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# Just Transition



A Fairer, Greener Scotland

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Scottish Government response to the  
report of the Just Transition Commission

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# Ministerial Foreword

**In less than two months, world leaders will gather in Glasgow for the 26th Convention of the Parties, known as COP26. This is our best, and possibly our last, opportunity for the world to commit to urgent climate action that also furthers equality and fairness.**

As the birthplace of the Industrial Revolution, we see it as only right that Scotland is at the forefront of the green revolution. We have a once in a lifetime opportunity to make changes that will be good for our people, our communities, our economy and our planet. The challenge and the opportunity of net zero is one that is being faced by countries around the world and there can be no doubt that the world is watching to see how fossil-fuel intensive, smaller economies like Scotland manage the transition to a net zero society and fulfill our obligation to decarbonise.

Scotland was amongst the first to declare a climate emergency and we have committed to ambitious targets and principles in legislation while also delivering on the far-reaching recommendations of expert groups, including our Just Transition Commission. The actions we have taken so far have cut our emissions in half but we now have to do more and that includes answering the difficult questions posed by decarbonisation. Ensuring our transition is a just transition is how we choose to answer that net zero challenge. In Scotland we have recent and painful experience of unfair and unplanned

transitions in many industries. Our former coal-mining communities still bear the scars of rapid, unplanned change. That cannot happen again.

If Scotland, as a nation, can get this right, then decarbonising our economy through a just transition will have positive impacts on every aspect of our lives.

A just transition means:

- Skills training and education that helps to secure good, high value jobs in green industries like low-carbon manufacturing, renewables, and tech;
- Job security for those in industries that will play the biggest part in the transition – at every level – from those working in petrol stations to those on oil platforms.
- Homes that are energy efficient and help to reduce fuel poverty.
- Building infrastructure, transport and communities that support our efforts to decarbonise, to enhance biodiversity and which are resilient in the face of the impact of climate change that we are already feeling.



- Making sure the costs do not burden those least able to pay and the benefits of our transition are felt regardless of where you live, who you are and what you do.

As we tackle emissions, this is also an opportunity to seek out lasting positive societal change: for example, ensuring our efforts to tackle the climate crisis support our efforts to deliver social justice. Such synergies will be an essential part of the development and delivery of our Just Transition Planning.

Though we are a small country, we will show that a fair transition is possible. We can build frameworks that can be replicated at scale; we can show how transition can be co-designed and co-delivered with business, trade unions, communities and all of society, with transparency and accountability; we can show how we build resilience to the impacts of climate change.

The transition to net zero will impact our whole economy and necessitate an economic transformation. Our actions to ensure fairness will be integral to securing and maintaining support for the scale and pace of change required. The upcoming National Strategy for Economic Transformation will set out how we will support that transformation in a way that protects our people and our planet. Our Just Transition Plans will therefore be a core part of delivering on those commitments.

We act with such ambition because that is what the scale of the challenge demands. We must be bold, innovative and willing to learn as we act. We also act in the hope that our work can be an exemplar to our international partners. We will be seizing the opportunity of COP26 to showcase this work to the world, inviting them to join us in this shared global endeavour.

**I am excited to take this journey to a fairer, greener Scotland with you.**



**Richard Lochhead MSP**  
Minister for Just Transition,  
Employment and Fair Work

# Introduction

**This document provides our initial response to the final report of the Just Transition Commission.<sup>1</sup>**

**We welcome the breadth and scale of the Commission's approach. We have already taken action on some recommendations, but there remains much to do. This document is our statement of intent, laying the foundations for all our work on just transition, both for the lifespan of this Parliament and beyond.**

It sets out our long-term vision for just transition and provides details on our National Just Transition Planning Framework. This report also outlines how Government will be held to account on the delivery of just transition – both in terms of how we're approaching the transition and how we're achieving outcomes that align with our vision for a fairer, greener Scotland.

These foundations will also inform the development of the National Strategy for Economic Transformation, the refreshed Energy Strategy (which will be our first specific Just Transition Plan), the delivery of subsequent specific Just Transition Plans and the next Climate Change Plan. Taken together, these elements will set out a comprehensive Green Industrial Strategy for Scotland.

## What is a just transition?

A just transition is both the outcome – a fairer, greener future for all – and the process that must be undertaken in partnership with those impacted by the transition to net zero. Just transition is how we get to a net zero and climate resilient economy, in a way that delivers fairness and tackles inequality and injustice.

<sup>1</sup> Just Transition Commission: A National Mission for a fairer, greener Scotland – gov.scot ([www.gov.scot](http://www.gov.scot))



It is essential that this process is co-designed and co-delivered. We commit to leading the way in the coordination of a series of specific Just Transition Plans, showing the process of just transition in action.

## The policy context for a just transition

We currently have a carbon-intensive economy that, in common with other economies, operates beyond what our planetary boundaries can sustain. This cannot continue.

A just, net zero future is within our reach if we act now. Our actions will be informed by the impacts of the COVID-19 pandemic and EU Exit. We are operating within a global economy, and we know that many of the 'policy levers' are held

elsewhere. We're also managing longer-term trends that are impacting our economy, such as productivity challenges, automation and demographic change. Alongside the just transition to net zero, these challenges will define this decisive decade.

Our strategic approach to just transition supports the development of the National Strategy for Economic Transformation (NSET). The NSET will be supported by specific Just Transition Plans for reinvigorating Scottish manufacturing and industry, supporting Scottish supply chains and creating high-quality jobs.

Building just transition into our economic strategy in this way provides a unique opportunity to work with all parts of our economy to deliver a fairer, greener Scotland.

# A Vision for a Fairer, Greener 2045 – what a just transition might look like for Scotland

**By 2045, a just transition to net zero will have delivered a fairer, greener Scotland.**

This fairer, greener future has been driven by economic approaches that prioritise collective wellbeing: our net zero society doesn't view GDP as the sole measure of progress. Emissions and environmental considerations underpin all the decisions we take and we have worked hard to fully understand the impact that the decisions we made would have on workers, communities, places, nature and businesses. The rapid transformation of the 2020s and 2030s was used as an opportunity to invigorate local democracy and collaboration between business, trade unions, communities, academics, local and national governments and the third sector.

Our economy has a workforce employed in good, green jobs with Fair Work practices built in to support greater equality, diversity, security, and an effective voice for all workers. We are much better at understanding the environmental footprint associated with our behaviours. This means that consumers favour sustainable products. As a result, a thriving private sector demonstrates a wealth of innovative business models based on environmental sustainability and the fair, open and collaborative relationships with workers, supply chains, communities and the local environment. It is often the case that it makes sense to source the things we need more locally than we have in the past; for example, the food we eat is

locally sourced and of high quality. We have ended the waste and throw-away culture of the past, and share our know-how with the world, improving both profits and sustainability.

Our homes are well insulated and renewably heated and powered. Public transport and active modes of travel are the norm, supplemented by zero emissions vehicles, where needed.

Decades of sustained investment in low carbon infrastructure and nature-based solutions by the public and private sectors have not only decarbonised our society but improved the quality of our lives and the vibrancy of our communities, and helped to address inequality experienced between postcodes and groups within society.

Our oil and gas infrastructure and highly skilled workforce have been at the forefront of a green energy revolution. Pipelines now carry green hydrogen to end-users, or take carbon to be stored in the North Sea. All of our energy needs are met by renewable sources and we export what we don't need. The strategic investments we made in digital infrastructure and skills have made Scotland a world leader in artificial intelligence and emerging technologies, both of which have been vital for industries ranging from farming and manufacturing to energy. These



new technologies have also been vital for managing the impact of a changing climate.

Our approach to the mass roll-out of heat decarbonisation and energy efficiency will have removed poor energy efficiency as a driver of fuel poverty and wider actions to tackle the other drivers of fuel poverty will ensure we have eradicated it entirely. Our actions will also have contributed towards the eradication of child poverty.

The road to net zero has been eventful: there has been significant disruption to our lives and we've all needed to change our behaviours to get here. This has opened up many opportunities for our communities and businesses, but we have often been surprised by the impacts of climate change that had already been locked in by previous emissions; extreme weather events are common now, but we have ensured those communities and businesses most impacted have been supported and have been able to adapt.

The scientific community have made it clear that we will continue to see those impacts for some time to come, but we are reassured because we have built resilience to climate change into our infrastructure, our approach to our environment, our financial institutions, and across our wider economy. We have been able to use our experiences to help those on the front-line of climate change and we are especially proud of our climate refugee programme, welcoming people displaced by climate change to make their lives in Scotland.

