

# A Green Jobs Recovery

How climate action and good green jobs can contribute to a Just and Green Recovery in Scotland

August 2020



## Summary

The COVID-19 pandemic **unfolded against a backdrop of climate breakdown**, and has triggered the **deepest recession in the UK since records began**. Tens of thousands of people have already lost their jobs in Scotland, with the unemployment rate here higher than other UK nations and expected to continue to rise.

Urgent government intervention is required to boost investment, to create good jobs for the thousands of people made unemployed and set us a path to a just and green recovery, that protects those worst hit by the pandemic while investing in a better future for everyone.

Our approach to the economic recovery from COVID-19 must be one that puts **action to tackle the climate emergency** at its heart, as well as tackling the inequalities laid so bare by the unequal impacts of the virus, as the surest way to build an economy on a secure and sustainable footing.

A programme of green job creation and climate action can create thousands of good jobs across the country while setting us on the right path to meet our climate targets and deliver a Just Transition. Friends of the Earth Scotland has identified 10 steps the Scottish Government's recovery must take to achieve this.

1. Kickstart a programme of **public green job creation** with investment in national green infrastructure projects, including in energy efficiency, sustainable transport and renewable heating.
2. Attach **binding conditions** to all recovery funding, to reduce emissions from business and industry in line with Scotland's climate targets.
3. **Commit to giving no public funding to fossil fuel developments**, including CCS, CCUS and fossil fuel-derived Hydrogen, instead setting a timetable for fossil fuel phase out and creating a Just Transition plan for affected workers.
4. Undertake an immediate **review of all government spending** and reallocate budgets from high carbon projects, for example trunk road expansion, towards the just and green recovery.
5. Use existing powers to **raise revenue** for the just and green recovery, for example by implementing a higher rate of Air Departure Tax to raise revenue for sustainable transport.
6. Map the skills needed in Scotland for the zero-carbon economy, begin funded training programmes and prepare an economy-wide Just Transition Strategy.

7. Expand the role of the **publicly owned energy company** to include network ownership and energy generation from its inception, including a key role in heat networks to drive the energy transition, create jobs and support local manufacturing and the supply chain.
8. Develop a **new Economic Strategy for Scotland** with goals of **wellbeing, Just Transition** and **Circular Economy**.
9. **Address policy incoherence and inconsistency**, beginning with abandoning the policy of Maximum Economic Recovery of oil and gas reserves.
10. Contribute to a **global just and green recovery**, increasing the **Climate Justice Fund** and using the role as COP26 host to encourage increased action from others.

These measures must be implemented as part of an economy wide Just and Green Recovery<sup>1</sup> that also invests in our public services, including the care service and our NHS, that ensures an adequate income for everyone and puts the wellbeing of Scotland's citizens at the heart of the response.

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<https://foe.scot/resource/just-green-recovery-letter-first-minister/&sa=D&ust=1598005208917000&usg=AFQjCNEEkOTZ0mOBPjr3cRao3EoBPadFIQ>

## Introduction

COVID-19 has triggered the **deepest recession in the UK since records began**. Tens of thousands of people have already lost their jobs in Scotland, with the unemployment rate here higher than other UK nations and expected to continue to rise.

**The pandemic unfolded against a backdrop of climate breakdown.** While Scotland was in lockdown, temperatures in the Arctic hit an all-time high and devastating floods across Bangladesh and India killed hundreds of people and displaced millions more. 2020 looks set to be the hottest year on record, with communities in the global South now dealing with the dual impacts of climate change and coronavirus on a daily basis.

It is now almost two years since the IPCC warned of the need for “rapid, far-reaching and unprecedented changes in all aspects of society”. Scotland’s new Climate Change Act sets targets for 75% reduction in emissions by 2030 and net-zero by 2045, but **the government is not yet on track to meet these new climate targets**. The current Climate Change Plan fails to set out measures required to meet even the old target of a 66% reduction in emissions by 2030, and we have yet to see the requisite policy action or detailed policy commitments on how these targets or a Just Transition will be achieved.

Our approach to the economic recovery from COVID-19 must be one that puts **action to tackle the climate emergency** at its heart, as well as tackling the inequalities laid so bare by the unequal impacts of the virus, as the surest way to build an economy on a secure and sustainable footing.

