchor institutions can support local businesses to enter supply chains through methods such as contract lotting, as well as targeted awareness raising of public sector opportunities through initiatives such as the Supplier Development Programme. This can also be supported by working with partner organisations to develop new approaches to upskilling the local workforce.

There are significant opportunities to support local people to upskill and take advantage of the new jobs which will need to be created to deliver the Energy Strategy and Just Transition Plan. Thought is required to ensure, in line with Community Wealth Building approaches and Employability/No One Left Behind, that those furthest from the labour market or in working poverty are given access to those opportunities.

3. How can we ensure our approach to supporting community energy is inclusive and that the benefits flow to communities across Scotland?

There is a clear challenge as to how to ensure communities can actively participate in climate action planning and delivery, including energy reduction, energy efficiency and renewable energy projects. Sustainable and scalable community empowerment support is required with clear and coordinated national communication that can then be translated into the local context to help communities and businesses understand their roles, responsibilities and opportunities. We are working to support local authority engagement with the Climate Action Hubs and embed climate change into our Community Council support.

Community-owned initiatives can be a useful model for enhancing the participation of local people in developing climate strategies and renewable energy technologies or energy efficiency measures. Greater buy-in is likely where there is retention of value within the local economy, and participatory decision-making is likely to ensure a fairer distribution of the economic benefits of a Just Transition.

Thought needs to be given to the distribution of benefits across all of Scotland, where there are areas who are not able to support wind, wave or solar power generation at the same levels as others. And those benefits need to be targeted towards areas experiencing the greatest inequalities.

The Strategy must also align with the current Ofgem consultation on local energy institutions and governance and the UK Government commitment to set up a Future Systems Operator body to steer and coordinate energy systems transitions.

4. What barriers, if any, do you/your organisation experience in accessing finance to deliver net zero compatible investments?

Councils are focusing on being innovative in how they leverage support and finance with joint venture partnerships and are actively seeking opportunities to leverage private sector funding and expertise. There are efforts across Scotland to engage the private sector through charters and pledges and preparation of project pipelines for investment.

The Improvement Service is committed to supporting local government to embed and accelerate the Just Transition to Net Zero through tailored, relevant and practical programmes of support. We have supported Scottish Government and Scottish Futures Trust to deliver workshops and communications relating to the Green Growth Accelerator Funding and work hard to try link capacity, skills and resources across areas.

The plethora of funding streams, often competitive, can make it difficult for councils to deliver the projects they need to, with capacity spread thin and bid writing and the monitoring of various pots of funding taking up time which could be focused on delivery. More flexible funding could allow more innovative approaches to be taken.

5. What barriers, if any, can you foresee that would prevent you/your business/organisation from making the changes set out in this Strategy?

There is an urgent need for greater coordination between local and Scottish Government on delivering the Net Zero transition. Local government is committed but there must be coordination between the different policies and consultations, including the sectoral Just Transition plans and support for skills and long-term resourcing. The Just Transition must be central to all policy design and interventions with national and local stakeholders working in partnership, using local knowledge and input, and recognising the existing requirements on local authorities alongside their direct control and influence.

One of the main barriers is that there is a demand for new capabilities and skills relating to new technologies, but also the need for existing services and businesses to adapt. There is a need to understand what skills exist already, what will be required in the future, and what options there are to stimulate the pipeline required. We are working to build connections across our different networks and reach into local government. Public sector leadership is key, and this must be supported at national level. We liaise regularly with Solace and have worked with SSN to produce a Climate Emergency Leaders Checklist to help navigate the complexity.

Not joining up Just Transition with community wealth building/wellbeing economy work would be a barrier to effective delivery of change. A community wealth building approach can support change by developing pathways into green and sustainable employment. This should be used to connect education, as well as upskilling the current workforce, to address skills gaps in the renewable energy sector. This also needs to be supported by good employment opportunities locally, reducing the need for people to travel significant distances to access fair work, and by businesses in the sector being encouraged to pay at least the Real Living Wage and remove gender pay gaps.

There needs to be more effective sharing and usage of data and information. We are supporting the Scottish Local Authorities' Economic Development Group, Heads of Planning Scotland, the Sustainable Scotland Network Local Authority Forums and the Scottish Cities Alliance in their work to promote peer to peer knowledge sharing between officers and Elected Members. We are also working on developing the Climate Intelligence Service collaboration and exploring how to embed climate change in our existing data activity through the Local Government Benchmarking Framework and opportunities to improve our services alongside engagement and support in accessing and using this data. We are meeting regularly with Audit Scotland to coordinate activity.

There is also the opportunity for better public sector coordination in procurement to deliver local benefits and overcome barriers such as economies of scale. There will be high competition in terms of procurement as all public bodies seek to deliver on their Net Zero commitments, including purchasing greener energy. The system has to be prepared to meet the increased demand for similar services and products, all at once. Supporting local businesses needs to be part of this.

Many local authorities own historic buildings which will require significant investment to make them energy efficient, with the added issue of meeting planning requirements if they are listed buildings. Consideration needs to be given as to how this might be funded, given many funds for historic buildings are distributed via competitive bidding processes.

Electricity grid capacity and timescales – at present there is limited spare capacity in some areas, the infrastructure is outdated and requires to be upgraded. The transition to Electric Vehicles and the decarbonisation of heat will significantly add to the electrical demand on the network and this will need to be addressed. The timescales for the application process to the grid is also prohibitive and puts pressure on the viability of business cases for renewable energy generation projects.

