



OFFICIAL REPORT
AITHISG OIFIGEIL

Economy and Fair Work Committee

Wednesday 19 April 2023

Session 6



The Scottish Parliament
Pàrlamaid na h-Alba

© Parliamentary copyright. Scottish Parliamentary Corporate Body

Information on the Scottish Parliament's copyright policy can be found on the website - www.parliament.scot or by contacting Public Information on 0131 348 5000

Wednesday 19 April 2023

CONTENTS

Col.

JUST TRANSITION (GRANGEMOUTH AREA)..... 1

ECONOMY AND FAIR WORK COMMITTEE

11th Meeting 2023, Session 6

CONVENER

*Claire Baker (Mid Scotland and Fife) (Lab)

DEPUTY CONVENER

Colin Beattie (Midlothian North and Musselburgh) (SNP)

COMMITTEE MEMBERS

- *Maggie Chapman (North East Scotland) (Green)
- *Jamie Halcro Johnston (Highlands and Islands) (Con)
- *Fiona Hyslop (Linlithgow) (SNP)
- *Gordon MacDonald (Edinburgh Pentlands) (SNP)
- *Graham Simpson (Central Scotland) (Con)
- *Colin Smyth (South Scotland) (Lab)
- *Michelle Thomson (Falkirk East) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

- Lang Banks (Just Transition Commission)
- Elliot Ross (Scottish Government)
- Professor Jim Skea (Just Transition Commission)

CLERK TO THE COMMITTEE

Anne Peat

LOCATION

The James Clerk Maxwell Room (CR4)

Scottish Parliament

Economy and Fair Work Committee

Wednesday 19 April 2023

[The Convener opened the meeting at 09:31]

Just Transition (Grangemouth Area)

The Convener (Claire Baker): Good morning and welcome to the 11th meeting in 2023 of the Economy and Fair Work Committee. I have received apologies from Colin Beattie.

Our first item of business is the sixth evidence session of our inquiry into a just transition for the Grangemouth area. Today's session will focus on the work of the just transition commission and will consider the key issues and challenges in achieving a just transition. I am pleased to welcome again Professor Jim Skea, chair of the just transition commission, who is joined by Elliot Ross, head of the commission's secretariat. We will also be joined by Lang Banks, a commissioner of the just transition commission, but he has been delayed.

As always, if witnesses and members could keep their questions and answers as concise and short as possible, that would be helpful.

I will start by asking about recent publications. It would be fair to say that there has been a bit of tension between the commission and the Scottish Government. I understand that the memorandum of understanding between the commission and the Government has now been published. Professor Skea might want to say a wee bit about the importance of that and about whether he believes that it will strengthen relationships and make clear the role of the commission. Would it be fair to say that there has been a degree of frustration from the commission about a lack of pace and detail in the energy strategy that has been received so far?

Professor Jim Skea (Just Transition Commission): Thanks for the invitation to come before the committee—we really appreciate it.

You will all have seen our exchange of letters with Richard Lochhead, when he was the Minister for Just Transition, Employment and Fair Work. You are right to point out that there have been some issues in the relationship, which we have been trying to work through. Perhaps that is not surprising, because we are in the second phase of the just transition commission and our role has changed significantly: it covers scrutiny and

advice, which, as always, have the potential for tension.

We can get on to the content of such things as just transition plans, because we have issues about pace and detail. Apart from that, however, there was an issue about the degree to which information has been shared with the commission at an early stage, as just transition plans evolve through their skeleton and draft stages. The exchange of letters has helped to clear the air. I had meetings with Richard Lochhead before the change in the Cabinet. I have also had a session with Màiri McAllan since then, just to ensure that the issues are sorted out.

One of the challenges has been that just transition, as we have conceived it, is quite broad and delivery goes across the entire Government system. That can be difficult, so I have sympathy there. One unit in the Government is trying to pull everything together, which is challenging, because it involves people bringing their colleagues in the Government along with them. We particularly welcome that the just transition portfolio is now at Cabinet level, because that provides a basis for perhaps knocking heads together a bit more, in terms of responding to the commission.

The memorandum of understanding that has been published is good. It was negotiated a bit, but we are happy with what we have got and understand that not necessarily everything can be shared. However, there has been frustration, and we have expressed that.

The Convener: Will you say a little more about the outcome of the memorandum of understanding? When the "Draft Energy Strategy and Just Transition Plan" was published, the commission produced a detailed report with, I think, 84 recommendations that really pushed the Government on some of the detail. That looks behind the headline or top-line statements. It feels as though, if that had been done at an earlier stage rather than when we had the draft, it would have been more productive, and it probably would have been a better consultation document. Going forward, is it the intention to have a wee bit more detail in the drafts when they are produced?

Professor Skea: The issue for some of our commission members was about how early we saw some of some of the items. We felt that we were getting high-level aspirational documents on more than one occasion, and that there had not been an awful lot of development from one stage to the next. That is the key point. Many of our members represent their communities of interest, such as trade unions and environmental groups, and they have opportunities to respond to consultations through that particular route. One unique selling point for the commission is that it brings together different communities of interest at

an early stage, and we strive to reach a consensus, which we have certainly done so far. If we are consulted and brought into the process a little earlier, we think that that will help to forge consensus and move things forward more quickly.

The Convener: Finally, you acknowledged that net zero has been moved to a Cabinet position, but energy has gone to a different cabinet secretary, so there has been a division of those two responsibilities. Is that a strength? Do you anticipate that that will help to build consensus in the Cabinet, or do you see that creating tensions?

Professor Skea: There are always tensions, because this is a difficult policy area. Tensions can be constructive, as they are being worked out. It is positive for us that the just transition portfolio has moved to Cabinet level—that is probably the most important thing for us. The recommendation that we made at the end of phase 1 of the just transition commission was for a Cabinet-level post. We were happy enough when a minister had the responsibility, but the recent change has fulfilled the original recommendation. It gives the message that the issues will be discussed at Cabinet level and that they will not be taken forward so deeply inside the Government system.