During our 2045 annual report on the wellbeing of Scotland we noted, with pride, that we have finished delivering our Just Transition Plans. The report reflected on the bold, innovative work undertaken in the decade from 2020 - 2030 and how our partnership approach helped us plan for and deliver a fairer, greener future. It challenged us to go even further as we continue to make sure Scotland is a wellbeing society, powered by a sustainable, inclusive economy.





# Our Response to the Just Transition Commission



**Achieving our shared vision for a just transition, ensuring that actions taken to reach net zero improve our wellbeing as a nation, is a long-term mission. No single policy document could possibly map out, in detail, every action we need to take in the coming years. Markets, technologies, and consumer preferences may also shift in ways that are difficult to predict. We will therefore need to be agile in response.**

The Commission's approach – building consensus among trade unions, business, academics, and the third sector – is a fine illustration of the role we all have to play and the need to continue to work together. Their report, **'A national mission for a fairer, greener Scotland'**<sup>2</sup> lays out the direction of travel for us all. Responding to the report therefore requires a major programme of work and collaboration, of which this document is just the beginning.

This is still a relatively new agenda for Scotland, and we recognise the value that independent advice and scrutiny can play in guiding us and driving forward progress. That's why we will confirm a refreshed remit for the next Just Transition Commission. This will focus on supporting the delivery of our shared ambition, and in particular, the co-design of Just Transition Plans for specific industries.

The Scottish Government is also committing to giving an annual ministerial statement to Parliament. This will provide a comprehensive update on actions taken by Government relating to just transition, and outline progress

against the commitments made in this document.

Taking on board the Commission's key recommendation regarding the need for a planned and managed transition, we have also developed a Just Transition Planning Framework to guide us in our journey. This Framework is described in subsequent sections of this document and in future Just Transition Plans.

In addition to these early commitments, this document will now set out our initial response to the detail of the Commission's report, which has been organised into four overarching themes:

1. **Planning for a managed transition;**
2. **Equipping people with the knowledge and skills they need, while putting in place safety nets to ensure no-one is left behind;**
3. **Involving those who will be impacted: co-design and collaboration; and**
4. **Spreading the benefits of the transition widely, while making sure the costs do not burden those least able to pay.**

2 Just Transition Commission: A National Mission for a fairer, greener Scotland – gov.scot (www.gov.scot)





# 1

Planning for a managed transition to net zero that maximises the economic and social opportunities, while managing the risks

Scotland continues to bear the scars of poorly managed, abrupt and unplanned transitions of the past. Despite decades having passed, many of our coalfield communities remain disadvantaged in relation to education, employment and income levels compared with the rest of the country.<sup>3</sup> The experience of deindustrialisation has been shown to have long-lasting social impacts, such as poorer health outcomes for people in areas affected by these events.<sup>4</sup> We won't let history repeat itself.

<sup>3</sup> Community-Summary-2020-final.pdf (coalfields-regen.org.uk)

<sup>4</sup> The Aftershock of Deindustrialisation: Trends in mortality in Scotland and other parts of post-industrial Europe | Glasgow Centre for Population Health (gcph.co.uk)



This period of change must be shaped proactively. A set of Just Transition Plans will be developed, through collaboration and partnership, ensuring that people likely to be impacted by the transition have a voice. This will help us all to

manage the inherent trade-offs that come with periods of structural change to ensure the outcome is equitable. The table below shows some of the actions we are taking to do this, over the course of this Parliament.

Headline JTC recommendation	Scottish Government initial response
Just Transition Plans for high-emitting industrial sectors of the Scottish economy and include clear milestones out to 2045.	We have published a National Just Transition Planning Framework and will engage widely on this in the year ahead. We will work with industry, workforce and local communities to consult on the best way to develop and implement sectoral Just Transition Plans. This includes sectors such as chemicals, nuclear and other energy intensive industries. We have committed to publishing our first Just Transition Plan as part of the forthcoming Scottish Energy Strategy, in addition to announcing a ten-year £500 million Just Transition Fund for the North East and Moray. Our National Strategy for Economic Transformation will represent a coherent Green Industrial Strategy for Scotland, supported by the Just Transition Plans for industry. Finally, to support businesses in transitioning to net zero, we will consult on applying conditionality to public funding including a requirement for large businesses to complete annual public disclosure on how climate change will affect their business, and the role of Just Transition Plans.
Establish a Just Transition Plan for Scotland’s land and agriculture and include clear milestones out to 2045.	We have published a Transition Planning Framework and will engage widely on this in the year ahead. We will continue to work with stakeholders to set out a Just Transition Plan for land and agriculture in time for the post-CAP subsidy regime. In response to the Commission’s call to help new entrants to the agriculture sector, we have committed to launching a new fund for new entrants to the industry.
Ensure sufficiently developed roadmaps exist for the net zero transition in Scotland, including for key technology options.	We have committed to produce roadmaps for key technologies and to incorporate existing roadmaps as we develop Just Transition Plans. The first of these, our Hydrogen Action Plan, will be published later in the year setting out how we plan to grow this technology in Scotland. We will actively explore opportunities for developing new and emerging net zero technologies and sectors, including those rooted in natural capital and our environmental investments.

**Headline JTC recommendation**

**Scottish Government initial response**

The public sector must be more prescriptive and strategic in its use of funding streams to build strong and resilient local supply chains.

We will continue to build on our Supply Chains Development Programme, developing a single strategic method for aligning low-carbon funding to deliver maximum economic benefit for supply chains in Scotland. We will commission the Scottish Science Advisory Council to better understand how research and innovation, including from our world-class universities, can help us build competitive advantage in key industries of the future, not least those that take full advantage of net zero technologies and innovation.

All levers should be used to achieve increased local content and more competitive Scottish offshore wind projects.

We will use the current ScotWind leasing round to secure new opportunities for the Scottish supply chain, by holding successful developers to account on the commitments made in their Supply Chain Development Statements. To further support this, we commissioned the Scottish Offshore Wind Council to undertake an independent Strategic Investment Analysis to guide our activities and help Scottish firms invest develop competitive advantage and benefit from this growing global market.<sup>5</sup>

All public funding for climate action should be conditional on Fair Work terms.

We are consulting in the Autumn on the vision for Scotland becoming a Fair Work Nation, including our ambitions for a just transition to net zero. Furthermore we will apply criteria on real Living Wage and channels for effective workers' voice by summer 2022 and consider how the conditions can be applied to NDPBs. We will introduce Fair Work standards as a condition to public sector heat and energy efficiency contracts. We will consult with the Fair Work Convention regarding development of a monitoring framework for just transition ahead of the next Climate Change Plan.







## 2

People in Scotland will grow up equipped with the knowledge and skills they need to engage with and benefit from the net zero transition, while putting in place safety nets so that no-one is left behind

A just transition will demand a steady adaptation of skills and workforce practices in a way that protects jobs and meets employer demand, while contributing to tackling inequality. The impact of the transition will differ across occupations; for some, there may be limited impact on their day-to-day work. Others may find a need to adapt their existing skills, while a smaller number may need to reskill entirely.<sup>6</sup> These impacts will occur against an already challenging backdrop of Brexit and COVID-19 recovery, and alongside other trends such as digitisation which will also fundamentally change the nature of work.

This Government, with partners, is already designing and delivering the suite of interventions that will ensure the skills and education systems are capable of managing this period of change. In doing so we are making sure that people in Scotland can benefit from new opportunities brought about by the transition.

The Climate Emergency Skills Action Plan (CESAP), published at the end of 2020, set out an overarching approach for managing this skills transition, in addition to identifying a series of immediate actions. Skills Development Scotland is implementing this Plan, and we will work with them to fully integrate the recommendations of the Commission into the programme to secure wide-ranging impact. Our initial actions against these recommendations are shown below.

<sup>6</sup> While there is large uncertainty associated with any future projection of skills demand, some have estimated across the economy as many as one in five jobs in Scotland may see demand for their skills fall or rise through the transition to net zero.

**Headline JTC recommendation**

**Scottish Government initial response**

Lay the groundwork for a flexible skills and education system that can meet the needs of net zero while addressing existing inequalities in the labour market.

The CESAP Implementation Plan outlines an ambitious, cohesive approach to green skills and green jobs. We will refresh our internationally-recognised Learning for Sustainability Action Plan in partnership with campaigners. This cross-curricular entitlement for all learners aims to ensure a whole school approach to the climate emergency. Additionally, as part of our STEM strategy we are working across all sectors of education to change perceptions about STEM and challenge assumptions about who does what job in relation to gender and wider inequalities.

Create a skills guarantee for workers in carbon-intensive sectors.

We will work with our agencies and other stakeholders to design and implement a skills guarantee for workers in carbon-intensive sectors and deliver this as part of the Green Jobs Workforce Academy. We will continue to support the Energy Skills Alliance and press for the issue of skills transferability between energy sub-sectors to be resolved.

Support small and medium sized enterprises to invest in their workforces.