Urgent government intervention is required to protect the people hardest hit by COVID-19 and its impacts, to create good jobs for the thousands of people made unemployed, and set us a path to a just and green recovery that builds a better, fairer, greener Scotland.

A programme of green job creation and climate action can create thousands of good jobs across the country while setting Scotland back on course to meet our new climate targets and deliver a Just Transition for workers and communities. Friends of the Earth Scotland has identified 10 steps the Scottish Government’s recovery must take to achieve this.

### 1. Kickstart a large programme of public green job creation

As unemployment soars, government intervention and stimulus is required to create jobs on a large scale. **The Scottish Government must kickstart the recovery with programmes that will create thousands of good green jobs across the country**, creating opportunities for workers made redundant by the pandemic and supporting communities to recover while cutting climate emissions. This will require high levels of new investment and rapid upscaling of programmes already in place, while beginning new programmes as soon as possible.

A government-led programme of green infrastructure projects has the potential to create almost **150,000 jobs** across Scotland as part of the economic recovery programme, while putting in place the infrastructure needed to cut Scotland's emissions by 75% by 2030.

A recent study from the University of Oxford assessed over 700 stimulus policies from 53 countries, and found that **green projects** such as energy efficiency and clean energy infrastructure **create more jobs, deliver higher short-term returns per pound spent and lead to increased long-term savings**, when compared to traditional fiscal stimulus<sup>2</sup>.

A Scotland specific study from Transition Economics<sup>3</sup>, commissioned by the STUC, has shown that in an Economic Recovery response, **a two-year emergency infrastructure stimulus in clean projects could create almost 150,000 jobs across the economy**. Again, this study found that clean energy projects rank most highly, with potential for over 50,000 new jobs in building retrofit, 40,000 in transport and 20,000 in manufacture and offshore wind infrastructure. Interestingly, they found that projects such as trunk road building, which we already know to be poor investments for our climate targets, are not good recovery projects - scoring poorly on employment multiplier criteria.

Priority projects which deliver multiple benefits of job creation, cutting climate emissions and wider social benefits in Scotland include:

**a. Doubling the scale of Scotland's energy efficiency programme**

Emissions from buildings are responsible for a large proportion of Scotland's annual emissions, while 25% of households live in fuel poverty. Scaling up of energy efficiency has long been called for to meet our climate targets, but should be given priority in recovery funding as it has repeatedly been shown to have the potential to create jobs right across Scotland in retrofitting and along the manufacturing supply chain. Transition Economics estimate that retrofit of social housing alone has the potential to create over **34,000 jobs** over 2 years as part of a large fiscal stimulus.<sup>4</sup> Scotland has an existing energy efficiency programme, which could be scaled up reasonably quickly – a 'shovel ready' project.

**b. Investing in sustainable transport**

Decarbonisation of the transport system, as the single largest emitting sector, is long overdue. Again, studies into recovery packages show there is vast potential for job creation here. **Building walking and cycling lanes** has the potential to create over **18,000 jobs** over 2 years, according to the same Transition Economics report, which could be achieved in part through making the Spaces for People infrastructure permanent. Investing in new low-emission and **electric bus fleets, battery**

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<sup>2</sup> Will COVID-19 fiscal recovery packages accelerate or retard progress on climate change? Hepburn, C., O'Callaghan, B., Stern, N., Stiglitz, J., and Zenghelis, D. (2020), Smith School Working Paper 20-02. <https://www.smithschool.ox.ac.uk/publications/wpapers/workingpaper20-02.pdf>

<sup>3</sup> Analysis of Infrastructure Investment options for Economic Recovery, Transition Economics [http://www.stuc.org.uk/files/Scotland\\_Report.pdf](http://www.stuc.org.uk/files/Scotland_Report.pdf)

<sup>4</sup> Analysis of Infrastructure Investment options for Economic Recovery, Transition Economics [http://www.stuc.org.uk/files/Scotland\\_Report.pdf](http://www.stuc.org.uk/files/Scotland_Report.pdf)

**manufacturing**, and increasing the **electric charging network** all have significant recovery and jobs benefits.

Bus passengership has had a huge decline in 2020 due to lockdown restrictions and health concerns. For the foreseeable future, our public transport will need to be operated with the safety of workers and passengers as the operating principle. However, this comes on the back of long term decline in passenger numbers due to increasing fares, unreliable services, and transport policy that has consistently favoured private car use over sustainable modes of transport. Running public transport as a for-profit enterprise does not make sense, and the Scottish Government should **support councils and Regional Transport Partnerships who want to set up their own bus companies**. Furthermore, cities and countries that have implemented **free bus travel** have found it creates huge savings for statutory services, and stimulates the economy.<sup>5</sup> We need to understand transport as a vital public service, like our NHS, which is inter-connected with all aspects of public life. Not as a stand-alone product which we allow private operators to profit from.