The Convener: Yes. One point that you made in the response to the draft report is that there is a need to tackle some of the difficult questions and to really get to the nub of some of the harder issues and try to reach consensus.

I will bring in Maggie Chapman.

Maggie Chapman (North East Scotland) (Green): Good morning, Professor Skea, and thank you for being here with us again. I am interested in exploring the relationships between the sectoral and regional plans and how they talk to each other, or not. We are expecting two further sectoral plans to be produced imminently, alongside the Grangemouth area plan. I am interested in how you think those plans should relate to each other. What different or additional things could be in a regional plan in a way that sectoral plans cannot cover? Are the regional plans where we should see the kind of all-Government or cross-Government approach that you have highlighted in response to the convener?

Professor Skea: I think that the scope of individual sectoral plans is quite broad already, and they would necessarily involve co-ordination across the Government system to deliver them.

Many of our commissioners are very keen on taking a place-based approach to just transition. We have made the point that place is important and that is why we go on trips—to the Isle of Lewis, for example—to understand situations in particular circumstances. Picking out Grangemouth for a regional or a more local plan

symbolises the fact that there is so much economic activity around Grangemouth that is so important for the Scottish economy. However, it would be difficult to think about Grangemouth outside the context of plans for energy, specifically, in relation to moving things forward.

The pace at which the plans are coming out is definitely a challenge for the commission. As you know, we all have day jobs so we are trying to do something else as well as trying to keep on top of the four sectoral plans that are under development. We honestly have not discussed the Grangemouth plan at all, or prospects for it, at this stage.

We are meeting about once a month at the moment and each meeting is following the draft sectoral plans. We have looked at energy and we have sent a copy of our letter to the current consultation. We have looked at transport—last week, we spent a couple of days in Dundee focusing on transport—and we will move on to agriculture and land use, and buildings and construction.

The speed at which the plans are being produced is setting the pace of our work. That is definitely where the priority lies. However, we have some commissioners who constantly prick our conscience and remind us that we need to have a place-based approach alongside that and, frankly, you cannot look at Grangemouth without thinking about the energy plan as well.

Maggie Chapman: In your correspondence with the Scottish Government, you talked about clear road maps being vital to the credibility of the just transition plans. I understand that you have not spent time on the Grangemouth plan just yet. However, from what you have seen so far, what are the challenges or potential barriers for getting a detailed road map into the plans that we currently have? What are the opportunities for us to overcome those challenges or barriers?

Professor Skea: One of the main points that we have picked up on with the draft energy plan is the quite aspirational nature of some of it. We might come on to this later but, for example, in relation to hydrogen, the assumption is that a lot of the market might lie in export opportunities. We did not see the evidence there about where those markets might be to justify that assumption. Clearly, that is incredibly important for Grangemouth, because it would be one of the core locations if hydrogen-based activity was taking place. Unless we have a clear idea about realistic plans in such areas, it will be very difficult to be precise about the opportunities for the Grangemouth area.

Maggie Chapman: Thank you. I will leave it there for now.

Graham Simpson (Central Scotland) (Con): You say that you have not really had a look at Grangemouth—clearly, this committee has been looking at Grangemouth. Has there been no discussion about what you would like to see in the Grangemouth plan or has there been some discussion? Can you give us a flavour of the things that you might want to see?

Professor Skea: The just transition commission has not discussed Grangemouth at all, except to note the fact that we need to get there and to put it on our agenda for later in the year. During the first phase of the just transition commission, we visited Grangemouth, where we had a meeting and talked about issues such as the Acorn project. However, we did not visit the Ineos plant. A lot of our discussion at Grangemouth was about the way in which the plant interacts with local communities, for example. That was about three years ago, so I am struggling a little bit to remember it.

09:45

One key issue that we looked at was the employment opportunities for people in the community surrounding the plant. For example, we visited the local high school to look at what it was doing to prepare people for employment in the activities that we might expect to see in Grangemouth in the future and to raise expectations in communities where people have not traditionally gone to university. We looked at how raising expectations can lead to higher-quality employment and at opportunities for apprenticeships. That was how far we got in the first phase of the just transition commission, but, to all intents and purposes, there has been zero conversation in the second phase of the commission.

Graham Simpson: Fair enough. There might be some questions about communities later.

You said that some members of the commission want to take a more place-based approach. We have been talking about Grangemouth, but are there any other areas that you think deserve that approach?

Professor Skea: The debate in the commission was about whether our meetings should be themed according to sectors or to places. Given that the sectoral plans were coming up, the decision was that we would go for a sectoral structure.

We do not meet in Edinburgh and Glasgow all the time. We decided, as far as possible, to locate meetings in places where the theme had particular resonance. For example, we did the transport meeting in Dundee last week because there are particular issues there with the way in which people living on the periphery of the town get

access to public transport. We went to the Isle of Lewis to look at issues of community ownership of renewables projects and at the potential opportunities of peatland restoration. Some people are keen to go to Shetland. Next month's agriculture and land use meeting will be in Grantown-on-Spey, where agriculture is significant and where there are also broader land use issues.

As you can see, we are trying to pick places where the sectoral themes resonate. That is our strategy at the moment, but some members of our commission are very strongly in favour of the place-based approach.

Graham Simpson: When you have those meetings around the country, do you invite local people so that you can find out about local issues?

Professor Skea: Absolutely. I can give you the example of the structure of the meeting that we had in Dundee last week. We started at the Michelin Scotland Innovation Parc, where we heard from local people about some of the issues. In the evening, we had a town meeting with an open invitation for ordinary members of the public to come to talk about their issues with transport. On that day, prior to the main meeting, we had site visits to electric vehicle charging facilities. We also met various transport professional groups and the local council, and then we had a private meeting and a final wash-up session with Scottish Government officials.