We will pilot and evaluate new models of apprenticeship in sectors central to the transition, to help address barriers faced by SME's. We will also build a 'toolkit' to help small/micro businesses develop the skills and knowledge they need for net zero. Collectively, this will inform our understanding of the challenges SME's face and inform future action and funding.

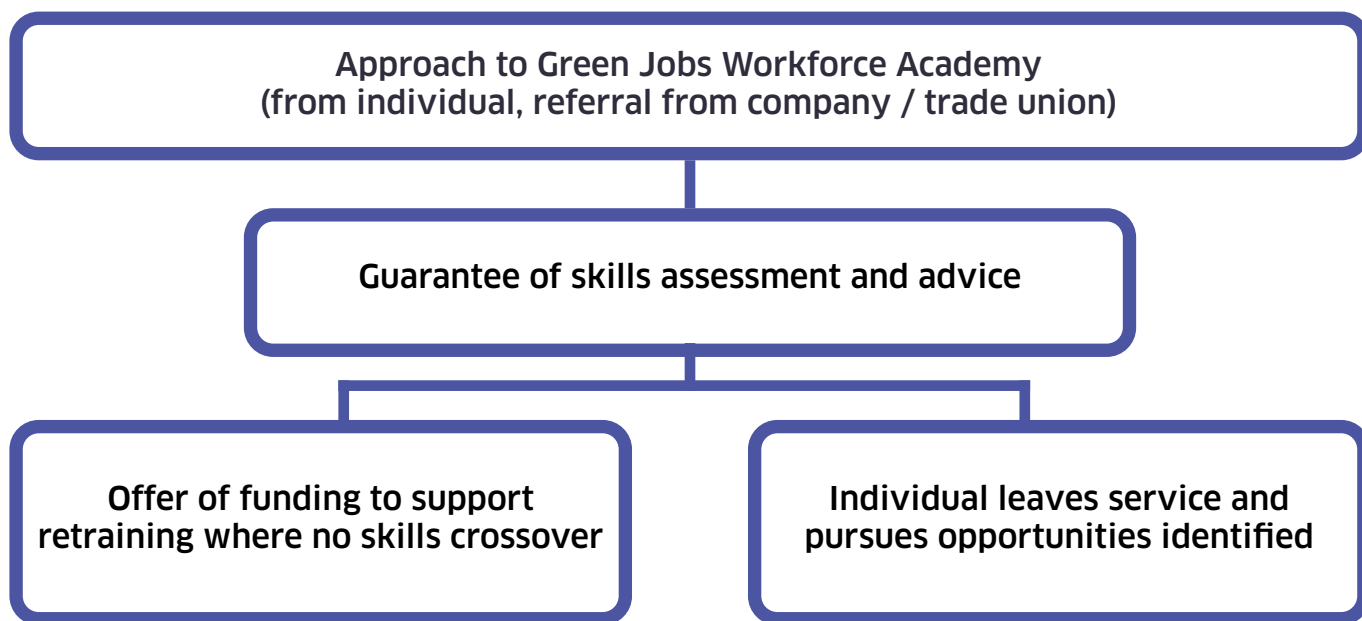
Equip farmers and land managers with the skills, training, and advice they need.

In our first 100 days, we have launched a full and comprehensive review of land based learning. The aim is to increase opportunities for more people, particularly more women, to gain qualifications, training and employment in the land-based and aquaculture sectors.

## Spotlight – Delivery of a Skills Guarantee through the Green Jobs Workforce Academy

The Commission recommended the creation of a Skills Guarantee for workers in carbon-intense sectors, who may find demand for their skills decline or even disappear as the economy changes. Recent studies of sectors such as oil and gas have shown a high degree of skills transferability to low-carbon sectors such as offshore wind, CCUS, and Hydrogen.<sup>7</sup> But there is a need for a ‘safety-net’ to support people and ensure that skills and experience built up over many years are retained within the Scottish economy.

We have committed to design and implement a Skills Guarantee for workers in carbon-intense sectors as part of our Green Jobs Workforce Academy. Initially this will take the form of careers and skills assessment. It will then match people to opportunities, and make funding available to retrain or upskill where required. We are imagining this process to broadly follow the steps outlined below:











### 3

People with a stake in the transition will be involved in designing how we manage it, and action taken to reduce emissions and respond to a changing climate will build more resilient, healthy communities

The Commission's focus on participation and involvement is already reflected in our approach to policymaking. The transition will affect our day-to-day lives in all sorts of ways and we are committed to ensuring that people can play a decisive role in shaping these changes, for example, with regard to how we heat our homes, develop our transport system and use our land.

We already have the building blocks in place for this participatory approach with Community Empowerment set as a National Outcome that guides all our work.<sup>8</sup> Our draft Public Engagement

Strategy for climate change also sets out an approach for involving the people of Scotland in our response to the Global Climate Emergency.<sup>9</sup> More recently, our Climate Assembly provided a platform for the voices of people across the country, including those of young people.

We will build on these and through implementation of the Commission's recommendations we will continue to develop ways to empower people to shape our transition. This process will strengthen our existing commitment to participatory policy design. The initial actions being taken forward are detailed in the table below, while our Planning Framework in the subsequent section outlines how we will involve communities in this process.

<sup>8</sup> National Outcomes | National Performance Framework

<sup>9</sup> Climate Change - Net Zero Nation: draft public engagement strategy - consultation - gov.scot ([www.gov.scot](http://www.gov.scot))

**Headline JTC recommendation**

**Scottish Government initial response**

Conclude the Local Governance Review at the earliest possible date.

We will conclude the Local Governance Review and introduce a Local Democracy Bill within this Parliament. The next phases of the review will provide communities with opportunities to pinpoint the powers and resources they need to help tackle climate change.

Implement Green Participatory Budgeting with agreed target levels of funding.

We will explore the use of Participatory Budgeting in 2021/22 as part of our wider support for community-led climate action. We will also identify opportunities at COP26 to develop the concept of Participatory Budgeting for climate action – both in Scotland and abroad – and identify opportunities to develop programmes specifically involving schools and young people. We will work with local authorities to embed climate principles into wider participatory budgeting initiatives, building on the agreement between the Scottish Government and CoSLA that at least 1% of council budgets will be subject to Participatory Budgeting by 2021-22.

Launch a call to action for engagement with Regional Land Use Partnerships.

Regional Land Use Partnerships pilots have been established during 2021 across five areas of Scotland. If the pilots can demonstrate that they meet expectations relating to national outcomes on the environment and climate change, and show that they have taken a democratic, local approach, we will develop plans for a second phase from 2023 building on learning from the five pilots. In areas where Regional Land Use Partnerships have been established, we will launch a call for action to ensure broad membership and participation, and commit to learning from the partnerships to optimise our approach going forwards.

Apply the lessons learned from Scotland’s Climate Assembly across the development of all policies for tackling climate change.

We will continue to consider the range of mechanisms such as Citizens Assemblies, climate conversations and other community climate initiatives, to help inform and support the development of Just Transition Plans and build on the legacy of Scotland’s Climate Assembly.

Empower and resource Local Authorities to deliver a just and green recovery.

We will establish an Energy Agency focused on energy efficiency and the heat transition. We will seek new opportunities to prioritise local and organic produce in public sector menus while bringing forward the Good Food Nation Bill this year which will place duties on Ministers and certain public authorities. We recently published a draft local food strategy for public consultation and will further develop this in support of our vision for healthy, sustainable and local food.



**Headline JTC recommendation**

**Scottish Government initial response**

A new ‘sustainable Scotland’ brand should be created to support Scottish agriculture that delivers climate action and to empower consumers to choose sustainably produced food and drink.

We will work with Scotland Food and Drink and industry to design and implement a new brand promoting sustainable produce over the life of this Parliament. In the immediate term, we have commissioned Scottish Agriculture Organisation Society to undertake market research to establish demand for a new brand and possible options.

Scottish Government, Local Authorities and Developers must commit to creating communities that embed low-carbon lifestyles, while improving our health and wellbeing.

Subject to Parliamentary approval, we will introduce free bus travel to young people aged under 22 who are resident in Scotland and commission a Fair Fares Review to ensure a sustainable and integrated approach to transport fares. The upcoming National Planning Framework 4 (NPF4) will define 20 minute neighbourhoods, setting out priorities on planning our places with a new emphasis on living locally, giving life to the Place Principle, supporting public health and wellbeing, reducing inequality and strengthening community resilience to the impacts of climate change. We will lay a draft of NPF4 in the Scottish Parliament this autumn for scrutiny and carry out extensive public consultation on it. Furthermore we will support planners with spatial data, research and tools to work collaboratively in delivering 20 minute neighbourhood principles. We will continue to promote the Place Standard Tool for community engagement in placemaking, including spreading learning from our climate lens Place Standard to help inform the roll out of 20 minute neighbourhoods across Scotland. Once approved and adopted, NPF4 will have development plan status, meaning its policies have a stronger role in informing day to day decision making in planning.

