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2 May 2025

Dear Edward and Colin,

We are writing to inform the Committee that the Scottish Government will launch a new open bidding round for the Just Transition Fund for the North East and Moray for the 2025-26 financial year on 2 May. The funding call will launch with a Government Initiated Question and demonstrates Scottish Government's continued commitment to a just transition.

The funding call is worth up to £8.5 million in capital spend and forms part of our ongoing delivery of a 10-year Just Transition Fund for the region. Applications will open on the Scottish Government website for a period of six weeks from 6 May to 17 June. For this second open bidding round into the Fund, we will focus on projects that support jobs, skills and economic opportunities, addressing immediate priorities facing the region. This reflects our mission to ensure the Fund is responsive to identified needs and continues to maximise the impact of our investment to deliver benefits for business and communities.

This additional capital allocation will be alongside our continued delivery of projects supported through the Fund. This includes our annual commitment to £1 million for community projects through Just Transition Participatory Budgeting, so communities can have a direct say on where money is spent in their area. It will also include the continuation of the Supply Chain Pathway and Energy Transition Challenge Fund delivered through ETZ Ltd which is primarily aimed at SMEs and awards grant funding to accelerate innovation and market entry, support business growth, and create new jobs and increase turnover in the energy transition into the low-carbon market.

Opening the Fund again will enable us to build on what has been delivered to date. Since 2022, £75 million has been allocated through the Fund, comprising of a £50 million capital grant programme and £25 million financial transaction allocation to the Scottish National

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Investment Bank in 2023-24 (invested on a commercial basis). This has supported projects and communities across the region to create jobs, support innovation, and secure the highly skilled workforce of the future.

With a view to understanding impact of the Fund to date, we commissioned an independent evaluation that is nearing completion and will be published shortly. We will update committees in due course, but initial findings point to the real impact of the Fund in providing momentum to just transition in the region during its first two years of operation.

The Committee's work on scrutinising the Scottish Government's approach to net zero and just transition is invaluable. We welcome this opportunity to highlight the forthcoming funding call for the Just Transition Fund for the North East and Moray. We look forward to working closely with you as we take this crucial work forward and our officials would be happy to discuss the Fund with you if that would be helpful.

Yours sincerely,



GILLIAN MARTIN

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