If I can put it this way, we try to do something in the afternoon or evening before every meeting to engage real people, if you know what I mean, rather than just the professionals and the usual stakeholders. Those consultations tend to get the same faces turning up all the time, so we have emphasised that it is important to go beyond that and to get the wider range of voices that we really want to hear.

Graham Simpson: That makes sense and is an excellent approach. Committees of this Parliament often get the same people, so I know where you are coming from.

Professor Skea: I apologise for turning up twice.

Graham Simpson: I did not mean you.

This will be my final question. Do we have a timescale for when we expect to see the other sectoral plans?

Professor Skea: I will turn to Elliot Ross, who is head of the just transition commission secretariat, because he is on top of all those communications for the Scottish Government. Do you want to come in on that, Elliot?

Elliot Ross (Scottish Government): Yes. Good morning, committee, and thanks for having

us back. I apologise for my voice; I have a terrible cold, which is why I am not with you this morning.

The timescales go back to the MOU conversation. We have a shared work plan with the Scottish Government that helps firm up the expectations and dates, particularly on information sharing and exchange. Over the next couple of months, we will look at very early outline drafts of the upcoming sectoral plans. We will publish early advice off the back of the workshops that we are running over the next couple of months. Transport was the first one of those to be run last week, and we expect to see a full draft of the plan, as it were, in November.

The other thing to say, because a couple of members have asked about this, is that the place-based element in the regional plan is a live issue. There is an opportunity to have a conversation about that that could help to shape the Scottish Government's thinking on the issue. At some point in the autumn, we expect to review the approach that the Government has been looking to take on regional plans. In that, we will have to look carefully at how the regional plans sit alongside, complement and build on the sectoral plans that will be well progressed by that point.

The Convener: I understand that Lang Banks has now joined the committee.

Lang Banks (Just Transition Commission): Good morning, committee. I apologise for my late arrival—the irony of being let down by public transport.

The Convener: Good morning. I will start with an initial question. Can you hear us, Mr Banks?

Lang Banks: Can you hear me?

The Convener: We can, but there is a bit of delay on the line.

Before I bring in Jamie Halcro Johnston, I will ask an initial question. We have had a discussion with Professor Skea about the commission's response to the Government's draft plan on energy. Do you want to say a bit about the meeting on 27 January that the commission had and the key areas that you highlight? There are a number of issues in there, including inequalities, equity, fair work and road maps. Professor Skea has explained that you have not looked specifically at Grangemouth so far, but we are expecting the draft plan on Grangemouth. Are there any areas that you would focus on in relation to Grangemouth as we anticipate that plan coming forward?

Lang Banks: Thank you for the opportunity to say a few words on the issue. As a second-time-round commissioner, I was at the original visit to Grangemouth that Professor Skea talked about,

and I have thought long and hard about a return to Grangemouth.

I will say three things. One is that we highlighted engagement in our meeting. If there is one thing that I have learned over the past two or three decades of seeing a transition in Scotland that has been unfair and unjust, it is that there is a lack of engagement between facilities and communities. There is a lot of engagement with the workforce, whether it is good enough or not—other people would say that it has not been good enough.

We discovered over that time that engagement with the wider community such as taxi runs, the sandwich shop or other things that are supported by such industrial complexes is often forgotten on a day-to-day basis, and is certainly left behind when it comes to the closure of those facilities. For example, I have always thought it unjust that I in my role at an environmental organisation hear before communities that their facility is closing—that feels wrong and should not happen. The workforce and the wider community should hear about that and should be part of the plans that lead up to the transition of the workforce or the closure of a facility. It should not be left to chance that they find out about that.

I emphasise the importance of genuine and deep engagement beyond the workforce and the fence of a facility, because it is important to bring people with us on the transition.

Secondly, the just transition and the journey to net zero provide us with an exciting opportunity to begin to address some existing inequalities in society. It is important that we map and understand existing inequalities in and around facilities, industries and sectors so that we pick up those issues, even if they are more indirect, and make them better for people as part of the transition. That is another important area.

In relation to engaging the public and wider workforces, the third and final issue is accessibility. The documents that we wade through are huge, complex and often filled with jargon. As we move forward with a just transition, whether it relates to Grangemouth or elsewhere, it is important that we think about how we make the documentation as accessible as possible so that everyone understands what is going on, what they can do and how they can have an influence.

I will make a final point on Grangemouth. Recently, I was at an event relating to Mossmorran, which is smaller than Grangemouth but not dissimilar to it. When we think about a just transition for Grangemouth, it would be helpful to think about other sites that are connected to it, relate to it or do similar things to it, because lots can be shared between the companies, the workforces and the communities about how to

make the transition as good as possible. It is great to focus on Grangemouth, but we should think about the connections with other similar facilities.

The Convener: That is great.

Jamie Halcro Johnston (Highlands and Islands) (Con): Good morning. I am very encouraged by what Professor Skea said about going out and about and taking a place-based approach. As a Highlands and Islands MSP, I always go on about the need to ensure that the whole of Scotland is represented, so what was said about the Western Isles and going up to Shetland and Grantown-on-Spey is important and encouraging.

I have questions about the role of small and medium-sized enterprises and how they can be supported. Previous witnesses have said that there is a particular need to support SMEs and have talked about how to do that. First, there needs to be the necessary planning, but we should also ensure that there is an agreed and consistent approach to measuring carbon and quantifying the effects of reform. What is your opinion on that? How can we ensure that there is better engagement with SMEs?

Professor Skea: That is a really important issue to which the commission has probably not given enough attention so far. That will be extremely important, particularly in relation to skills and training, so we need to give the issue more attention in future.

I will pass the question to Elliot Ross, who might have had the chance to think about the issue a bit more.

Elliot Ross: That topic is really important to us but, as Jim Skea suggested, we have not yet been able to have a concerted focus on it. It has come up through our engagement with local people as we have moved around the country. As we have explored the different sectoral issues, we have found that they touch on the capacity of SMEs to grow and maximise their potential.

