



OFFICIAL REPORT  
AITHISG OIFIGEIL

# Economy and Fair Work Committee

Wednesday 10 January 2024

Session 6



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**ECONOMY AND FAIR WORK COMMITTEE**

**1<sup>st</sup> Meeting 2024, 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)
- \*Murdo Fraser (Mid Scotland and Fife) (Con)
- \*Gordon MacDonald (Edinburgh Pentlands) (SNP)
- \*Colin Smyth (South Scotland) (Lab)
- \*Kevin Stewart (Aberdeen Central) (SNP)
- \*Evelyn Tweed (Stirling) (SNP)
- \*Brian Whittle (South Scotland) (Con)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

- Catriona Laing (Scottish Government)
- Richard Lochhead (Minister for Small Business, Innovation, Tourism and Trade)

**CLERK TO THE COMMITTEE**

Anne Peat

**LOCATION**

The James Clerk Maxwell Room (CR4)



# Scottish Parliament

## Economy and Fair Work Committee

Wednesday 10 January 2024

*[The Convener opened the meeting at 09:31]*

### Just Transition (North-east and Moray)

**The Convener (Claire Baker):** Good morning, and welcome to the first meeting in 2024 of the Economy and Fair Work Committee. Our first item of business is the final evidence session in our inquiry into a just transition for the north-east and Moray.

I welcome the Minister for Small Business, Innovation, Tourism and Trade, Richard Lochhead. He is joined by Catriona Laing, who is deputy director for climate change in the Scottish Government.

If members and witnesses could keep their questions and answers as concise as possible, that would be helpful. I invite the minister to make a short opening statement.

**The Minister for Small Business, Innovation, Tourism and Trade (Richard Lochhead):** Thank you very much, convener. Good morning, committee. I thank all of you for the opportunity to speak to the committee today.

From my perspective, the committee's inquiry into the just transition fund for north-east Scotland and Moray comes at a really good time, because I am keen to reflect this year on the fund's first two or three years and our approach to a wider just transition, which, of course, continues to evolve. That is a living, breathing concept. There is no blueprint for it, given that no country has done it before, so I am very keen to have your feedback today, and I look forward to the outcomes of your inquiry.

At the heart of the Government's desire for a just transition in Scotland is the fact that we do not want to repeat any of the mistakes from Scotland's past. We are all aware that we continue to feel the impact of the rapid decline that was inflicted on many of our heavy industries, particularly in the 1980s. Obviously, the closure of the coal mines is the example that is often cited as part of that debate.

For me, a just transition is about ensuring that the positive impacts of reaching net zero are felt throughout our economy and the whole of society, and that they bring tangible benefits to all our

citizens, especially with regard to jobs and skills, affordability and living standards. Supporting positive outcomes for communities, places, workers and businesses is fundamental to the just transition approach.

Change is always challenging, of course, but the north-east and Moray have a crucial role to play in our transition to a greener future. We have to harness the area's skills, talents and expertise in order to support the build-out of our low-carbon technologies and to tackle the existing issues of fuel poverty and energy security, as well as to safeguard a future for the many oil and gas workers and offshore workers we have, particularly in that region of Scotland.

We have, of course, already undertaken a lot of work to create new jobs—in the offshore wind sector, in particular. There is no doubt that the opportunities that are provided by Scotland's resources are vast and that the region of Scotland that we are talking about is very well placed to take advantage of them. Exciting projects are already under way in the region. Our just transition fund for the north-east and Moray has committed £500 million of investment over 10 years. That recognises the unique circumstances of the transition of our oil and gas sector and its particular concentration in the north-east. We have an urgent responsibility to provide a just transition that protects opportunities for workers and communities, as well as supports and underpins the region's economy.

Despite the fund being at a relatively early stage, we have already allocated £75 million. That has supported around 24 projects so far, as well as a range of other activities to support commercial investment through the Scottish National Investment Bank. Our funding support is helping to finance organisations, businesses, communities and individuals in transition, creating jobs in low-carbon industries, and supporting the provision of skills in the region.