**c. Begin a timetable of works to install renewable heating across Scotland**

Heating buildings takes up 55% of Scotland's energy use, but renewable heating, such as heat pumps and solar thermal panels, provided just 6.3% of Scotland's non-electrical heat demand in 2018. Decarbonising heating is vital to meet our new climate targets, but the scale of manufacturing, infrastructure, installation and maintenance required has significant jobs potential.

The Scottish Government must direct a national programme of work, including a clear timetable and funding, for **the transition to renewable heat, heat pumps and heat networks in homes** and properties across Scotland. This **requires urgent planning and skills development** to enable work to begin in the next couple of years. The focus should be on renewable heating such as heat pumps, rather than hydrogen through the gas grid, including through measures such as a heat pump sector deal with a focus on developing Scottish industry and supply chain content. To maximise recovery and Just Transition benefits here in Scotland, there should be a role for the Publicly Owned Energy Company in this work.

Alongside direct job creation, intervention in these three areas also has potential to create jobs in supply chains across a number of industries. It's crucial that the Scottish Government takes a much more interventionist approach to supporting and developing these supply chains in Scotland - supporting, potentially through purchasing a stake in, companies whose expertise would be relevant to the zero-carbon economy.

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<sup>5</sup> <https://www.getglasgowmoving.org/reports/farefreebuses.pdf>

## 2. Attach binding climate conditions to all recovery funding

During a time of unprecedented financial support to business, the Scottish Government can and must ensure that government support for large business drives the positive change for a Just Transition to a zero carbon economy.

We welcomed the Advisory Group on Economic Recovery recommendation to deploy business support interventions including the “greater use of conditionality in business support” and “applying green conditions to companies to promote the transition to net zero emissions”.<sup>6</sup> However, the Government’s Economic Recovery Implementation Plan notes only an intention to “continue to explore the role for bespoke approaches that link business support with climate change objectives”.

Long-term strategic goals and targets must not be undermined or put at risk by short-term financial support for businesses who’s profit motives are at odds with a climate safe future.

The Scottish Government must heed lessons from the 2008 financial crisis, and **take urgent steps to ensure that recovery funding supports workers and lays the foundations for a Just Transition to a zero-carbon economy post coronavirus**. In particular, binding conditions such as cutting source emissions and phasing out fossil fuel extraction must be placed on businesses with key roles to play in decarbonisation, such as transport and energy.

For example, the French Government set climate conditions on airline Air France as part of its €7billion rescue package, including that the airline must reduce emissions from domestic flights by 50% by the end of 2024. All Scottish Government funding, investment and support must come with mandatory, binding conditions to reduce emissions in line with Scotland’s climate targets.

The Scottish Government should use all available levers, such as through conditions in procurement and tendering process, to ensure that any jobs created through the recovery are based in Scotland, and offer quality work - paying at least the Scottish Living Wage and with union recognition in place.

## 3. Commit to giving no public funding to fossil fuel developments

Scotland is not yet on track to meet the new climate targets set last year, and investment in a green recovery with one hand cannot be undermined by continuing to spend public money on fossil fuel developments with the other.

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<sup>6</sup> Towards a robust, resilient wellbeing economy for Scotland, Recommendation 9, <https://www.gov.scot/publications/towards-robust-resilient-wellbeing-economy-scotland-report-advisory-group-economic-recovery/>

Our Sea Change report<sup>7</sup> showed that the 5.7 billion barrels of oil and gas in already-operating UK fields will exceed our fair share of Paris Agreement climate goals, yet there are still plans to continue exploration, development, and extraction. Oil and gas extraction must be phased out and it would be **unacceptable to spend public recovery funding on projects which would continue fossil fuel extraction**. The immediate focus for these projects and industries must be on supporting workers and planning a Just Transition.