A statutory public interest test should be developed for any changes in land ownership over a certain threshold.

We will develop and implement plans for a statutory public interest test as part of the forthcoming Land Reform Bill, scheduled for this Parliamentary term.

## Spotlight - Green Participatory Budgeting

For a number of years the Scottish Government has supported Participatory Budgeting as a tool for community engagement and as a resource to build on the wider development of participatory democracy in Scotland. Working in partnership with COSLA, the National Participatory Budgeting Strategic group and others, we are committed to continuing to promote the use of Participatory Budgeting.

At its heart, Participatory Budgeting is about placing power in the hands of people by giving them control over how a part of a public budget is spent in their communities. This process can take place at a small scale, with individual neighbourhoods coming together, right up to larger scale exercises involving cities or local authorities. Experience to date, both in Scotland and internationally, has shown Participatory Budgeting has the potential to empower and energise communities in ways that traditional consultations or engagement activities cannot.

The Commission's report recognised our commitment to take forward an ambitious programme of Participatory Budgeting as a tool to foster greater community involvement in the transition, building

on Scotland's significant experience in this area. This will allow people to have a say in how the climate emergency is tackled like never before. The following actions have been identified for 2021-22, as means of establishing a framework for Green Participatory Budgeting that we can build on in years to come:

- Pilot Green Participatory Budgeting using community climate action initiatives, such as Climate Action Towns, to support delivery where appropriate.
- Explore options to introduce a Green Participatory Budgeting programme targeted at young people.
- Identify opportunities to co-fund projects with a local authority that can act as further demonstrators of how Green Participatory Budgeting can be used to empower communities and tackle the climate emergency.
- Explore the potential to build Participatory Budgeting into our climate justice programme.



## 4

Spreading the benefits of the transition widely, while making sure the costs do not burden those least able to pay

As with any period of structural change to our economy and society, the transition will generate costs and benefits for consumers and businesses. The overall costs of reaching net zero are now estimated to be far less than previously thought.<sup>10</sup> It is also acknowledged that the costs associated with global inaction would be far greater. We need to consider distributional and competitiveness impacts that may be obscured by these whole-economy projections.

Often, debate about securing a just transition has focussed on workers in carbon-intensive industries. Fairness for this group is important (and addressed in this document in many places), but the wider consideration of a fair distribution of costs and benefits is equally important if we are to achieve our vision for climate action that improves the wellbeing of our country, as a whole.

We are already taking action on this, such as through our record investment in energy efficiency and fuel poverty programmes, and the establishment of Consumer Scotland. Our commitment to balancing the costs and benefits is outlined in the table below.

<sup>10</sup> Building back better - Raising the UK's climate ambitions for 2035 will put Net Zero within reach and change the UK for the better - Climate Change Committee ([theccc.org.uk](https://theccc.org.uk))



**Headline JTC recommendation**

**Scottish Government initial response**

Decisive action must be taken to ensure that all consumers are able to benefit from the increasing availability of new ways of buying and selling electricity.

We will ask Consumer Scotland to consider tracking the impact of decarbonisation on households as part of their workplan for 2022/23, with the Energy Consumers Commission taking this forward in the interim. Our forthcoming Energy Strategy will consider methods of increasing participation in the energy market.

Any additional costs for consumers associated with emissions reduction must be linked to ability to pay.

We will publish guiding principles to underpin our commitment that no one is left behind in the heat transition, which will include the effective design and targeting of our fuel poverty and heat in buildings programmes. We will commission further analysis to consider the distributional impacts of decarbonising our homes and buildings, including quantifying the scale of impact and looking at options available to Scottish Government to mitigate these impacts.

The power of public sector pension funds and business support funding must be directed towards ensuring companies align with the just transition to net zero.

We will launch a consultation on climate risk reporting and ESG standards for local authority pension funds, in line with the Task Force on Climate-related Financial Disclosures (TCFD). We will consider possible guidelines for voluntary financial disclosures about climate risk for Local Government Pension Fund Investments and continue to engage with Scotland's financial sector regarding how they can support our net zero transition. We will convene a tripartite group to develop new standards of corporate governance, and explore the possibility of these being used as a precondition for Government funding.

New methods for funding the transition should be developed that mobilise finance towards local projects.

We will explore the potential for local climate bonds, that raise capital while allowing citizens to invest in our transition to net zero. In setting the missions for the Scottish National Investment Bank we have directed the Bank to support a just transition to net zero, using its programme of investments to help rebalance our economy towards sustainable technology and industries of the future.

Develop a position on the role of a carbon border tax to mitigate against the threat of offshoring emissions and jobs.

We have set out our approach to carbon pricing as part of this document. Maintaining the competitiveness of Scotland's businesses and preventing the offshoring of jobs are key components of this approach. Through our role in the jointly-administered UK Emissions Trading Scheme, we will ensure that the Free Allocation system continues to appropriately protect Scottish industries from the risk of carbon leakage. We have also commissioned research to better understand the impacts and potential benefits for Scottish industry of carbon border adjustment mechanisms and will publish a position in the year ahead.

**Headline JTC  
recommendation**

We must move beyond GDP as the only measure of national progress. For a just transition to be at the heart of Scotland's response to climate change, Scottish Government must champion frameworks that prioritise wellbeing.

**Scottish Government  
initial response**

We will further develop the use of our National Performance Framework through the upcoming review of National Outcomes and through consultation on a Wellbeing and Sustainable Development Bill. We will publish the National Strategy for Economic Transformation in autumn this year, with the just transition to net zero and maximising economic, social and environmental wellbeing embedded as key themes. To monitor how we are performing as a wellbeing economy we will also develop and publish a Wellbeing Economy Monitor.





## Spotlight – Carbon Pricing

The climate emergency requires governments to use all the powers at their disposal. Despite the limits of the Scottish Parliament’s taxation powers, pricing policies are one of the most powerful levers we have available to help shape a fairer, more prosperous and net zero Scotland. The Scottish Government has used pricing policies successfully before to reshape markets and deliver fairer and better outcomes – through Minimum Unit Pricing for alcohol, plastic bag and single-use cup charging, and the Scottish Landfill Tax. Our approach to carbon pricing is no different.

Putting a price on carbon will incentivise technological switches and behaviour changes, rewarding those who take advantage of the low-carbon alternatives already available. We’ll use carbon pricing to support the business case for low-carbon technologies, driving private investment into Scotland’s growing net zero economy, and helping to balance the investment requirements for net zero fairly between the private and public sectors.

To support a just transition, fairness will be at the heart of our carbon pricing approach. Under the ‘polluter pays’ principle, big companies that choose not to embrace low-carbon technologies and efficiency will pay more for the climate pollution they produce, and they should expect those carbon prices to continue to steadily increase as the climate emergency becomes ever more urgent.

However, without supporting measures, this could have unjust consequences for those currently unable to avoid

the additional costs. As part of a just transition, we’ll ensure that upfront costs are not a barrier to accessing the climate-friendly, lower-running cost technologies of the future and ensure the benefits of the net zero economy are available to all.



Ensuring any revenue generated from carbon pricing schemes is used to further support a just transition will be critical to the success of this approach. This will build on the approach taken with existing initiatives like our heat-pump grant programme, zero-emission vehicle loan schemes, and home energy efficiency programmes – so that we put the benefits of climate action back into people’s pockets.

It’s also critical to the just transition that we don’t simply ‘offshore’ our industrial emissions, through ‘carbon leakage’. That’s a lose-lose. Scotland loses the jobs and economic benefits of our industries, and the climate loses, as the climate emissions simply carry on somewhere else.

Scotland's tradition of innovation, our natural advantages, and the Scottish Government's ambitious policy support for decarbonisation mean that our economy, businesses and industries are well-placed to compete and thrive in a global net zero policy environment that has higher carbon prices that more closely reflect the social and economic costs of climate pollution. However, as our economy goes through a process of transition, and whilst climate policy is less ambitious in other jurisdictions, we will take the necessary steps to protect jobs, the competitiveness of our industries, and the development of our net zero economy. As many of the potential measures to address carbon leakage – such as trade policy – are reserved, we will continue to call on the UK Government to use these levers to effectively support a just transition.