The first just transition commission stressed the importance of a planned and managed transition to net zero. That is why we have committed to delivering just transition plans for our sectors and regions and, in some cases, individual sites. Good planning is critical to providing certainty for communities, businesses and workers about the changes that will happen and those that are already under way. Accordingly, we have put engagement and co-design at the core of our planning and policy to ensure that the people who will be impacted by the transition have their say. That is, of course, a key principle of the just transition. Without societal buy-in, it will be impossible for us to reach net zero in a fair way.

We are making a lot of progress. There are lots of lessons to learn and, obviously, there is lots more to do in the future.

As I said at the beginning, there is no blueprint for this. Scotland is attracting international attention because of the way in which we are approaching a just transition, but we have to reflect on the first couple of years of the fund in particular, as well as on the overall approach. Therefore, I am keen to get your thoughts, and I will do my best to answer your questions. I will get back to you with anything that I am unable to furnish you with at this meeting.

I look forward to the exchange and to today's session.

**The Convener:** Thank you, minister.

I will start with a question about the meaning of "just transition". Witnesses in the inquiry have given a number of definitions. We went up to Aberdeen to take evidence. Aberdeen City Council said that there is some confusion in Government about the meaning of the concept of a just transition, which leads to funding programmes in which the intent is not clear. A lot of the discussion was about the difference between a just transition and an energy transition.

Does there need to be a better definition? You said at the start that it is "a living, breathing concept". It is about achieving balance between flexibility and the need to change and adapt, and clarity, so that everyone knows what they are working towards. Does there need to be more work on defining what a just transition means for the north-east and Moray?

**Richard Lochhead:** That is a good question, and it is, of course, a question that I hear often. The just transition principles are, of course, reflected in the Climate Change (Scotland) Act 2009. When I meet people, I define the just transition in as straightforward a way as I can, as a way of ensuring that the transition to net zero is managed and planned, and I explain that the measures that we take and the policies that we implement to go towards net zero are carried out in a fair way, do not leave people behind, and are co-designed with the people most affected. Clearly, creating good green jobs for people in Scotland, particularly those in the sectors that are most impacted by the transition away from fossil fuels to low-carbon technologies, is at the heart of that. Most people I have spoken to in organisations, including Aberdeen City Council, have accepted that when I have met them, and I think that there is broad agreement about the aims and general principles of the just transition.

There is always a debate, because a just transition can mean all things to all people. It is not just about jobs. Jobs are at the heart of it, but it is

also about using the economic transformation that we will be going through in the coming decades between now and 2045. There is a massive window of opportunity to fix things that we do not think are right and we think are unfair in our society and economy, including fuel poverty and many other economic issues. As we go through that economic transformation, we have an opportunity to fix some of those things in our society.

**The Convener:** The associated issue of how we measure the just transition is linked to that question. You talked about the need for it to be "planned and managed". I think that, when Professor Paul de Leeuw spoke to us, he said that the destination is clear but the journey is not and that we know what the outcomes are meant to be but we lack detail on how to get there.

We also took evidence from the just transition lab, which has done quite a bit of work on how we could measure the just transition and what kind of indicators we could use. I understand that it is having discussions with the Scottish Government.

I know that we are looking at a longer-term plan, but should we have staging and measurement? The just transition is a difficult thing to measure, but should we at least attempt to measure it? At the moment, it feels like it is happening in a bit of a vacuum. How will we know whether we are on the right track in five years' time or in ten years' time, when we are meant to have achieved that? What work is the Government doing in that area?

**Richard Lochhead:** I agree with a lot of the sentiment that has been expressed to the committee on the issue. I have been in the Parliament since 1999, and many people around the table have been in the Parliament for some time, so they are aware as much as I am of how quickly the agenda has changed and how the issues of the just transition and net zero have rocketed to the top of the agenda in the past few years. Society and the world are changing fast, and the debate about net zero, as we see in the daily news, is now at the forefront.