**Carbon Capture and Storage and blue hydrogen are fossil fuel developments and should not receive public funding or recovery support.**

Despite billions in support over the last decade, CCS remains largely unproven and untested at scale, and neither CCS nor hydrogen are expected to deliver emission reductions this decade. These speculative technologies are dangerous distractions from the urgent task of reducing emissions at source, and a reliance on them seriously risks missing our climate targets.

Furthermore, the Just Transition Commission recently warned that domestic manufacturing opportunities in CCS have been “limited” and questioned “whether Roadmap 2035 [Oil and Gas UK’s ‘Blueprint for Net-zero’] is fit for the current context of accelerated transition remains to be seen.”<sup>8</sup> Further information on the risks of CCS are outlined in a FoES briefing.<sup>9</sup>

## 4. Review spending, reallocating budgets from high carbon projects

While the Scottish Government is constrained by limited borrowing powers, and we await the Westminster Autumn Statement to see the size and shape of an overall economic stimulus package, there are still actions that the Scottish Government can take that do not require additional money.

The Scottish Government must undertake an immediate **review of all government spending and investment** in order to align with the Just and Green Recovery.

For example, high carbon projects such as planned trunk road expansions should be halted, with funding diverted into sustainable transport and connectivity. Not only are trunk road expansions poor transport policy, inducing traffic demand, but a Transition Economics study assessing infrastructure projects against World Bank recovery criteria found that road building scored very poorly for recovery measures. With a huge demand for working from home, funding could go towards a much needed expansion in broadband capacity,

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<sup>7</sup> ‘Sea Change’ <https://foe.scot/resource/sea-change-climate-report/>

<sup>8</sup> Just Transition Commission advice on a green recovery  
<https://www.gov.scot/publications/transition-commission-advice-green-recovery/>

<sup>9</sup> <https://foe.scot/resource/ccs-briefing/>



particularly in rural areas - a programme which could create thousands of jobs. Even the AA has suggested road use spending should be diverted to broadband infrastructure.

The Scottish Government should assess the climate impacts across the lifetime of all projects, removing budget where a project, or entire budget line, contributes to the climate emergency. Spending and investment should also be aligned across all Scottish Government agencies, to ensure that all public expenditure is aligned with our climate ambitions. This could be supported by the new Economic Strategy, detailed in point 8, or the Just Transition Strategy, detailed in point 6, which have can identify areas where this money could be reinvested to support skills development and job creation in new sectors.

## 5. Use existing tax powers to raise revenue for the just and green recovery

We welcomed the Scottish Government's decision in May 2019 not to pursue the proposed cut to Air Departure Tax (ADT), recognising that this policy would be in conflict with Scotland's ability to meet our new climate targets.

With the introduction of ADT deferred, the Scottish Government now has the opportunity to ensure that aviation taxation is designed effectively and drives progress towards decarbonisation. The rate of **Air Departure Tax should be raised**, and the Scottish Government should use this process to explore how ADT can be increased using similar principles to the Frequent Flyer Levy - ensuring that additional ADT is targeted at those who fly the most.

**Revenue from Air Passenger Duty in Scotland is currently around £300m a year.** The increased revenue should be ring fenced to support sustainable ground transport - including expanding free bus travel, electrifying Scotland's railways, and investing in developing electric ferries to connect Scotland's islands, and Scotland with mainland Europe. Crucially, the income could also address skills and technology development in the supply chain for these initiatives.

Increasing ADT would be a progressive tax as it would be paid more often by the wealthiest travellers, while the public transport improvements it would fund would disproportionately benefit people on lower incomes - tackling a source of significant pollution at the same time. The Government should identify additional income streams that would also target sources of pollution, such as supporting local authorities to roll out the Workplace Parking levy - charging employers with large car parks to pay for sustainable transport.



## 6. Map the skills needed for a Just Transition to a circular, wellbeing economy

**The Scottish Government must urgently map the skills** needed in Scotland for the zero-carbon economy and begin **funded, targeted training programmes** to address the gaps.