Also, the analysis of costs from current non-domestic projects is indicating that achieving enhanced levels of energy performance and sustainability, such as BREEAM Outstanding, Passivhaus and SFT – Net Zero Public Sector Buildings (NZPSB) standard, in order to meet net zero targets, are proving to be cost prohibitive. It is acknowledged the buildings delivered need be more efficient, higher performing, net zero buildings if net zero is to be achieved however the costs associated with delivering this is a challenge. There are supply chain barriers too (cost, availability and understanding of technology) which need national solutions/incentives to overcome in order to mainstream. Local, bespoke solutions will not work for all emission sources.

8. What further advice or support is required to help individuals of all ages and, in particular, individuals who are currently under-represented in the industry enter into or progress in green energy jobs?

Ongoing, multi-annual funding for support and employability programmes is needed to stop the current cycle of having to let people go when funding is agreed late or not far enough in advance. Being able to offer positions longer than a year can also help with the recruitment of those who will support individuals to enter into or progress in green energy jobs. Linking with No One Left Behind is crucial.

There is also a need to tackle gender segregation in the jobs available, where engineering and more manual type construction/adaptation of buildings jobs are male dominated. Schools and colleges need to be engaged to actively work towards challenging gender stereotyping in work.

There is also a need for a clear pipeline of when skills will be needed, so that people can get themselves ready for the jobs coming up, at the right time. Can PACE programmes help with retraining of people who have been impacted by large scale redundancies, so that they can access new green jobs? Can this be supported while giving people enough money to live on while they retrain? Often the welfare system can make it difficult to re/train and still access benefits. There is also a need to ensure flexible childcare is available to allow for training.

27. What further government action is needed to drive energy efficiency and zero emissions heat deployment across Scotland?

Local government is working hard to develop Local Heat and Energy Efficiency Strategies for December 2023. This is a complex piece of work with the need to develop effective stakeholder relationships and future proof data management and sharing. Ongoing coordination at national and local level is vital to drive this forward and the Improvement Service are supporting an officer-led forum to navigate this complexity.

Challenges remain in terms of the capital costs of alternative low carbon technology, alongside maintenance and operation costs, as well as fabric investments required to ensure the efficiency of such technology can be achieved. Local authorities have significant domestic and non-domestic estates and financial support will be required to fund the transition to net-zero/ZDE emissions in buildings.

Hydrogen may play a role in influencing energy systems planning and what happens with electricity. Hydrogen used in major industrial sites would reduce demand for electricity, making this more available for public sector, businesses and homes.

41. What other actions should the Scottish Government (or others) undertake to ensure our energy system is resilient to the impacts of climate change?

Local government is working hard to consider both climate change mitigation and adaptation into its strategies and actions. However, as outlined in the recent Audit Scotland report, adaptation and resilience can be less prominent. The work of Adaptation Scotland is crucial in advancing this agenda and we are exploring how to work more closely with them and the Sustainable Scotland Network for a joined up approach. Climate Ready Clyde and Highland Adapts are examples of how to work regionally at adaptation that could be replicated across Scotland.

45. Could any of the proposals set out in this strategy have an adverse impact on children's rights and wellbeing?

Children's rights and climate change are inextricably linked; many of the rights covered by the UN Convention on the Rights of the Child (UNCRC) are impacted by climate change, such as the right to the highest attainable standard of health, both physical and mental. Climate change also intersects with the issue of poverty when it comes to the provision of safe and warm housing and access to transport that connects children and young people to their communities. The Improvement Service is leading on a project producing guidance, resources, events and support relating to UNCRC.

Transport and housing are two areas which can be key drivers of poverty, both from an affordability perspective and a health perspective. All plans for changes to types of energy available, energy efficiency of housing, access to affordable and sustainable transport etc have to be seen through a child poverty lens to make sure they maximise positive impact. Fuel poverty is another pernicious issue in regard to child poverty, particularly given the current energy and cost of living crisis. The Energy Strategy and Just Transition Plan needs to make sure that priority is given to reducing energy costs for the most financially vulnerable families and those at risk of poverty as a result of the current issues. This can be exacerbated in the rural context where public transport opportunities are often not available.

47. Is there further action we can take to ensure the strategy best supports the development of more opportunities for young people?

Linking into existing employability programmes targeted at young people, e.g. apprenticeships, but also, as mentioned above, in ensuring that opportunities are seen to be for everyone, not just 'traditional' roles. Influencing the school curriculum would be useful, particularly as young people are very aware of the impact of climate change. Encouraging them to train for jobs in sectors working to prevent, mitigate or adapt to climate change will give Scotland the green workforce of the future.

48. What are your views on the approach we have set out to monitor and evaluate the Strategy and Plan?

There is a need for a consistent approach to collation, reporting and monitoring. It is crucial that efforts to monitor and evaluate the Strategy and Plan connect to existing and emerging projects in this area. Pulling together and coordinating data resources at national level can support place-based approaches to climate change and make for better decision making and understanding. The Public Sector Body Reports provide a

useful snapshot of progress and activity that could be developed to shape future support and areas for improvement. In addition, the collaboration between Scottish and local government to develop a Climate Intelligence Service connected to area-based emissions could provide a mechanism for supporting the Just Transition agenda.