I accept that we have to measure better what we are achieving with the just transition policy in Scotland. On the just transition fund, for instance, the first couple of years have been just about getting it off the ground and going. If you go to north-east Scotland, for instance, you will see that a remarkable transformation is under way. Amazing things are happening. I am lucky: as a minister, I get to visit a lot of the places and meet the people involved. What is happening just now in north-east Scotland and other parts of the country with the fund and the many projects is hugely inspirational. It is not just about the just transition fund; there are other funds and initiatives under way in north-east Scotland that you will all be

aware of from your inquiry. Things are happening, and we have to measure that.

At the moment, we have biannual reports to take stock of where we are with all the funds and the projects. I am keen to develop the next phase of that in 2024, so that we can have proper reporting in place to look at the job implications of what has been created, as well as the wider investment.

One of the issues that I have raised with officials so that we can address that is that the just transition is not just one aspect of policy or about one fund. There are lots of different sources of support and activities under way across Scotland, particularly in the north-east, at the moment to support the just transition. We have to bring that together and tell the story and then look, as a country, at where we are with the just transition.

**The Convener:** There will be other questions about the fund in particular, but the just transition lab is looking at a thematic approach. It has suggested looking at “Employment, earnings, and skills”, “Housing, poverty, and wellbeing”, “Democratic participation” and “Community empowerment, revitalisation, and Net Zero”. It recognises that this is not just about the energy transition and skills; it is about broader areas. I know that those are difficult things to measure, but is the Government having discussions with, for example, the just transition lab, to think about whether it is the Government’s aim to set out a framework that can be managed and to get an understanding of whether it is having an impact on poverty and communities?

**Richard Lochhead:** The short answer is yes. We warmly welcome the report from the just transition lab at the University of Aberdeen, which is an innovation in the university in the past year or two. That shows the pace of change. The lab has been created, and I know the academics who work there quite well. I know that the Cabinet Secretary for Transport, Net Zero and Just Transition, Màiri McAllan, who leads on the subject in the Cabinet, was at the university recently and met the lab to discuss that very report. We are keen to take on board its recommendations as part of our thinking going forward this year.

**The Convener:** Okay. Thank you. I will bring in Maggie Chapman, who will be followed by Kevin Stewart.

**Maggie Chapman (North East Scotland) (Green):** Good morning, minister. Thank you for joining us this morning.

I have a few questions about community participation and community engagement, and the issues that they have brought to us. We were in Aberdeen for a day at the start of the inquiry to speak to community groups, and we also had one

of our committee meetings in Aberdeen. We heard from people who work directly with community groups or facilitate their work—that included local authorities—and one of the things that they said quite clearly was that trust in their aims and ambitions is pretty low. There are a lot of fine words around what they mean, and we all share the endeavour when it comes to that point. We know the end point, but we do not know how to get there. There is a lack of trust in communities and community groups about the direction of travel. How have you answered the challenge of the lack of trust that community groups have not necessarily in the Scottish Government itself but in the whole just transition process?

09:45

**Richard Lochhead:** It is clear that times are quite tough just now—we are all aware of that. I can very much understand the frustration in communities. Energy prices are rocketing. Communities are surrounded by energy resources, and they cannot quite square why they are paying through the nose for energy bills and the contradiction there. I hear and understand the frustrations from community representatives and, indeed, members of the communities whom I meet.

However, we have begun to address that. Of course, the test will be when people see and feel change in society and in their communities. There are many projects under way now—energy efficiency, renewables and various other projects that have come forward—that will, I think, deliver visible change in communities. There is a bottom-up aspect to a just transition; it is not just a top-down process. At its heart, a just transition comes from the bottom up.

