

Delivering a Green Jobs Recovery in the 2021/22 Scottish Budget

Friends of the Earth Scotland

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The COVID-19 pandemic, unfolding against a backdrop of climate breakdown, has triggered the deepest recession in the UK since records began. Tens of thousands of people have already lost their jobs in Scotland, and urgent government intervention is going to be vital to repair the damage the pandemic has done. At the same time, we are in the critical decade for tackling the climate emergency, and meeting Scotland's target of reducing our emissions by 75% by 2030.

The economic recovery from COVID-19 must therefore be driven by a programme of green job creation and climate action, unlocking the huge potential that the zero-carbon economy has to create thousands of good jobs fit for the future. The Programme for Government presented a welcome focus on green job creation - but this risks being meaningless without significant investment in this budget to make these green job opportunities a reality, while providing the support workers to transition into these fields. Below we set out proposals that must be included in the 2021/22 Scottish Budget:

- 1. Invest at least £244million in making homes easier to heat**
- 2. Invest in the skills needed to fill green jobs**
- 3. Expand Scotland's bus network through municipal ownership**
- 4. Target money at the right solutions to electrify heat and transport**
- 5. Increase Scotland's Climate Justice Fund**

1. Invest £244 million in making homes easier to heat

Heating buildings is one of the largest sources of emissions in Scotland, but it is also one of the areas which can deliver the most jobs, quickly and across the country, as part of a Just and Green Recovery. Improving energy efficiency and making it easier to heat our homes can also contribute to tackling the shocking levels of fuel poverty in Scotland, with an estimated one in four homes, roughly 600,000 people, living in fuel poverty.

Studies show 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.¹ Meanwhile, analysis by the STUC and Transition economics suggested that the right stimulus aimed at retrofitting homes in Scotland could deliver up to 48,000 good green jobs.²

The recent Programme for Government committed to increasing 'Heat and Energy Efficiency spend to £398million per annum by the end of the next parliament'. This level of funding is welcome, but to get the maximum benefit from this policy, creating the green jobs we will need in the immediate recovery, we need to see a faster pace of action. This chimes with the report of the Environment, Climate change, and Land Reform (ECCLR) Committee's "Green Recovery Inquiry" which recommended that "The Scottish Government and Local Authorities

¹ 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>

² Analysis of Infrastructure Investment options for Economic Recovery, Transition Economics http://www.stuc.org.uk/files/Scotland_Report.pdf

front-load spend on housing retrofits / energy efficiency schemes - and the skills and training needed for this - as a priority.”³

This year’s Scottish Budget will be the first budget since the Scottish Government’s commitment to increase investment in energy efficiency. It is vital that these increases are front-loaded, with a significant increase in investment in the immediate term - rather than delaying until the end of the next Parliament. We support calls by the Existing Homes Alliance to **increase spending on energy efficiency and fuel poverty programmes to £244 million in the next budget**, increasing throughout the next Parliament to deliver the goal of investing £398million in this area.

2. Invest in the skills needed to fill green jobs

Scotland has huge potential to create new and quality green jobs in zero-carbon industries, particularly in areas like offshore wind and electrification of public transport. The Scottish Government’s rhetoric on green jobs must quickly become action, matched with significant investment and a step change in policy. Scotland’s recent history in green jobs has been one of missed opportunities and struggle, and lessons must particularly be learned from experiences in BiFab, CS Wind, and Alexander Dennis - industries that should be at the forefront of the transition to a zero carbon economy, not struggling for survival .



Map the skills needed
for a zero carbon economy

As the budget looks to put the Scottish Government’s green job policies into practise, we must also make it as easy as possible for workers in existing industries to transition to new roles in a way that has not been possible or straight forward so far.

In our Offshore Report, which reveals the results of a survey of 1,383 oil and gas workers, workers told us that certification programmes were exploitative and designed by private companies to ensure maximum profit across sectors with significant transferability of knowledge and experience.⁴ The cost is prohibitive and the pathway unclear. A just transition must mean creating a framework where workers are able to secure quality work in sustainable industries before their current roles become precarious.

The Scottish Government should **invest in education and training to create clear and accessible pathways into zero carbon industries for fossil fuel workers**. These should be developed in conjunction with workers and their trade unions, to identify the areas where workers are most at risk and that have maximum transferability. As a first step, awards from the £62million Energy Transition Fund should include firm conditionality that the companies benefitting from Government support will create new job opportunities, with transition pathways for offshore workers who have recently been made redundant, or had their contract cancelled. Beyond the ETF, it will be imperative to invest in skills development and pathways for workers in fossil fuel industries to run alongside green job creation policies to ensure a just transition, proactively reaching out to workers to present those opportunities.

³ https://www.parliament.scot/S5_Environment/Reports/ECCLRS0520R12.pdf

⁴ <https://foe.scot/resource/offshore-oil-and-gas-workers-views/>

3. Expand Scotland's bus network

Public transport has a vital role to play in reducing emissions from transport, our highest source of sectoral emissions, moving people away from high polluting modes of transport like private cars and into more sustainable alternatives. Buses also deliver benefits in a number of areas - with potential to offer low cost transport options, connecting communities, and allowing people to travel to new work or education opportunities while creating demand in domestic industries.