The most obvious example that comes to mind is what we heard about shellfish businesses in the Western Isles and the very obvious challenges that are presented by transport issues, including, in particular, uncertainty over ferry services in the area. We also hear about it a fair bit whenever we speak to local government, which we also do as we go around the country. Councils are often very good at raising such issues.

10:00

It is a good question, and we will try to get it more firmly on our agenda for future meetings. When it comes to our engagement approach, we like to hear directly from the particular

constituencies that we are trying to think about, and to understand their perspectives. That would be one for specialist attention at a future meeting.

Jamie Halcro Johnston: Do you think that you are likely to take an approach of breaking things down into sectors as well as SMEs—for example, the seafood sector in one area, agriculture somewhere else, and retail somewhere else? How might you break that down to explore the needs most pertinently?

Elliot Ross: Because a core function of the commission for this year is to provide advice and scrutiny on the development of the sectoral plans, things will be primarily sectoral in 2023. From 2024 onwards, we get into a different space, in which the regional plans will be developed. That would be an opportunity to spotlight and do a deep dive on issues that are faced by SMEs around the country.

Jamie Halcro Johnston: Thanks for that. I think that Lang Banks wants to come in on this.

Lang Banks: I sit on two sub-groups within the commission: on agriculture and land use, and on buildings and construction. The importance of SMEs and small businesses in the delivery of a just transition has been discussed in both those groups, with a view to two things. First, as Jim Skea talked about, we have meetings coming up on agriculture and land use, so we are looking at who we could invite that might fall into that bracket so that we can speak to them as part of our evidence gathering.

Secondly, in the buildings and construction sub-group, we have had conversations about the important role that small businesses—specifically, in construction and building—will play, for example, in retrofitting homes across Scotland, from the islands to the central belt, and the importance of making sure that they are skilled up and supported in order to do that. The reality is that a transition is going to happen and we are going to need to improve people's homes, and we need to be gearing up now. We have at least been talking in that sub-group about how we might do that, who we need to speak to and what is needed in skills development and support for those businesses.

In addition, the great thing about SMEs in the delivery of the just transition is that they are right across our country. Although we have been talking about place-based issues—the north-east of Scotland and Grangemouth—and, of course, we need to focus on and understand what the transition means for those, we need that transition right across the country. We have a fantastic opportunity to spread the jobs and the benefits through many of those SMEs right across the country, from our islands to our rural and urban

areas. That is exciting. However, so far, we have discovered that a couple of things are missing: the policy direction and the support to enable that to happen. We will look at that in both those sub-groups in the coming months.

Jamie Halcro Johnston: That is helpful. At the moment, is there a lack of awareness among SMEs not only of the need for a just transition but of how that is going to be achieved and measured?

Lang Banks: Absolutely—to both of those.

SMEs are probably just getting their heads around the drive to net zero, which is great—we can see that businesses are starting to think in that way and are starting to change their business practice—but the concept of a just transition is relatively new to many and they have not quite yet got to it. It is really important that we get to that, too, because we want to spread the benefits of going to net zero right across the country—to deliver fair work and good jobs for people and, at the same time, to improve people's lives—and SMEs will play a crucial role in that, whether that be in land and agriculture or building and homes. There is a lot to be done. We are just at the beginning of the understanding of what is needed.

Jamie Halcro Johnston: Okay—thank you.

Michelle Thomson (Falkirk East) (SNP): Good morning, and thank you for attending. Professor Skea and Lang Banks have both made comments about the local community. During the inquiry, we have had compelling evidence from the local community council in the Grangemouth area, which has indicated that it feels that there is a disconnect in engagement in the just transition process. Could both of you flesh out your thoughts about what a good co-design process would look like in the development of the just transition plan and, critically, what it would feel like for the local community? I can see Lang Banks on the screen, so I will go to him first.

Lang Banks: That is important. As I said previously, over the decades, I have realised just how critical community engagement is to the delivery of the just transition in a way that brings people with us. In some sense, I have not been surprised about the lack of engagement; unfortunately, that is just the way it is with many things. However, we cannot afford for that to continue, because the speed at which we need to move and the challenges that we need to rise to in delivering net zero are huge, but so are the opportunities. We cannot afford not to have real and meaningful engagement.

With the draft energy strategy, the expectation has been raised by talking about co-design. There should be a process of co-design, and we should have the aspiration to do that as we develop the

sectoral and placed-based just transition plans, but we have not had that up until now. We need to accept that that has been the case. However, the Scottish Government should aspire to make sure that that happens as we develop the next phases of our just transition plans for different sectors. We cannot keep saying to people that we will have a co-design process, then get them involved only to discover that it is not co-design at all.

If I had a recommendation, it would be that we should get to the co-design process but that we need to recognise that there is a need for the timescales in the climate change plan, and that some things need to happen with the just transition plans and the sectoral plans now. It is fine to be pragmatic about it, but let us not say that those plans are co-designed unless they are. We should keep the ambition for co-design, because the just transition plans will not stop at the end of the year; they are going to have to continue. Let us keep improving and learning from where we are. The plans have not been co-designed just now, but we need to get to that stage.

Professor Skea: I hope that you can hear me—a person from an SME who had a pneumatic drill was outside my window, so I had to move to plan B in order to communicate with you.

I echo what Lang Banks has said. All commissioners had the very strong view that the aspirations for co-design are not being achieved and that more elaborate processes are needed to allow for two-way consultation—not just telling people what is going to happen, but listening to their expectations and taking them into account. I will go back to my earlier exchange with Graham Simpson about talking to real people as well as the usual stakeholders, if I can put it that way. That is the kind of thing that needs to be built in.

Last week in Dundee, we heard a very different story from the transport professionals compared to what we heard from the transport users that we met in a community hall-like event. The professionals wanted to talk about electric vehicle charging and the users wanted to talk about buses and public transport. That gave us a strong idea of what people's real priorities are. No matter what kind of plan you are working on, whether it is sectoral or place based, you need to have those conversations with people at an early stage and listen to their concerns, otherwise you will not get that sense of engagement with the co-design process. People will not perceive the transition to be just unless they have been listened to as plans are developed.