To support our developing approach to carbon pricing in the year ahead we will continue to pursue the following:

- The UK Emissions Trading Scheme (UK ETS) is currently the key carbon pricing tool available to us, with the Scottish Government jointly responsible for the scheme alongside the UK Government and the other devolved authorities. We have a collective commitment to consulting in the coming months on aligning the scheme with our net zero legislation, reviewing our programme of free allocations to ensure that they are appropriately protecting against carbon leakage in light of our climate change commitments, and considering expanding the scheme to

other sources of significant emissions. Through our joint responsibility for this UK-wide scheme, it is our ambition that the development of the scheme supports our just transition, addresses fuel poverty and our climate change objectives, and that the proceeds of the scheme are channelled back into supporting businesses and consumers to switch to net zero alternatives. We'll also continue to press the UK Government, who hold the relevant power, to start negotiations immediately on the linking of the UK ETS with the EU ETS, to protect against carbon leakage. In the meantime, it remains our intention that the UK ETS at least matches the environmental, economic and social ambitions of the EU's scheme.

- Our main approach to preventing the offshoring of emissions will be continuing to take every opportunity to highlight the shared global ambition to the Paris Climate Agreement, and to press other nations to follow our lead by putting in place strong and ambitious plans and policies for achieving net zero. In the meantime we will use free allocations in the UK ETS in a way which prevents carbon leakage. We are following proposals for a Carbon Border Adjustment Mechanism at EU level with interest, and are undertaking research to better understand how it will affect Scotland's exporting industries. We will continue to engage with the UK Government in relation to its approach to trade and climate matters within their reserved responsibilities.

# National Just Transition Planning Framework

**The Just Transition Commission called on the Scottish Government to develop a consistent and ambitious approach to planning. In response, this section sets out our National Just Transition Planning Framework.**

The rationale for establishing this Planning Framework is clear. We know that meeting Scotland's ambitious climate change targets of 75% greenhouse gas emissions reduction by 2030, and net zero greenhouse gas emissions by 2045, will require transformation across all sectors of our economy and society. Previous economic and social transformations, and indeed the experience of COVID-19, have shown how abrupt and unplanned shifts can exacerbate inequality and injustice. Planning for our transition will therefore be needed at all levels of our economy: industries, sectors, regions, and individual organisations.

Our Planning Framework is intended to inform and complement pre-existing work, including industry-led initiatives. Our approach emphasises iteration and flexibility: we call on others to reflect on our framework and seek to embed fairness, collaboration and engagement in their own planning, wherever that is feasible. The relationship between Just Transition Planning and the work of other stakeholders, and indeed other Scottish Government work, is described further below.

The Scottish Government will identify where it is best placed to act as convenor, facilitator, mediator for planning processes, bringing parties together and ensuring all voices are heard. The refreshed Scottish Government Energy Strategy will be our first specific Just Transition Plan and the process of Just Transition Planning will inform the development of the National Strategy for Economic Transformation (NSET). We will, in due course, set out a more detailed timeline for a series of Just Transition Plans which will support the delivery of the NSET.

## **The scope of Scotland's Just Transition Planning**

Within the Commission's call for an orderly, managed transition was the recommendation to create specific Just Transition Plans for high-emitting industries. We welcome this recommendation and, as with all the recommendations in the Commission's final report, we are implementing it. However, planning can and must go beyond high-emitting industrial sectors to consider all sectors of our economy that will have an important role to play in a transformed, net zero economy.





Previous examples of Just Transition Planning around the world – such as the Ruhr valley in Germany, and coal mining in Canada, the US and the Czech Republic – have typically, although not exclusively, been ‘fairly limited in scope, focussing mostly on retraining and job substitution’<sup>11</sup>. There are also examples of more holistic and structural economic transformations, such as in Norway, Peru, and Taranaki in New Zealand. These transition plans have been designed to tackle specific regional needs or to plan for the phasing out of particular industries, often coal. Whilst many of these plans – in particular those associated with the US and EU’s respective just transition funds – have informed our thinking, no country has developed a national Just Transition Planning Framework, until now.

We are therefore developing the Framework in a way that can be used by any industries, economic sectors, regions or individual organisations that have a role to play in transforming our economy. For example, our approach to Just Transition Planning could consider the future of industries like fishery, retail and hospitality alongside carbon-intensive sectors like oil and gas, construction, manufacturing and agriculture. It could also form the basis of community, business, site and regional planning, to be spearheaded by those best placed to take those Plans forward.

The scope of our proposed approach to Just Transition Planning is rightly ambitious, with an expectation that all planning activities contribute to achieving a set of National Just Transition Outcomes as detailed in Box X.

### **Box X – The Scottish Government’s National Just Transition Outcomes**

**Citizens, communities and place:** support affected regions by empowering and invigorating communities and strengthening local economies;

**Jobs, skills and education:** equip people with the skills, education and retraining required to support retention and creation of access to green, fair and high-value work;

**Fair distribution of costs and benefits:** address existing economic and social inequality by sharing the benefits of climate action widely, while ensuring that the costs are distributed on the basis of ability to pay;

**Business and Economy:** support a strong, dynamic and productive economy which creates wealth and high quality employment across Scotland, upholds the UN Guiding Principles on Business and Human Rights, and continues to make Scotland a great place to do business;

**Adaptation and resilience:** identify key risks from climate change and set out actions to build resilience to these risks, ensuring our economy is flexible, adaptable and responsive to the changing climate;

**Environmental protection and restoration:** commit to act within our planetary boundaries while protecting and restoring our natural environment;

**Decarbonisation and efficiencies:** contribute to resource efficient and sustainable economic approaches that actively encourage decarbonisation, support low-carbon investment and infrastructure, and avoid carbon ‘lock-in’;

**Further equality and human rights implementation and preventing new inequalities from arising:** address fuel poverty and child poverty in a manner consistent with Scotland’s statutory targets on each, while furthering wider equality and human rights across all protected characteristics.

## What is a Just Transition Plan?

The individual Just Transition Plans that the Scottish Government will develop from this framework will be evidence-based and co-designed (see Box Y). They will outline how the particular area of focus will reduce its greenhouse gas emissions in line with Scotland's climate change targets and in a way that supports the delivery of the outcomes in Box X for Scotland.

Each Plan will act as a guiding document for public and private sector activity up to, and including, 2045 (Scotland's target year for reaching net zero emissions). This will ensure the Plans, and their delivery, benefit those impacted by the transition to net zero by:

- Providing certainty for those involved in the transition (be they businesses, investors, consumers, or communities);

- Ensuring everyone understands the active role that they can play in the transition; and
- Identifying and mitigating economic or social injustice which may be exacerbated by climate action.

Integration with existing activity and planning, both by government and by partners, will be essential. We must not duplicate effort and we must ensure that we build on our collective relationships, experience and learning to date. This means that each Plan will vary in style, and in terms of the context in which it is developed and produced. We will seek confidence that the 'sum of the parts' is enough to achieve the outcomes we have set for just transition, and so in order to maximise impact (and monitor progress), we would expect the following principles to be core components of every Just Transition Plan.





**Evidence-led** to ensure that the Plans are credible and robust. This will be critical to ensuring that the distribution of the costs and benefits of transition are fully understood by all parties, and can support informed decision making.

This means identifying, acknowledging, and addressing the gaps in our knowledge of the potential impacts of the transition to net zero. Evidence must be made publicly available in a manner that is easily understood, including by those whom the transition will impact the most.

Evidence should then be used to identify a sequenced plan of action based on assessments of the risks and opportunities to affected groups, and to regularly monitor and evaluate the effectiveness of action.

**Adaptable and iterative** to account for the complexities and ‘unknowns’ inherent in long-term economic planning.

This means ensuring that Plans will, at a minimum, be reviewed alongside each new Scottish Government Climate Change Plan. This will enable those delivering Plans to respond to changes in technology, costs, global markets, and policy. We do not know every intervention we need to make between now and 2045, but this should not be a barrier to starting our transition.

Regular monitoring and evaluation will therefore form an essential part of this process.

**Co-designed and co-delivered** to ensure all partners are empowered to engage, and that action is fair and co-ordinated.

This means placing those most likely to be negatively impacted by the transition at the heart of our process – whether an offshore energy worker seeking re-training opportunities, or a farmer seeking seed capital to invest in sustainable food production. Empowering people to shape their future is essential in maintaining a strong social consensus for change.

**Built upon existing work and experience.** This includes work undertaken by the Scottish Government and partners to chart the transition to net zero.

‘Business as usual’ will not be enough in the face of this global emergency, and so the Plans need to reflect this, drawing on the views and ideas of those most impacted by the transition. Plans will need to identify interdependencies and interactions with and between existing plans and policies, and take a holistic view of risks and opportunities over a long-term time horizon (i.e. to 2045).



## Box Y - The co-design planning process

'Co-design' ensures that a wide range of groups can be directly involved in what will inevitably be a more robust and creative process of planning. It will also help ensure that all the Just Transition Plans are underpinned by diversity and inclusion.