There is a real danger that the recovery and a Just Transition will be jeopardised by shortfalls in availability of workers with the right skills. Projection of demand for skills and labour must be an essential part of planning and should also be used to ensure that a Just Transition is complemented by provision of the training and education needed to supply the labour force. Wide-scale planning is especially relevant where time will be needed for workers to gain appropriate qualifications.

For example, there is a risk to jobs at Alexander Dennis - a manufacturer of zero emission buses<sup>10</sup>. These jobs, and these vehicles, are essential to Scotland reducing its greenhouse gas emissions in line with our climate targets. Meanwhile, Transport Scotland's 'Building a Greener Railway' report promised "skilled, sustainable employment in Scotland", in the manufacturing of electric trains and in the delivery of a decarbonised railway".<sup>11</sup> This is an encouraging proposition and we would encourage the Scottish Government to outline how these jobs would be created.

Any job or young person's guarantee or transition funding should be aligned with a Just Transition. Job opportunities should be prioritised in zero-carbon industries, such as those detailed in point 1, and the Government should rule out supporting jobs or offering transition funding linked to the fossil fuel industry. Not only would this be contrary to our climate ambitions, but these jobs offer little long-term security given the need to move away from fossil fuels to achieve our climate change targets.

**The Scottish Government must prepare a national, economy-wide Just Transition Strategy**, in consultation with workers, communities and Trade Unions.

The government should coordinate sectoral industry-level plans to be drawn up between employers, trade unions and government with targets and timescales to be set for electrification and decarbonisation in all sectors of the economy. A timetable must be established for Just Transition in the oil and gas sector as a priority. These should inform agreements at enterprise and sectoral levels, with targets for investment and jobs created and clear offers to workers.

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<sup>10</sup> <https://foe.scot/good-green-jobs-at-alexander-dennis-under-threat/>

<sup>11</sup> <https://www.transport.gov.scot/publication/rail-services-decarbonisation-action-plan/>

Regional or local Just Transition plans should also be developed in collaboration with local authorities and local trade union branches, to ensure justice for those communities most likely who have strong links to fossil fuel industries.

## 7. Expand the role of the Publicly Owned Energy Company

We welcome the government's commitment to establishing a Publicly Owned Energy Company by the end of this Parliament in March 2021. However since this was first announced by the First Minister in 2017 circumstances have changed significantly; new climate targets have been set requiring much accelerated action to decarbonise the energy sector, and COVID-19 has triggered a recession, mass unemployment and devastating economic impacts on Scotland's manufacturing industries and supply chain.

The remit of the Public Energy Company should be revised, before it becomes operational, to ensure that it enables Scotland to meet the combined challenges of rapid decarbonisation, the need for a national renewable heat programme, alleviating fuel poverty and the urgent need for job creation.

**The scope of the Company should be expanded from its inception**, to go beyond its proposed focus as another retail end supplier of energy, to include **energy generation** from its launch. The Company must be given a key role in coordinating, installing and maintaining renewable **heat networks** across the country to drive the energy transition, create jobs and support local manufacturing and the supply chain.

Given a comprehensive role across our energy system with powers to own distribution networks and generate energy, including in heating, intervening in and leading the wider energy market in just transition, the Public Energy Company could drive change, open up opportunities for community energy and prioritise ending fuel poverty over shareholder profit.

## 8. Prepare a new Economic Strategy aligned with a Just Transition, wellbeing, and circular economy

We welcome the Scottish Government's commitment to a wellbeing economy, and agree that our economy should look beyond GDP as the sole measure of success. The pursuit of financial growth at the expense of all else has contributed to the inequalities and injustices in society that the pandemic has exposed and exacerbated. To recover and rebuild, **we need to move to an economic model that places people before profit.**

We are concerned, therefore, that both the Advisory Group on Economic Recovery report, and the Scottish Government's response to it, place an overreliance on private business to create jobs in the recovery. We are facing a deep recession and soaring unemployment alongside the climate crisis. To deliver an economy that is able to prioritise social benefits over private profit requires a substantial increase in alternative ownership and investment

models, a shift away from GDP towards better indicators of economic success including wellbeing and sustainability, and Government led public job creation.

Across the UK, **just 6% of people want a return to the pre-pandemic economy.**<sup>12</sup> Scotland needs to develop a new Economic Strategy which commits the Government to delivering this new economy through investment and growth in a Just Transition to a zero-carbon economy. This should be tied to an industrial strategy which sets out a route map to growing zero-carbon industry, while managing a Just Transition for workers in fossil fuel industries.