Michelle Thomson: They say that you get what you measure. Therefore, the measures and data collectors frame what the focus will be—in other words, what you are going to measure and the collection of the data—so that we can determine to

what extent success has occurred. I would appreciate your thoughts on that. How advanced are we in having in place real data collectors on a standardised methodology basis? In other words, is that quite easy to do, or is it still developing? I put that question to Professor Skea.

Professor Skea: I think that Lang Banks will want to pick up on that point, too.

You are right. We will not achieve this unless we measure things. We have put in place an evaluation and monitoring working group for the just transition commission to think about that.

Progress on the Government side has not been as rapid as we would have hoped. It is a question of which end of the telescope you look through. Do you start with an ideal approach and say, "If we are to measure the just transition, we need to do these things and these are the areas in which we need to collect data"? Data collection is intensive and does not always happen.

The commission has discussed what we want to do, which is to use some of our budget to carry out another project that starts at the other end of the telescope, by looking at what data is available that would allow us to monitor and evaluate how well the transition is going in a more systematic way.

There is a lot of data out there. With official statistics, the standards for the quality of data are quite high. There are lower-tier data from the Government that are termed "experimental statistics" and there are data collected by trade associations, trade unions and other groups. Since getting to net zero by 2045 is a dirty great experiment in itself, we think that we should not let the best be the enemy of the good. We can look to see what data is out there, wherever it comes from. We have to be honest about the quality of the data, but we can take what we have got and apply it.

We would like a project to look at what data is out there—not just from the Government but from trade associations, trade unions and so on—that could move things forward. We have a long way to go on monitoring and evaluation. The ideal is not necessarily the best place to start; we want to start at the other end and consider what we have got.

For the energy transition, we have identified the areas where we need relevant data: fuel poverty, ownership of community projects for energy, economic issues around investment levels and their impact, and a set of indicators around labour markets, jobs, training and skills. We need to go out there and scrape what data there is in order to discover what is available that would allow us to address those issues, rather than starting with an ideal. Inevitably, we will find that there are big gaps.

Michelle Thomson: Before I bring in Lang Banks, I will add another dimension. I do not disagree with your approach of utilising what you already have, Professor Skea, but in addition—this is for Lang Banks—is there not a risk that by scraping the data that you already have, you will miss key insights, for example, by not having a gendered lens to see how the just transition is or is not impacting on women? It is not just about women; it relates to diversity in all its forms. Perhaps you could add your reflections on that in your answer, Lang.

Lang Banks: That is a really good question and is just the type of point that is emerging in our conversations with people and communities as we travel round the country. Jim Skea talked about using the data that is already there but, as we go round the country, we are discovering the need to refine that. It is one thing to have the data on, for example, young people in fuel poverty, but we need to consider whether we can go down a level and see who specifically is suffering from fuel poverty, and whether that is split by gender or ethnic minority group. We need to consider what is driving that fuel poverty. Fuel poverty is the headline figure but we need to find out who we need to target more within that.

10:15

Michelle Thomson makes a good point. We need to add a little bit of quality to the numbers that are already out there. As we go round the country and speak to real people, we are discovering the nuances of what we need to measure. That is a good point and I would agree with it.

There was a question earlier about engagement. I would like to add two points that I did not make earlier. First, we have the draft energy transition plan, but the Scottish Government could now go back and carry out some sort of gap analysis to see who is missing. There was consultation, which is great, but I think even the Government would recognise that some groups and individuals were not reached in the first sweep. There should be a gap analysis of who is missing and who was expected and of how to engage and have conversations with the individuals and groups who were missed out first time round. We could use the lessons from that as we develop the other sectoral plans.

It is also important that the next version of the plan, and any future plans, should explicitly say how speaking and engaging with individuals has affected or changed the plan. It is important for people to realise that they were listened to, heard and understood. It can be easy to skip over that part and to say, "Here's the decision," but we need to say a little more about what was changed or

about how that influenced outcomes. It would be great to see that, and it would build more trust in such processes in the future.

Michelle Thomson: You make an important point about the feedback loop. Thank you.

The Convener: Colin Smyth has some questions.

Colin Smyth (South Scotland) (Lab): Professor Skea, can I follow up on your point about looking at what data or information is already there? There must be gaps. The Fraser of Allander Institute recently carried out work to measure the economic impact of the renewables sector and concluded that 27,000 jobs had been created, but the institute had to define that for itself, because there was no definition of a renewables job. There must be gaps in what we are measuring.

My main point is not about what we measure or the figure at the moment; it is about what the actual target is. It will be easy for ministers to stand up and say that things are fabulous and that we have created a certain number of jobs as a result of the just transition, but how do we know that that figure should not have been five or 10 times higher? We need to see genuine targets for a just transition. At the moment, the energy plan targets for onshore wind seem to be about how much power is generated, but how do we get targets that measure specifically whether that generation is creating a just transition?

Professor Skea: That is really helpful, because it helps us to join up two points.

You asked about our understanding of the data that is already there. It is not the case that the data is out there, ready to roll, and that we can use it. We do not have a proper map of the data that is out there at the moment. We would like to do that job. Doing that would enable us to do two more things. First, we would be able to use that data. You took the words out of my mouth, because the data would also be part of a gap analysis that would show us what new or extra data is needed on top of what we have already. Understanding what is out there is a good starting point.

That is connected to the issue of the plans and road maps that we have called for. Putting together a road map would involve working out how many jobs are associated with a particular activity. If we are scaling up opportunities for hydrogen, offshore wind or whatever, there would be an estimate of how many jobs are being created and, importantly, of the quality of those jobs.