The participatory budgeting has been a success. I think that 10,000 people voted in the first year and 19,000 people voted for local projects in the second year. That is nearly a 100 per cent increase. Slowly but surely, more people are engaging in the just transition debates, activities and projects, and expressing an interest. We have to build on that. Participatory budgeting is committed to throughout the Parliament as part of the just transition funds. However, we need transformational projects, and we need transformation that people can see and feel.

**Maggie Chapman:** I get that. We are just a couple of years into the process, and I hear what you say about the participatory budgeting fund. I know that other people want to speak about that specifically. There have been questions about the balance of that compared with the rest of it, but I will let others cover that.

One of the challenges, which you have spoken about, is wanting, and having the ambition to have, a co-created just transition process that is about more than just energy. It is really an economic transition that we are looking at which will affect every aspect of people's lives.

There is a question that community groups and communities have. When they say that something is not working, they do not necessarily see policies changing, whether that is in local government or national Government. They say, "We want this to happen in our community," and the policies around them do not join up. They do not enable or facilitate. There is frustration about not only the lack of trust that we have spoken about but about things not being joined up. It is not necessarily about resource; it is about approach.

How are your conversations going with local authorities and other public agencies in the region and with Government itself about making sure that things are joined up and that we are getting away from the siloing of planning or whatever? If it is not just energy that we are focused on—I think that we all agree that it cannot be—how are we making sure that we think across departments and do not end up with siloed disconnect?

**Richard Lochhead:** I can speak to what is happening in the Government and, to a certain extent, the public sector, but, clearly, just transition is a concept and an approach that has to be adopted by all parts of society. It is not for Government alone; it is for the business community, local community groups and local government, as well as for the wider public sector and the Scottish Government.

In the Scottish Government, all ministers and cabinet secretaries are engaged in delivering a just transition through their own portfolios. As we take forward the various plans, which we may come on to in further questions, each minister and cabinet secretary is responsible for them. It is not me or the cabinet secretary, Màiri McAllan, who is solely responsible for taking them forward. The knocking down of the silos and cross-Government working will, I hope, move forward in a positive way.

A lot of the challenges that you have mentioned, such as trying to knock down the silos and trying to get everyone working together in one direction, are applicable to society in general and not only to the just transition. I absolutely understand how communities can get frustrated when they do not see those things happening.

**Maggie Chapman:** I suppose—

**The Convener:** This is your final question, and then I will move to Kevin Stewart.

**Maggie Chapman:** This is a particular point: engagement happens, communities tell the Government what they want or what they think should happen, but nothing changes. We must address that problem. It is linked to a sense that communities can jump up and down all they like, but it is the usual suspects who get their way. I heard what you said about needing to see progress and change and then people will realise the benefits, but I am not sure that communities are clear how that change will happen with their involvement or how it will not just be the usual suspects—the players who are already active and powerful in the region—who have the final word, if you like.

**Richard Lochhead:** I understand the concern and absolutely identify with it. Capacity building is a big theme to ensure that it is not just the loudest voices and the same voices that command all the attention of the public sector, the Scottish Government or whoever else. That is an argument that applies not just to this debate but across the board.

Capacity building is really important, and we have to find ways of ensuring that local government and central Government, which have a lot of influence over that, can work closer together to ensure that all voices are heard and that we find ways, if we can—resources are so tight just now—of building capacity so that it is not just the loudest voices that are listened to. As a minister, I make a special effort to make sure that I do not just listen to the usual loudest voices, and I am confident that my colleagues do that, as well. As the participatory budget process shows, we are beginning to involve more people.

Catriona Laing wants to add something.

**Catriona Laing (Scottish Government):** I will add a couple of things to that. I absolutely recognise the challenge that has been presented by the first two sets of questions. I would contrast the process of the just transition work with the work on climate change and decarbonisation. Decarbonisation is much easier to measure, and it is much easier to communicate to people exactly what it means. It is immediate and stark. However challenging that is—it is very challenging to decarbonise—at least you can measure your progress and communicate quickly what you are doing.