There are some voices which will be at the heart of all Plans, in particular workers. The concept of just transition is itself a trade union concept and what is proposed here will honour that legacy: the workforce is likely to be the first group to feel the impact of the net zero transition. Youth voices are also particularly important in this process given our intergenerational responsibility to deliver the best possible future for our young people; their voices must therefore be central to creating that net zero future.

Certain regions and certain groups within society will experience the transition to net zero more acutely than others and this disparity will need to be reflected in the level of engagement. This is particularly the case in areas where there are carbon-intensive industries that will be undergoing intensive, often rapid change. Understanding the barriers such areas face and what mitigation and support can be provided by Government, and others, will be vital to the success of any Just Transition Plan.

## Case study – Taranaki 2050 Roadmap, New Zealand<sup>12</sup>

Taranaki, New Zealand, could be significantly impacted by the move to a low-emissions future, as the region has a large pastoral farming sector and is New Zealand’s source of natural gas, for both domestic energy needs and export products (e.g. methanol), as well as New Zealand’s only oil exports. The transition to a low-emissions future must therefore be carefully planned.

Recognising the appetite amongst the people of Taranaki to determine their own destiny, seven ‘pou’ (pillars) – local business, iwi (Maori tribes), community groups, education, trade unions, and local and central government – came together to craft a vision for the future of the region: the Taranaki 2050 Roadmap.

In the spirit of ‘co-design’, this partnership facilitated a range of engagement activities for the purpose of developing the Roadmap, including:

1. Identifying a ‘Lead Group’ of representatives from the seven ‘pou’ (or pillars) to design, guide and ensure integrity and authenticity of the process;
2. Hosting public, topic-specific, workshops with a broad range of both specialists and community members to discuss specific transition pathways (such as energy, tourism, and people and talent);
3. Hosting community workshops for those not able, or wanting, to join topic-specific workshops;
4. Undertaking short surveys to gather views;
5. Running a creative competition to solicit ideas from youth (age 7 to 17) as well as a specific youth workshop with the region’s high schools
6. Consulting widely on the draft Roadmap – including visits to more than 40 locations with over 1,000 people (including school children and Marae) and providing an online pictorial input mechanism.

Building on the success of this engagement strategy, the Lead Group and participants from the workshops have since come together to develop a series of Transition Pathway Action Plans<sup>13</sup>, which define the short-term actions and medium-term strategy needed to achieve the region’s long-term vision for 2050.

<sup>12</sup> Taranaki 2050 » Taranaki, New Zealand

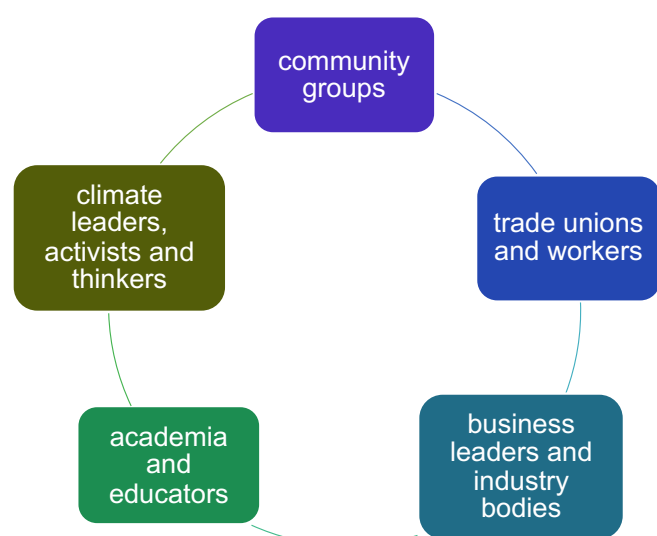
<sup>13</sup> Transition Pathway Action Plans » Taranaki, New Zealand



## The Scottish Government's role in Just Transition Planning

The Scottish Government will establish a timeline of the key Plans it will coordinate. It will retain oversight of the development and drafting of each of these Plans to ensure integration with national policy. Each will be co-designed and co-delivered with those who stand to be most significantly impacted by the transition to net zero. This is likely to include (but not be limited to):

- Community groups;
- Workers and Trade unions;
- Businesses, business leaders and industry bodies;
- Academia and educators; and
- Climate leaders, activists and thinkers.



The Scottish Government will use all available evidence from relevant sources to support planning processes, working with partners to address gaps in evidence where such evidence would have a material impact on decision making. The Just Transition Commission, in their revised remit to support Just Transition Planning, may also gather evidence and engage with stakeholders to input into this process. Public calls for evidence may also be issued.

A ministerial statement on progress regarding the delivery of Just Transition Plans will be delivered to the Scottish Parliament on an annual basis. This will provide an update on key actions undertaken during the year to deliver the outcomes of the Plans.

## The role of Just Transition Planning at the level of individual organisations

A strong partnership between business, unions, workforce and local communities will be vital for the success of any Just Transition Plan. This context means that planning will be required across all areas of Scottish society, including at the level of individual organisations of all kinds: businesses, local authorities, public bodies etc. We will publish guidance to support businesses in developing their own Just Transition Plans, consistent with this National Just Planning Framework, in early 2022.

## How we will build on existing planning

Each Scottish Government-led Plan will be informed by, and supported by, existing and future industry level policy statements, technology roadmaps, and relevant non-government decarbonisation plans (Figure 1).

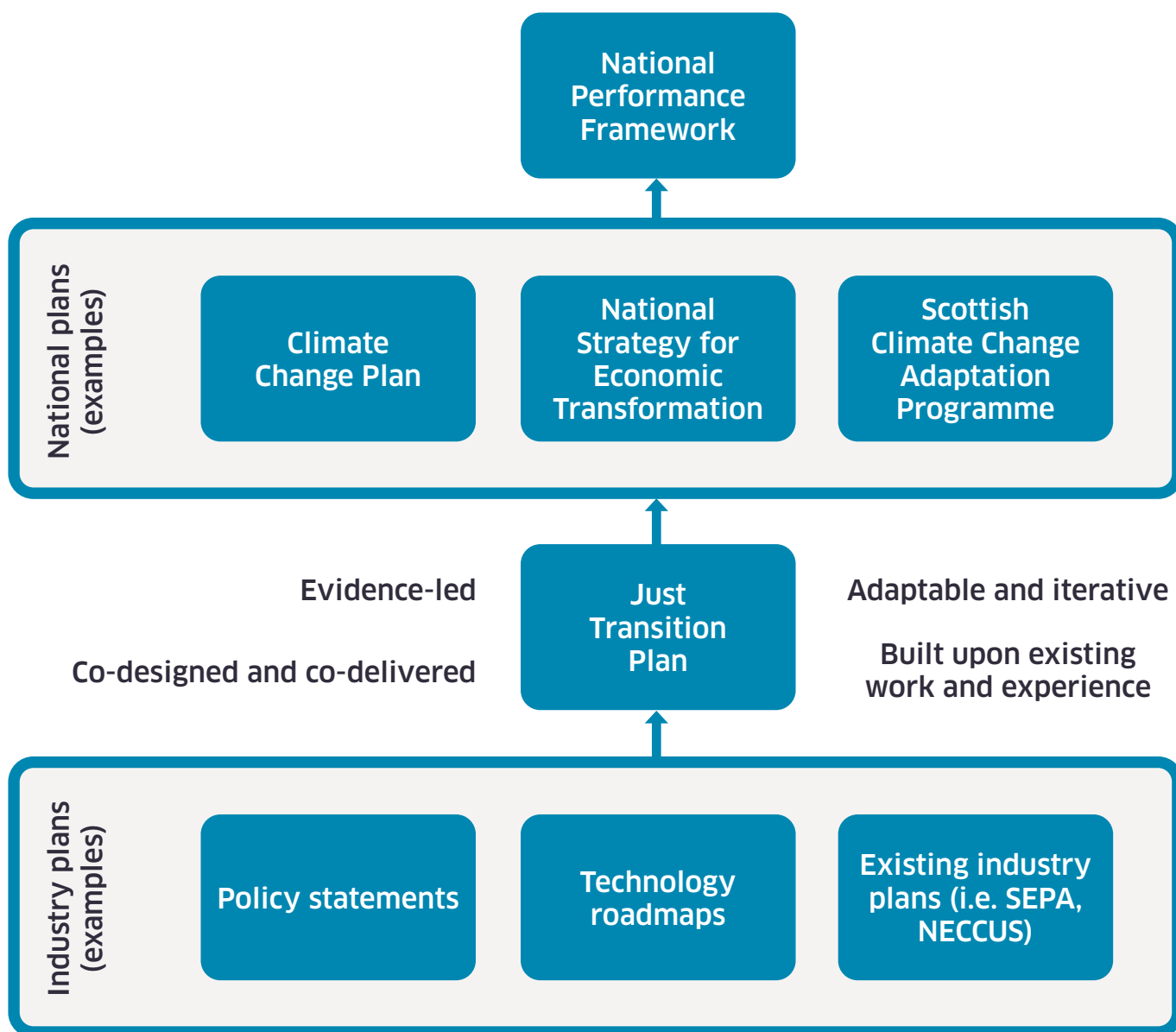


Figure 1 Illustration of how Just Transition Plans align with existing forms of public and private sector planning