The monitoring and evaluation go together with the road maps. The road maps set out the targets and benchmarks that you mentioned in your

question, then the monitoring and evaluation gives a way of checking whether we are on a pathway to achieving that. Having targets is important, but that needs to be backed up with monitoring and evaluation to ensure that we are on track.

I have one other point to make, which is about the Fraser of Allander Institute's work. People often carry out pieces of work that are one-off jobs, as it were, which involve one discrete project. The issue with monitoring and evaluation is that it is necessary to collect the data regularly and to keep coming back to it. Therefore, when a study such as the Fraser of Allander Institute's is carried out, there needs to be some kind of system whereby the study will be repeated again in the future to find out what progress is being made. That is the challenge with monitoring and evaluation—we cannot simply have one-off studies; we need a regular stream of data that allows us to measure progress in a more continuous way.

Colin Smyth: I presume that there also need to be targets so that we can measure how many jobs have been created. Onshore wind is a prime example. The target in the energy strategy to produce 12GW of onshore wind is great, but communities across Scotland tell us that, at the moment, the turbines are not built in Scotland, so we know that there is a gap there. Surely, as well as knowing how many jobs are created, the plans should give us specific targets for the number of jobs that should be created.

I will use the example of offshore wind. How many supply chain jobs should be created in Scotland as a result of ScotWind? Surely we should have a target for that, against which we can measure progress. That way, we will be able to measure not just how many jobs have been created but how we have done against the target.

Professor Skea: I could not agree with you more. That is one reason why we have called for more detail in the plans that we have at the moment, which are quite high level and aspirational. We are saying that we need road maps for the number of gigawatts that are going in. We also need data about the number of jobs that could be created in Scotland, which could form the basis for the kind of targets that you are talking about.

Your question speaks to the comments that we have been making about the need for detail in the plans and road maps. I could not agree with you more.

Colin Smyth: Do you want that to be incorporated in the Government's final just transition plan and the various sectoral plans?

Professor Skea: Absolutely. That is the kind of detail that we need.

Colin Smyth: I think that Elliot Ross would like to comment on that.

Elliot Ross: On the back of Jim Skea's remarks, I would like to stress that the commission's advice on the energy strategy includes a couple of specific recommendations on ScotWind. The commission has made it clear that the supply chain benefits need to be much more prominent in the energy strategy and much more detailed.

The other overarching message from the commission about the targets is that the strategy should consider the transition for the energy system in the round. Of course we have jobs growth in the renewables sector and a likely reduction in high-emitting industries, but one of the key themes of the commission's discussion was the fact that many of the upsides of Scotland's energy transition are on the demand side and relate to construction and all the infrastructure that will have to be put up around the country.

It is tricky. As you suggest, drawing a line around such things can be hard, but the commission is clear about the fact that it cannot be too simple a picture, whereby one industry is compared with another. The transition will involve an enormous amount of construction and building work. That is a good thing, but as Jim Skea stressed, the quality of that work and the fair work considerations will be crucial. That needs to be measurable and demonstrated in the strategy.

Fiona Hyslop (Linlithgow) (SNP): Good morning. In your initial feedback to the Scottish Government, you highlighted the importance of ensuring the accessibility of the just transition plans in order to allow non-specialists to engage with them. Can you expand on that feedback and say what needs to be done to improve the accessibility of current drafts? Will you also reflect on the purpose of and the audience for the just transition plans, because that will influence how they are written and the language that they are written in? Is the process of producing the just transition plans as important as the final publication?

I ask Jim Skea to give his overall view on that and then, if Elliot Ross or Lang Banks want to come in, they should let us know.

Professor Skea: That is a really important issue. Obviously, when the plans are produced, they have multiple audiences. They are for people, for investors and for community groups. It would be really helpful if they were much more understandable by real people—I think that that was the phrase that I used earlier. One criticism of the very early draft of the plan that came out was that there was an awful lot of repetition—we would

have liked something a lot crisper and more focused that would really help people.

It may be that what we need—I am talking personally here, as the commission has not really discussed this—is a kind of people's summary of the plan that is in much plainer language. Occasionally, the professionals need to use their jargon to move forwards, but that will not resonate with ordinary people who pick up and read the plan. We have not had an awful lot of discussion about this, but we find the plans to be quite inaccessible, in the sense that there is a degree of repetition and turning back to the same topics—by the time you get to reading page 70 or 80, your eyes are beginning to blur. Therefore, it would be good to have something that communicates better.

When we go through our reports, we do so with a fine-toothed comb and try to add a few extra full stops to shorten sentences and make them a bit punchier. Those are the kinds of things to which you need to pay attention to ensure that a report communicates more widely.

Elliot Ross, who does a lot of our early drafting for us, might have some observations to add on that.

Fiona Hyslop: Elliott, do you want to come in?

Elliot Ross: Yes, I can add a couple of points.

An important principle that the commission set out in its first response to the energy strategy and that was geared towards all the just transition plans that are in development is that they must be accessible to everyone whose lives and livelihoods are likely to be impacted by the transition. Specifically, the commission said:

"The principles, decisions, aims, actions, costs and benefits of these plans should be expressed in a way that a non-specialist can understand."

That is really challenging because, as Jim Skea suggests, there is a level of detail and complexity to the plans. That means that you might have to think about different kinds of communication products to successfully facilitate and enable meaningful engagement and consultation.

That links to another point that came up in commission discussions but that did not come through so much in the advice, which is about recognising the limits on the capacity of the impacted groups and stakeholders around the country. The draft plans that are consulted on need to recognise that there is a limit to the time that people can put in to reading and responding.

That is why it is important to have strategic clarity and to set out the key decisions, the key direction and the big takeaways so that non-specialists can understand and can then consider and respond. That has been a really prominent

part of the commission's considerations around the plans.

Fiona Hyslop: So you want it to be accessible but at the same time your initial feedback was that you want more detail and credibility, particularly for the energy sector just transition plan. You have recently responded on—we have heard about this today—the need for more information on fuel poverty, ownership of community assets, investment and so on.