Because the just transition has economic, jobs, environmental, community-based and fairness aspects, there cannot be just one measure. The challenge that we have in working with the just transition commission, the just transition lab and others who advise us is, first, how we measure our success and, secondly, how we communicate that to people. That is definitely a work in progress. It is not straightforward, but, as the minister said, it is

certainly one of our priorities for the year ahead. That will be an on-going challenge with respect to communities. I do not think that, in three years' time, we will have cracked it. I do not think that we will ever solve it, but we prioritise it and continue to work on it.

One aspect of that is that, when working over the summer on the just transition draft plans, which go beyond energy—they involve transport, land use, agriculture and construction—we conducted a series of events across Scotland in which we talked to different communities, not just the voices that are usually heard but groups with protected characteristics, community groups, women and people with disabilities. We listened across the spectrum and tried to draw out communities' priorities as part of what we want to have in the just transition plans.

With respect to the north-east and Moray, when we were working on the just transition fund, it was not easy to put together a quick framework that said, "This is what we are trying to achieve", because, as the minister said, it is partially about jobs, but it is also about skills, the environment and community participation. The way that we did that within a constrained timeframe was to talk to councils, local authorities, Green MSPs and communities about what they wanted to see from the fund. We then made sure that we chose projects in conjunction with organisations such as Scottish Enterprise, Highlands and Islands Enterprise and councils rather than doing it ourselves.

As the minister said, participatory budgeting is an important aspect of that fund. I accept the challenge that not everybody will agree with how much we have put into that proportionally, but it is constantly a part of what we do and what we try to prioritise.

**Kevin Stewart (Aberdeen Central) (SNP):** Good morning, minister. We spent a fair amount of time with community organisations in Aberdeen. Maggie Chapman touched on the trust aspect. It was apparent that some folk felt that there was a lack of transparency around where moneys were going. You highlighted the participatory budgeting scenario. A lot of the folks whom we talked to had been involved in and were very positive about that and, of course, about their own projects. However, they did not have a clear understanding of some of the other resources that have been allocated, particularly to business. They mentioned one particular business that had received substantial funding, and they were unhappy about that. However, when I explained what that money was for, the attitude changed completely and utterly, because they understood why that was. Are we doing enough to be absolutely open and

transparent in communicating the reasons why we allocate certain sums of money?

**Richard Lochhead:** Kevin Stewart makes a powerful point. We are open and transparent. Everything is in the public domain in terms of who receives the moneys and grants and of the various projects that are being supported. However, clearly, there is a communication challenge. If that is your experience, I am sure that it is not the only example. I often speak to people who are suspicious of £X going to businesses and not community groups. There are, obviously, some tensions in that debate. I have to explain that, if we are going to transform the economy, we have to work with the business community and support big transformational projects that will potentially create hundreds, if not thousands, of jobs in the coming years. We cannot achieve that transformation without supporting such projects, but, likewise, we want to support smaller projects and communities. I understand that people want full transparency and to understand the rationale behind those decisions.

**Kevin Stewart:** Minister, you talked about the twice-yearly reporting. I wonder whether it would be beneficial if, setting aside commercial sensitivity, we could let folk, communities and the people of the north-east and Moray know what allocations are being used for. If we let people know, and if we are as open and transparent as possible, they will come along with us. There was a huge amount of positivity about the community aspect and less positivity about the business grants that have been made, but when the reasoning around why certain things happened was explained, the positivity grew. Can we get the comms right as we move forward? That is my plea.

**Richard Lochhead:** I agree that we have to get it right, and I will certainly reflect on your points. As I said, as we go through the just transition process, there are a couple of communication challenges. One is about ensuring that everyone is aware of how the fund is working and making a difference in north-east Scotland and Moray. Secondly, a lot of other activities are happening in Scotland just now that support just transition. We have to bring that together to get the big picture and tell the full story. I am very keen to pursue those two aspects this year.