Despite this, bus passengership is in long term decline.⁵ This has been exacerbated by deregulation which has led to a diminished network and skyrocketing fares.⁶ Routes seen as less profitable for private operators have been cancelled, with those routes that are protected often facing increasingly expensive fares, leading many people to opt for more convenient but polluting car travel, and others effectively stranded. This level of transport poverty, with many priced out of bus travel or having no routes available has far reaching consequences. We must have a bus system that works in the interest of the public, not private shareholders.

The powers in the Transport Act 2019 will go some way to addressing this, allowing local authorities to run bus services - injecting a lifeline into communities who have been cut off in the current system. A number of local authorities have already started exploring this option - but face financial barriers in implementing schemes themselves.⁷ The large subsidies private operators have received, despite cutting and changing routes across the country, highlight that the money does exist to support Scotland's bus network publicly.



Kickstart a programme of
public green jobs creation

This year's budget should commit to **creating a fund for Local Authorities and Regional Transport Partnerships** to run bus services directly, using powers in the Transport (Scotland) Act 2019 due to come into force soon. This would recognise the multiple benefits bus travel brings to the public and the environment, make the upcoming expansion of concessionary bus travel more efficient by keeping money in the public purse, and act as a stimulus for the Scottish bus manufacturing and retrofit industry.

4. Target money at the right solutions

Scotland has huge potential to lead the transition to low carbon alternatives from polluting sectors - making public transport greener and more accessible, investing in active travel routes, and rolling out heat pumps. Given the fiscal limitations of the Scottish Budget, and the pressing need for available funds to be targeted at delivering a green jobs recovery, investment should be prioritised in these known solutions, which not only reduce emissions but have wider societal benefits. These should be particularly prioritised over projects that offer false solutions to reducing emissions and risk delaying meaningful decarbonisation action.

⁵ <https://www.transport.gov.scot/media/44025/scottish-transport-statistics-no-37-2018-edition.pdf> p.15

⁶ <https://www.dailyrecord.co.uk/news/scottish-news/bus-fares-skyrocketed-last-ten-21163340>

⁷ <https://sourcenews.scot/aberdeen-and-falkirk-councils-explore-public-takeover-of-first-bus/>

Carbon Capture and Storage (CCS) is an unproven technology, not demonstrated at the scale required to tackle the climate emergency, and only supporting the continued extraction and burning of fossil fuels. Similarly hydrogen made using fossil fuels, so called 'Blue Hydrogen', is a false solution given its reliance on polluting fossil fuels and unproven CCS technology. As this budget comes into effect only 9 years from our crucial 2030 target, public money would be much better invested in areas with established decarbonisation paths. Questions should also be asked over the merit of using public money to subsidise the development of technologies that only serve to prolong the income generation of rich, privately owned fossil fuel companies. For this reason, the Scottish budget should **not include any money for CCS or 'blue' hydrogen**, instead prioritising investment in electrifying areas like heat and transport, where genuinely low carbon solutions such as heat pumps and active travel are in need of significant investment.



No public funds for fossil fuel developments

Tackling the climate emergency, and maximising the spend on creating green jobs, requires complete policy and spending coherence across portfolios. Despite this, there are a number of areas where the Scottish Budget has consistently invested in facilitating high polluting activities, particularly in spending hundreds of millions of pounds on developing major new roads. We know that new major road infrastructure leads to more road passenger journeys while journey time gains are often quickly wiped out, at a time where we need to see people moving out of cars and into sustainable alternatives.⁸ This was supported by the ECCLR Committee's Green Recovery Inquiry report, which recommended "prioritising investment in active and sustainable travel infrastructure rather than additional road capacity."⁹ In this year's Scottish Budget, **the Scottish Government should publicly commit to stop spending on developing major new roads in the future**, investing instead in sustainable transport alternatives, such as active travel and public transport.

5. Increase Scotland's Climate Justice Fund

The 2020/21 Scottish Budget will cover the period that Scotland hosts the UN's Climate Conference COP26, and its build up. As the sub-state host of COP26, Scotland must set an example for the rest of the world to follow with its approach to tackling climate change by prioritising both action at home and support for countries on the frontline of climate impacts. The announcement of an indicative NDC is a fantastic step, but we can go further.

It's crucial that everything we do to tackle the climate emergency recognises that those who have done the least to cause it feel its impacts the worst. Flooding, food shortages, and forced migration are all a reality for people living with the impacts of climate change now. At COP26, finance for nations in the Global South must be a priority - supporting efforts to adapt, rebuild, and build resilience to future crises. As an economically rich country which has contributed disproportionately to causing the climate emergency, Scotland must play a leading role in this process.

⁸ <https://bettertransport.org.uk/roads-nowhere/induced-traffic>

⁹ www.parliament.scot/S5_Environment/Reports/ECCLRS0520R12.pdf

Friends of the Earth Scotland supports Stop Climate Chaos Scotland's calls for increased support for poorer countries to mitigate emissions and adapt to the impacts of climate change, as part of paying our climate debt. The Scottish Budget should **significantly increase the Climate Justice Fund with new and additional finance**. Additional funding should also be accompanied by a review of the Climate Justice Fund, to align with current best practice in climate adaptation globally. Any increase in the Climate Justice Fund should be used as a platform to proactively call on other global North governments, including the UK, to increase their climate finance informed by a fair shares analysis,¹⁰ ahead of and during COP.

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¹⁰ <http://civilsocietyreview.org/report2018/>