10:30

The committee is making recommendations and is having an open dialogue with you about your scrutiny and advice role. The challenge is that there is a tendency for the Government put everything but the kitchen sink into a document and to try to capture what we already know, whereas we really want the just transition plan to capture what has to be done differently and in what areas. Would you like to comment on that?

Elliot Ross: I will comment only to agree. As you suggest, there can be a tendency for a document of this scale and scope to try to include a very comprehensive overview. In any public engagement or consultation exercise, it is a genuine challenge to ensure that people are aware of the on-going work and of the policies that are already in place, so that they are not starting with a blank sheet of paper. We can set a premium on what is being communicated to the communities and organisations around the country that are being impacted, so that they know what is new and what will change as a result of the plan. That will really help to make it accessible.

Fiona Hyslop: Lang Banks talked about a gap analysis of the draft energy transition plan. There is a lot of feedback that the plan is strong on the renewable generation of electricity, but we know that there is far more to energy transition than just generation. One reason why the committee chose to focus on Grangemouth was to allow us to look at the use of energy in the wider area. Just as the draft energy strategy will need to develop, so the just transition plan needs to look more widely at the demand aspect.

Could you expand on what you want to see in the energy just transition plan? It could have a particular influence on the Grangemouth just transition plan, which is about other aspects of energy use as well as generation.

Lang Banks: You are absolutely right to pick that out from our recommendations. When it comes to energy, everything is connected. It may be a strength that Scotland has been very good at the supply-side. Whether that means oil and gas or renewables, we have lots and we are doing lots.

However, you have identified the challenge, which is that everyone is connected to that because we are all users of that energy. If we do not look at that in detail and explain it, we will miss opportunities in the transition, which is not about supply but is about demand. If we reduce demand, we will not need to have so much supply: those things are connected. It is really important that the next version of the document and the iterations that follow drill down into understanding that. How do households, or transport, use power? How will we power our transport in the future? Those things are all interconnected and important.

You asked how important the process is. It is an important part of our engagement that people should understand that they are not being disenfranchised, but that their inputs are valuable and valued and that they can see their impact. The process is really important because there have been too many times when transitions have been unjust and unfair. We need to get the process right; that is critical.

We need to ensure that the output is not a case of fire and forget. You can get to a point where you complete a report, stick it on a website and think, "job done". That is not job done. We need to go back to those groups and individuals and explain to them—in their own language and, in some cases, their own places—what the plan means for them now. We need to get feedback on that and keep going; it is an iterative process. We cannot simply say: "This is the input and that is the output" and forget about it, because that is not going to work in this case.

It is important that we use the gap analysis to understand who we have not reached in this round, because it is often the people who will be impacted most who do not end up in the sweep of consultation. Let us ensure that we do the gap analysis right by going back out to find those people, communities and groups and having conversations with them. We cannot allow them to be left behind—it is too important, especially for those who will be impacted most.

Fiona Hyslop: Finally, I come to Professor Skea. There is a lot of international interest in Scotland's approach to just transition. Is there a danger that if our definition of what the energy strategy needs to cover is too broad, and therefore what the just transition needs to cover is too broad—both on the supply side and the demand side—we might endanger the impact? The point is to have an impact and make changes for communities. Could you give me your reflections on lessons learned and where this will go in the future?

Professor Skea: On the international side, everybody keeps pointing the finger at Scotland as a wonderful example of how to do things, so we

face a challenge in managing expectations. There are too many people who think that we have discovered some kind of magic dust called just transition that we can sprinkle on net zero policies to make everything easy, but it is not easy; it is really difficult. We need to ensure that we get that point across.

In Scotland, we have started thinking about the fact that we are confronting some difficult issues—perhaps before other countries are actually facing up to that fact—so we should not flagellate ourselves. They are really difficult issues, and we are starting to face up to them more quickly than many other countries are.

On how broad the definition of just transition is, there is a core issue that is related to employment in the energy supply industry, which is changing in character. However, it is striking that the concept of a just transition is broadening in many other parts of the world as well. There are parts of the world in which people are more concerned about land use issues than energy issues in relation to a just transition, for example. The demand side is also an important factor in other parts of the world. We need to look carefully at the boundaries. The general trend is that the conceptualisation of just transition is broadening—it is not just because we have broadened it in Scotland; it is happening internationally. The broadening of the concept beyond the traditional one, which was focused on the running down of the coal mining industry, is one of the reasons why people are interested in Scotland. The running down of that industry is still the issue in South Africa, Indonesia and Vietnam, where there are international just energy transition plans—or JETPs, as they are starting to be known.

Gordon MacDonald (Edinburgh Pentlands) (SNP): I want to ask a couple of questions. In the commission's report, which was published in July 2022, you noted the importance of an updated industrial strategy. The United Kingdom Government is largely responsible for industrial strategy, and on 1 March it withdrew its strategy, and the replacement plans are not expected before this autumn. What are your views on the impact that the delay in having an updated strategy will have on Scotland's plans for a just transition?

Professor Skea: One of the points that we made in the most recent advice is that there should be co-ordination with the UK Government because so many policies are still reserved. Scotland's approach and the UK Government's approach are distinctly different, and we have to face up to that. Scotland should not delay its thinking.

The Scottish Government needs to keep the conversation going with the UK Government as

much as possible, and it must do a persuasion job to try to get the UK Government to advance industrial strategy, but we should not hold back because of a lack of progress in other parts of this island. Lang Banks may want to come in on that as well.

Lang Banks: [*Inaudible.*]—Professor Skea's answer on that one.

The Convener: We seem to have a problem with your volume, Mr Banks. Do you want to come in or are you happy with how Professor Skea addressed the question?

Lang Banks: I am happy with Professor Skea's answer.