**Kevin Stewart:** You said earlier that it has to be a bottom-up process and that we must listen to people. That is certainly how I think that it should happen. We are getting there. In the main, people feel involved. However, in the discussion around the bottom-up aspect, there are frustrations around the resource that is available. I recognise that the Scottish Government has come up with a just transition fund, for which we are grateful. A lot

of that funding, though, is capital funding. Community organisations, in particular, feel that there needs to be much more access to revenue resource funding.

10:00

Minister, is there a way that there could be co-operation between all the public services to match up some of the resource funding that is required to allow certain projects to get off the ground? Also, I am interested to hear any comments that you have around communication with the United Kingdom Government to try to get it to match the just transition funding that the Scottish Government has put into the north-east and Moray.

**Richard Lochhead:** The revenue support for just transition and all these projects has massive on-going financial implications. I do not need to tell the committee how tough things are financially in the public sector and for Governments. Therefore, I do not have an easy answer to that at the moment; all that I can do is to continue to reflect on it. Obviously, the committee refers to that in its inquiry report, and we will use the opportunity to reflect further on it. It is just a financial issue in terms of revenue support. Also, capital is a way to achieve transformation. Capital investments often bring in and unlock private sector investments, so we are getting even more transformational projects through that means. That is why there is a big focus on capital. However, the point is well made.

On interaction with the UK Government, up to £400 billion has been taken out of the North Sea in oil and gas revenues over the past decades. Therefore, we have made the point many times to the UK Government that we believe that it could match the just transition fund for north-east Scotland. We will continue to make that point.

**Kevin Stewart:** I hope that you will.

**The Convener:** Mr Stewart, this will be your final question.

**Kevin Stewart:** I hope that you will continue to make that point, minister. As a north-east representative, I will certainly continue to do so.

You talked about capital moneys bringing in further financing resource from the private sector. I know that it is early days, but are we seeing changes in the spend of other public sector bodies in order to get the very best out of the just transition fund, or do you think that there is more work to do in that regard with councils, health boards and so on?

**Richard Lochhead:** There are projects in which just transition funding is just one part of their funding, and there has been collaboration with

outside investors, as well. The fund plays a valuable role in that context, and the enterprise agencies and local authorities are working closely with the Scottish Government. We consult them closely on all the projects that are funded through the just transition fund. I have no doubt that there is more work that we could do to ensure that the momentum continues with that collaboration and joint funding of projects. Again, we will continue to reflect on that. There are some good examples out there.

**Colin Beattie (Midlothian North and Musselburgh) (SNP):** During its evidence taking, the committee has looked at aspects of the development of the just transition plans and at how joined-up they are. What co-ordination has there been between the Scottish Government, the UK Government and local authorities, for example? Do the plans align with those different layers of government?

**Richard Lochhead:** Interaction with the UK Government on just transition largely revolves around the North Sea transition deal and initiatives in which we have common aims. That supports a range of projects in north-east Scotland, as do other UK funds, when we are able to secure them.

A lot of the projects that are supported by the UK Government as well as the Scottish Government are bottom-up projects. They are proposals from the north-east of Scotland. I am thinking of the Net Zero Technology Centre, which is a fantastic initiative and project in Aberdeen; I think that I am right in saying that it has attracted UK as well as Scottish money. There are projects that originate in the north-east of Scotland that attract UK funds and have a just transition theme.

I am sure that there is more capacity to ensure that the UK Government works more closely with us on just transition principles. There is a lot of engagement on a just transition, particularly on climate change, net zero funds and offshore policy.

**Colin Beattie:** You focused there on the UK Government and individual projects on which we hope the two Governments are working together. Is there an overall picture of co-operation and co-ordination with the UK Government, not forgetting local authorities?

**Richard Lochhead:** This year, I want to reflect on the first couple of years of the just transition fund and the wider policy, because we need the support of the UK Government and our local government in Scotland. I am impressed by how the just transition is increasingly reflected in decisions, particularly in Scotland. The growth deals are probably one of the more positive examples of the Scottish and UK Governments co-operating and working together. They are a good

example of the innovative projects that are emerging in the just transition/net zero space and the innovation space that are being funded jointly by the UK and Scottish Governments. There is a lot more joining up to do in Scotland.