These strategies must focus on moving away from economic growth at all expense, and towards an economy that centres the needs of people and planet. This means putting decarbonisation and living within planetary limits at the heart of all economic activity, and ensuring that future jobs are quality jobs - secured through sectoral Just Transition plans. We need greater public intervention, including public ownership at different levels, from a national energy company to local public transport, and community owned energy.

## 9. Address policy incoherence and inconsistency

The stated aim of achieving a green recovery that “*delivers economic, social and environmental wellbeing and responds to the twin challenges of climate change and biodiversity loss*”<sup>13</sup> is contradicted by Scottish Government policies and strategies which promote high carbon activities, consumption and pursue economic growth at the cost of the environment and people’s wellbeing. This includes the policy of **Maximum Economic Recovery of oil and gas reserves**, and continued support for destructive high carbon projects such as trunk road and aviation expansion, among others.

Long-term signalling is important to set Scotland on the right trajectory, but continued commitment to these policies risks locking Scotland into a higher carbon pathway and ultimately **risks our ability to meet net-zero emissions by 2045.**

Alongside short term intervention, the recovery process must include outlining the long term commitment to moving away from fossil fuels and towards a zero-carbon economy - giving business, workers, and communities clarity of the future shape for our economy. This must begin with the Scottish Government announcing the end of its support for a policy of Maximising Economic Recovery and, as outlined in point 4, removing funding from high carbon projects - reinvesting this money in the zero carbon economy.

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<https://www.theguardian.com/world/2020/jun/28/just-6-of-uk-public-want-a-return-to-pre-pandemic-economy>

13 Letter from Cabinet Secretary Roseanna Cunningham to ECCLR committee

[https://www.parliament.scot/S5\\_Environment/General%20Documents/ECCLR\\_2020.05.08\\_GR\\_IN\\_CS\\_response.pdf](https://www.parliament.scot/S5_Environment/General%20Documents/ECCLR_2020.05.08_GR_IN_CS_response.pdf)

The upcoming review of the energy plan and climate change plan must deliver this coherence, proposing actions with reduction in emissions which add up to achieve our climate targets, and set us on a path to a managed transition away from fossil fuels through credible actions across all sectors.

## 10. Contributing to a global just and green recovery

It is imperative that Scotland's recovery from COVID-19 is rooted in a global approach that builds in support and solidarity for nations around the world, particularly in the Global South. Millions of people are suffering from the consequences of the pandemic without access to basic facilities and healthcare, and on top of the increasingly worsening impacts of the climate crisis. A truly just and green recovery from coronavirus cannot ignore our responsibility as a rich industrialised nation for causing the climate crisis and the carbon debt we owe the Global South.

The Scottish Government should significantly **increase the Climate Justice Fund**, using devolved revenue-raising powers to ensure the money is additional and not simply repurposed from other initiatives, domestic or international.

As hosts of COP26, the government must **proactively call for other rich countries to increase their own contribution** while championing additionality before and at COP26 in Glasgow, building on Scotland's example to date, and call on all countries to embed urgent climate action, climate justice, just transition and an international approach within their own recovery plans.

*For further information contact:*

*Caroline Rance*  
*Climate and Energy Campaigner*  
*crance@foe.scot.*

*Fergus Boden*  
*Parliamentary Officer*  
*fboden@foe.scot*

[4] Broken Promises and Offshored Jobs, STUC

[http://www.stuc.org.uk/files/Policy/Research\\_Briefings/Broken%20promises%20and%20offshored%20jobs%20report.pdf](http://www.stuc.org.uk/files/Policy/Research_Briefings/Broken%20promises%20and%20offshored%20jobs%20report.pdf)

In autumn 2019, the UKCCC warned that UKCCC the “2030 target to reduce emissions by 75% will be extremely challenging to meet. It must be backed up by steps to drive meaningful emissions reductions, immediately.”

Decisions made now will have consequences for our climate and our communities for generations to come. A study on the global climate impacts of COVID-19 warns that only a strongly green recovery, which avoids fossil fuel investment and bail outs, will have a chance of staying below 1.5C.