Gordon MacDonald: Professor Skea said that we should move ahead on our own, but unfortunately, funding is a big issue. The Acorn project, which is the Scottish cluster for carbon capture, utilisation and storage, has not had full funding committed to it by the UK Government, although having missed the 2021 funding round, it is now labelled as a leading contender. Forth Ports has described the project as essential in making a considerable contribution to emissions reductions. What is the commission's view on the importance of the Acorn project, and how do we move it ahead without that funding?

Professor Skea: It will be difficult to move ahead without that funding at the UK level. What is left is for the Scottish Government to continue to press the case and for the participants in the project to make sure that they are ready to move if the starting gun is fired. The commission can only add its voice to that and say that it is an important project, and that it is part of the energy strategy and just transition plan to move forward on carbon capture and storage and on hydrogen. We have to press as much as we can.

The Convener: I will come back to Professor Skea on the financing issue that Gordon MacDonald raised. Previous witnesses have discussed the difficulty of raising the required capital as being a major barrier to a just transition, and have cited lack of policy certainty and investable propositions as being other main barriers.

In your letter to the Government, you talked about the need for deliverable plans, and in the response to the draft report you talked about the need for private finance and being clear about just transition opportunities. Do you want to say a wee bit more about that? Could you relate that to Grangemouth and where financial leverage could come from?

We visited the Ineos site and had a positive discussion with Ineos about the future of the site and various commitments that have been made.

Some of that is dependent on the Acorn project and other commitments that are being made. On the financing of changes at the Ineos site and the money that needs to be drawn down into the community, what do you see as being the barriers to raising the type of investment that is needed, and how do we overcome those?

Professor Skea: We have convened a finance working group, which is being led by one of our commissioners, Nick Robins, so I will duck that question and pass it to Elliot Ross, who has followed that working group in more detail than I have. Could you come in on those questions, Elliot?

Elliot Ross: I will say a few things on the commission's response to the draft plan in relation to finance broadly. The commission is asking for a lot more detail on how much finance will be required to deliver transition in that sector, when and by whom that could be delivered and what kind of finance and investment would be required. We recognise that there will be a big role for public money in driving those big changes. At the same time, the strategy needs clear steps in order to make the absolute most out of every pound of public finance that is spent in the area, and it must be clear how those steps will be linked to the fairness angles of the just transition outcomes.

In addition to the work that we are doing on the sectoral plans, we have made finance the key cross-cutting theme for our focus this year. This summer, most probably in July, the commission will try to convene a round table to bring together some of the key figures and institutions within this space to catalyse that conversation on the finance offer and the expectations of the role that private financial institutions and the Government can play right across the piece. We will also think that the community energy side is really importantly for the energy strategy. Is there a financial model that can be developed to support expansion of the community side of energy projects?

10:45

The Convener: We have talked about Grangemouth in particular and the importance of newer technologies, whether in hydrogen or carbon capture, and we recognise the need for investment in those areas for things such as testing and expansion. Does there need to be flexibility in the plans for how long it will take to make any of those things commercially viable and operational? Is consideration being given to the possible limitations on the new technologies in which we are putting our faith but which are not yet commercial or viable? Do we need to reflect on what the plan is when everything still seems to be quite uncertain?

Professor Skea: One of the generic points that we have made is that the plans need to be honest about the risks that are associated with the targets and aspirations that they contain. As I said at the start of this meeting, we really wanted more information about the very high level of expectations about export markets for hydrogen, for example, that underpinned a lot of the job information in the plans.

It is important that the plans specifically identify the risks of non-achievement of certain targets, and that plan B is put in place for how we mitigate those risks. That is standard risk management strategy. One of the challenges with things such as hydrogen and CCS projects is that they are big bets with big pay-offs and we need to understand the risks that are associated with them. It is not so much like wind projects. I am not saying that a 1 gigawatt offshore wind farm is incremental, but those farms can be expanded a little bit more incrementally and they do not carry the same kind of risk as the very big bets on a single project that might or might not work. We need to understand better the risks that are associated with such projects and what the consequences will be of not being able to take them forward. That is a very important cross-cutting theme in the plans.

The Convener: Mr Banks, do you wish to comment on the issue or are you happy with what you have heard so far?

Lang Banks: I definitely echo what Jim Skea said. I would probably even go beyond it, although I might be speaking in a personal capacity rather than for the commission. It is really important to have plan Bs. The commission has talked about being honest about the risks so some work needs to be done on plan Bs and plan Cs. We might well have to ask other outsiders either in the same sector or in different sectors to pick things up when one of those projects unfortunately cannot be delivered or cannot do what is wanted. We need to be honest and up-front about that at the beginning.

Let us face it: some sectors could probably go further than others and more quickly. The net zero plan talks about what each sector can contribute, but we have always understood that, if one sector underdelivers, other sectors will have to overdeliver. That is the type of conversation that we will be having in addition to discussing the risks.

The Convener: As we come to finalise the draft plan that has been issued, is it important that it includes plan Bs or plan Cs? Quite a lot of faith has been put into unproven technologies to get us out of the difficult situation that we are in.

Lang Banks: When a plan B can be detailed, it certainly should be done. Where you—

[*Inaudible.*]—to come up with one, you should say that. I appreciate that there are no plan Bs as yet, but it is about being honest and recognising that if something is expected to deliver a significant reduction in carbon emissions, it is a high-risk venture because it either depends on others, or it is an unproven technology. We should be really clear about that. It would simply be wrong not to at least spell that out in the document.

The Convener: That brings us to the end of the evidence session. I thank the witnesses for their time this morning; it is much appreciated. I now move the meeting into private session.

10:50

Meeting continued in private until 11:06.

This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

All documents are available on
the Scottish Parliament website at:

www.parliament.scot

Information on non-endorsed print suppliers
is available here:

www.parliament.scot/documents

For information on the Scottish Parliament contact
Public Information on:

Telephone: 0131 348 5000

Textphone: 0800 092 7100

Email: sp.info@parliament.scot



The Scottish Parliament
Pàrlamaid na h-Alba