Just transition also gives us the opportunity to develop a more holistic assessment of our current decarbonisation plans, and to consider their impact in line with our commitments to drive fairness and equality in all we do, ensuring we achieve better outcomes for all. The following commitments are of direct relevance to this work:

**National Performance Framework:**

The National Performance Framework (NPF) is Scotland’s wellbeing framework, which guides the work of this government, incorporating the aims of the United Nation’s Sustainable Development Goals:





**‘To encourage transformational social, economic and environmental change to achieve increased wellbeing and a more peaceful and prosperous future, recognising our assets and their relevance to future generations as well as our use and distribution of resources.’**

The following NPF indicators are most relevant to our vision for a just transition in Scotland:

- Social capital
- Economic growth
- Greenhouse gas emissions
- Income inequality
- Skill profile of the population
- Employees on the living wage
- Employee voice
- Influence on local decisions
- Natural Capital Asset Index

These measures will allow us to track progress of our just transition on a national level, for which our Just Transition Plans will contribute.

**National Strategy for Economic Transformation:**

The upcoming National Strategy for Economic Transformation (NSET) will set out how we transition to a net zero economy in a way that protects our people and our planet. Our Just Transition Plans will be a key delivery vehicle for the NSET, focusing the ambitions of the NSET into practical actions that can be taken at the individual industry level. We will use the development of the NSET to help determine which industries should be prioritised for Just Transition Plans.

**Climate Change Plan:**

Just Transition Plans will directly support the delivery of Scotland’s Climate Change Plans by providing detailed decarbonisation pathways for specific industries, aligned with Scotland’s 2045 net zero target.

A detailed review of the planning process, progress against indicators, and suitability of goals and outcomes for each Plan will be undertaken as part of the development of each Climate Change Plan (every five years).



**Scottish Climate Change Adaptation Programme (SCCAP):**

Just Transition Plans will support the delivery of the SCCAP by identifying key physical risks from climate change and the actions required to build resilience to these risks, ensuring our economy is flexible, adaptable and responsive to the changing climate. Actions should be integrated with SCCAP as appropriate.

**Technology roadmaps:**

The Just Transition Commission called on Government to: ‘ensure sufficiently developed roadmaps exist for the net zero transition in Scotland’. We have interpreted this recommendation as Key Technology Roadmaps, which will be an essential tool to support the delivery of Just Transition Plans. Examples of such Roadmaps include Transport Scotland’s Connected and Autonomous Vehicle (CAV) Roadmap<sup>14</sup>. Where such Roadmaps already exist we will incorporate these into our Plans (for example, roadmaps for negative emissions technologies). We will also use the production of our Just Transition Plans to identify and develop Roadmaps where they do not yet exist.

**Existing industry plans:**

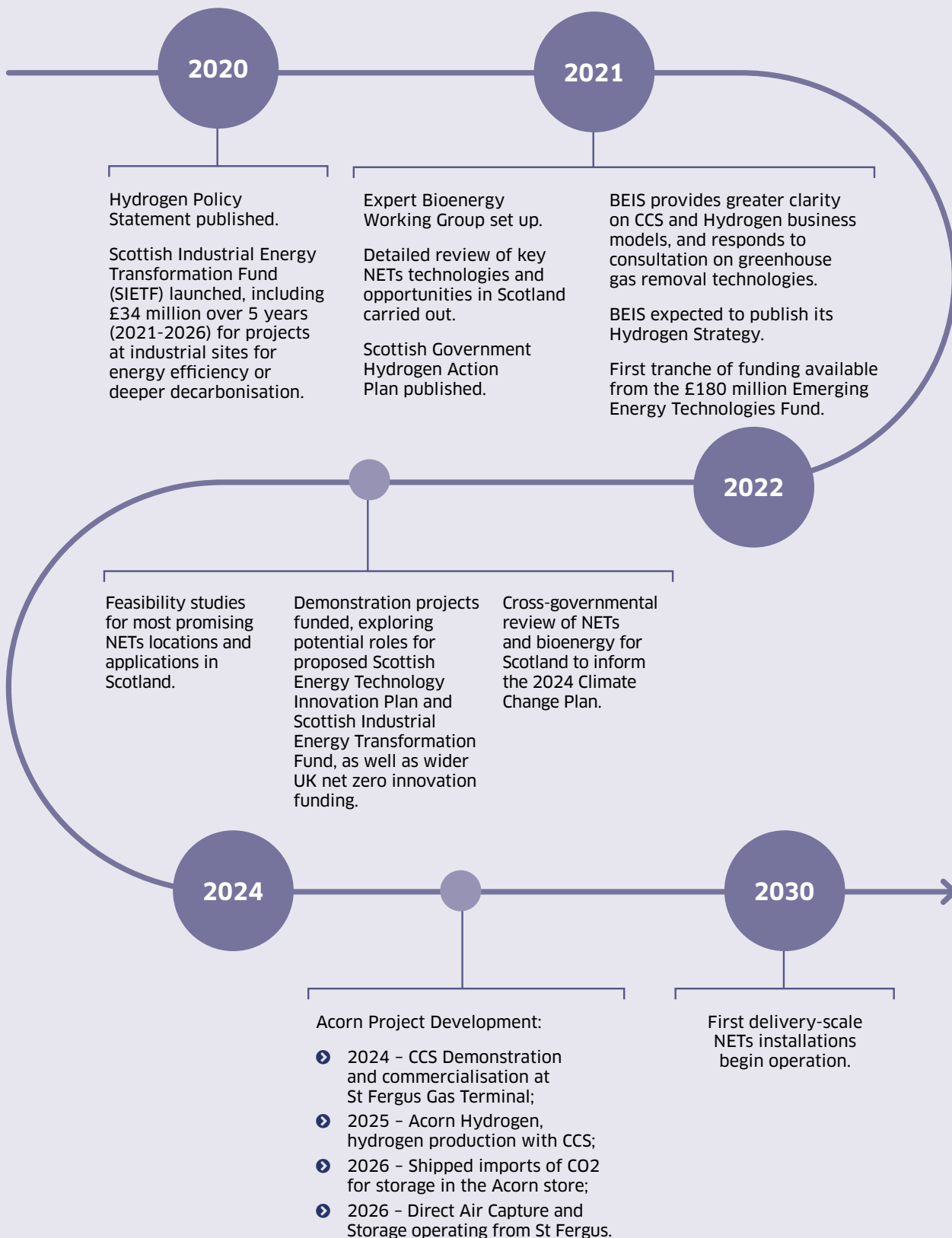
There are several examples of where there is already excellent, industry-led, work taking place that our Just Transition Plans will look to build upon. For example, work is being undertaken by NECCUS<sup>15</sup> – the growing industry membership body that represents organisations within the Scottish Industrial Cluster and supported by government and academia. NECCUS has been successful in bringing together public and private funding to develop Scotland’s Net Zero Roadmap, designed to guide Scotland’s high emission industries through the transition to a net zero economy.

14 A CAV Roadmap for Scotland ([transport.gov.scot](https://transport.gov.scot))

15 <https://www.neccus.co.uk/about-neccus/>

## Example roadmap milestones for key technologies

### Route Map to 2032





## Key elements of a Just Transition Plan

As stated previously, the framework will need to be applied in many different ways to reflect different circumstances. The elements proposed below are intended to ensure a degree of commonality.

We are proposing that each Just Transition Plan encompasses the following core elements, each informed by a series of key questions which the Scottish Government and its partners must address as part of the planning process (Figure 2). Each element will be co-designed, to build and maintain social consensus for our answers to each of these questions.

- **Context – Where are we now?** An analysis of the distribution of benefits and risks of the transition, using a wide range of evidence and sources, to support decision making during the planning process. A briefing document will be prepared by the Scottish Government, with input from partners, to set out existing evidence and identify links to existing policy and strategies for each Plan. This should also detail the key stakeholders to be engaged in planning, and how they will be enabled and supported to shape the planning process.
- **Vision – Where do we want to go? What do we aim to achieve? What drives change?** A series of outcomes that state what each Just Transition Plan will aim to achieve, aligned with our national Just Transition Outcomes. Interim goals will also be required for each plan and these will be assessed annually as part of the ministerial statement to Parliament. Both outcomes and goals will be underpinned by indicators, which will allow us to evaluate progress against the outcomes and the goals.
- **Action plan – What are going to do? How are we going to do it?** Identify, assess, and sequence the actions needed to achieve the vision. It is also essential that key barriers and enablers are identified and acted upon. This should be the most substantial section of all Just Transition Plans.
- **Monitoring & reporting – How do we know we're on track?** Detail how progress towards the outcome statements will be monitored and reported on.

In addition to these four main elements, any Just Transition Plan should be supported by a narrative that brings the vision and action plan together - to illustrate what the transition will mean for relevant stakeholders and how the Plan will achieve the desired outcomes.

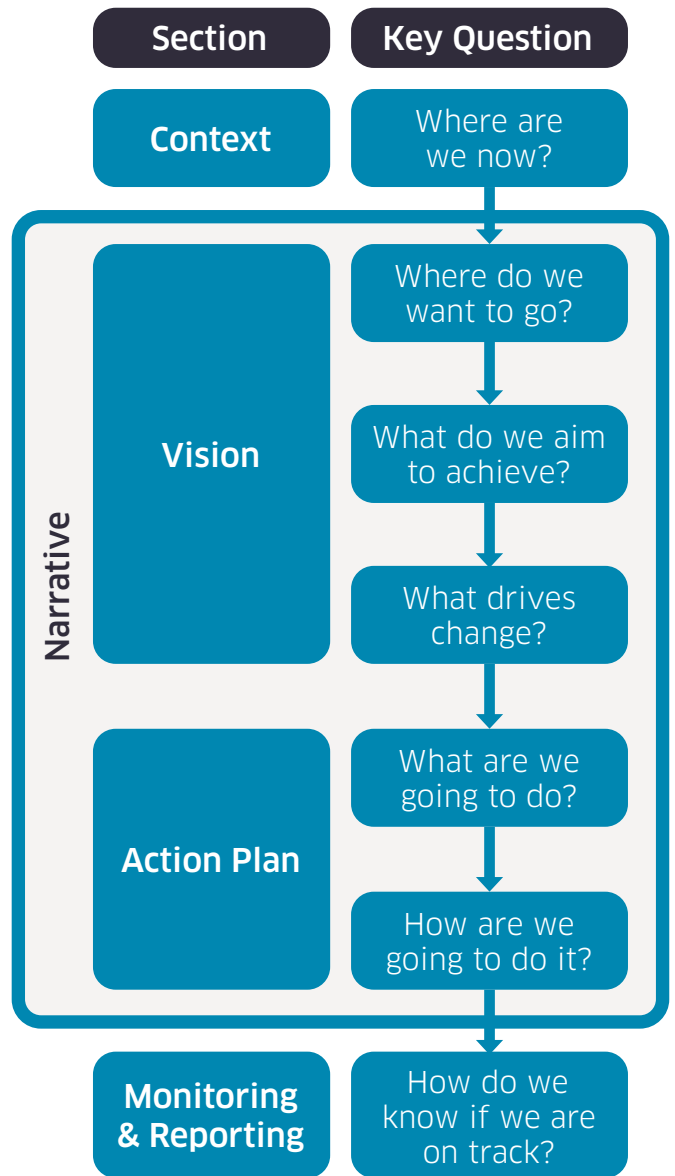


Figure 2 Structure of a Just Transition Plan



## How we will create co-designed Just Transition Plans

We will agree the most suitable mechanisms for identifying and involving key stakeholders at the beginning of the process. A representative group of stakeholders will be drawn from across the private, public, and third sectors. Examples of how we will engage various groups include:

### Public and community engagement

The Scottish Government’s *Public Engagement Strategy for Climate Change* lays out the approach and principles that will guide facilitation of the co-design process. The Strategy was developed through a consultative process, with public participation as one of three key strategic pillars.

In recent years this has taken different forms, including our support to set up Scotland’s first Climate Assembly. The Assembly deliberated on evidence from over 100 expert speakers, responding to the question: ‘How should Scotland change to tackle the climate emergency in an effective and fair way?’ at a national level, and the Assembly’s final report includes over 80 ambitious and wide-ranging recommendations<sup>16</sup>, which we are currently considering.

The Just Transition Commission urged Government to ‘Apply the lessons learned from Scotland’s Climate Assembly across the development of all policies for tackling climate change’ as part of a wider call for more deliberate democracy in policy making and delivery. We will continue to consider the range of mechanisms such as Citizens assemblies, climate conversations and other community climate initiatives, to help inform and support the development of Just Transition Plans and build on the legacy of Scotland’s Climate Assembly.

### Business and worker engagement

Our approach to business engagement will recognise the invaluable role of the private sector in delivering the technology, capital, and influence required to deliver our plans successfully.

We will learn from, and work with, existing examples of just transition focused partnerships between business and government, such as the Scottish Energy Advisory Board and Scotland’s Industry Leadership Groups.

Workers’ representatives will be essential partners in the development and delivery of Just Transition Plans. We will work with Trade Unions to develop the best approach for them to input directly into the development of Plans, building on the important collaborative approach taken to Fair Work policy.



### The Role of the refreshed Just Transition Commission

The original Just Transition Commission was established by Ministerial appointment for two years, and subsequently delivered their final report in March of this year. It was highly successful in diagnosing the challenges and opportunities of a just transition for Scotland. As mentioned earlier, the next Just Transition Commission will be asked to support the design and delivery of Just Transition Plans, including undertaking engagement, and working on developing the evidence which will guide our actions. We will shortly announce the full remit and membership of the refreshed Commission.

### How we will monitor our Just Transition Plans

The NPF will allow us to track progress of just transition at a national level, building on the contribution of the individual Just Transition Plans.

Monitoring Just Transition Plans will provide a more detailed picture of progress at the individual sector, region and industry level and will help us evaluate the effectiveness of action being taken. This will involve identifying and tracking progress against two types of indicators: **Outcome indicators** and **goal indicators**. These should be evidence-based, drawing on the science where relevant, i.e. emissions targets for individual businesses should be aligned with climate science.

- **Outcome indicators** should:
  - Align with the outcome statements, to ensure coherence of the Plan.
  - Be quantitative **or** qualitative, based on the outcome.
  - Long term, reflecting what the plan will achieve once delivered, (i.e. by 2045 or an earlier date for industries which will reach net zero sooner).
  - Be developed through a co-design process, to ensure they fully reflect the aspirations and vision of the people who have been involved in the development of the Plan.
  - Be accessible and meaningful – incorporating infographics and considering social media.
  
- **Goal indicators** should:
  - Align with the goals, which in turn contribute to outcome statements, to ensure coherence of the plan.
  - Be quantitative, with clearly defined baselines, (using the most recent complete data for a calendar/financial year).
  - Be developed for regular intervals throughout the plan, (i.e. every five years).
  - Be adapted and amended to reflect changing circumstances.
  - Account for what is (scientifically) credible.
  - Support other Scottish Government targets and legislation.

Indicators should be able to be disaggregated so we can better understand the impact across different demographics, with a focus on those who are most vulnerable to the impacts of climate change and the wider transition to net zero. This will require calculating baselines for quantitative indicators, and/or detailed descriptions of the starting position for qualitative indicators, for those groups at the planning stage.



The demographic groups requiring disaggregated indicators will be determined through the co-design process when developing outcome statements and goals, e.g. to chart the number of businesses in an industry who are operating under Fair Work principles.

## How we will amend our Just Transition Plans over time

Plans will, at a minimum, be reviewed by the Scottish Government alongside each Climate Change Plan (every five years). This will enable those delivering Plans to respond to changes in technology, costs, global markets, and policy, and to account for the latest available evidence on the distribution of costs and benefits of the transition.

At this point a detailed review of the planning process, progress against indicators, and suitability of goals and outcomes should be undertaken. Actions, goals, and indicators should be amended where required, to reflect changing economic, social, and environmental circumstances.

Amendments to the outcome statements should be avoided where possible, to support long-term certainty for those affected by the transition.

Outcomes of the review process should be documented and made available to the public within six months of the completion of the completion of the review process.



# What Next

This document has set out our **initial response to the Just Transition Commission's report.**

Providing certainty on what we will plan and when we will plan is essential to help partners maximise their engagement in the process and begin early preparations for the nature and scale of the transition. With this mind, we commit to **our first Just Transition Plan being the forthcoming Scottish Energy Strategy.** Following the completion of the National Strategy for Economic Transformation, we will confirm which plans will follow.

## Holding us to account

The Minister for Just Transition, Employment and Fair Work will provide an annual statement to Parliament. This will give a comprehensive update on progress developing and delivering Just Transition Plans and wider actions taken by Government relating to just transition.

A new Just Transition Commission will provide both scrutiny and advice on the delivery of our just transition priorities.







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