**Colin Beattie:** You talked about co-ordination with the UK Government. The just transition lab states that the UK and Scottish Governments have “wildly different” approaches to net zero. How does that affect your just transition plan? Does it affect it at all? Are they actually so divergent? We know that there have been changes in UK Government policy recently that might impact on its climate change plans. To what extent are we in the know on that, and are we being updated on it?

**Richard Lochhead:** UK decisions are clearly fundamental to the just transition. We saw the recent change in the offer to offshore wind projects, which the UK Government had to revisit after there was a lack of applications for offshore wind sites in recent licensing rounds. In light of that lack of applications, the UK Government took a decision to address that to encourage more offshore wind licence applications.

The UK Government’s spending priorities influence hugely the ability to implement a just transition in Scotland. Just now, the Scottish Government is dealing with a difficult budget settlement, which impacts on what we can invest in all kinds of just transition activities and the net zero agenda—that is well documented. The Cabinet, First Minister and others have made lots of comment on that.

Yes, as a general principle, the UK Government’s funding decisions, which are often not helpful, have a direct impact on the ability to deliver a just transition in Scotland.

**Colin Beattie:** Do you agree with the assessment that the approaches of the two Governments are “wildly different”?

**Richard Lochhead:** We saw the furore that there was when the UK Prime Minister, Rishi Sunak, recently backtracked on some of his climate commitments. We would not have done that backtracking if we had a say on some of those policy areas. There is obviously divergence in some areas and we just have to continue to work with the UK Government to persuade it to invest in the right priorities and to give Scotland a decent budget settlement to enable us to fulfil our responsibilities to deliver a just transition in Scotland.

**Colin Beattie:** Divergence in certain areas is, perhaps, not unreasonable, given the devolved settlement and so on, but “wildly different” is a fairly extreme statement for anyone to make. Do you agree with that statement?

**Richard Lochhead:** Of course, and there are examples. We would not support nuclear power in Scotland. We would put the billions of investment that would go into that from the public purse into renewables, green technologies and the net zero agenda. There are clearly massive differences in some areas of policy north and south of the border and between the UK Government and the Scottish Government. Perhaps “wildly different” is one way of describing it. It is interesting that external bodies are now taking that view.

**Colin Smyth (South Scotland) (Lab):** On the issue of skills, during the committee’s evidence taking, we heard criticism from the Just Transition Partnership that a skills passport has not been delivered despite its having been committed to in 2021. Why has progress towards delivering the skills passport stalled? When can workers expect to see it delivered?

**Richard Lochhead:** I thank Colin Smyth for the question; it is a very important issue. The Scottish Government takes the development of a skills passport very seriously, and, of course, there is cross-party support for it in the Parliament as it will make it easier for people working in, for instance, the oil and gas sector to transfer their skills and employment into the renewable energy sector and other green technologies.

Progress is being made. A few weeks ago, I had a catch-up meeting with some of the stakeholders on the working group that is dealing with it, and the Scottish Government gave the working group a deadline of the end of March to get it concluded.

A lot of work is being done. Stakeholders will meet in the next week or two. Aligning standards among the various sectors that are involved has been a big task, particularly between the renewables sector and the oil and gas sector in this case. Standards and training requirements have to be aligned. Some areas have clearly taken a lot longer to be ironed out than we would have hoped, but I am hopeful that we will have a conclusion by the end of March.

**Colin Smyth:** Is the end of March a target for introducing a skills passport or simply for reporting back on the work?

**Richard Lochhead:** It is the deadline for the working group to give us the solution. It is working on it now to enable us to introduce the passport. We are asking the group to come back to us with the final version of the digital passport.

**Colin Smyth:** Okay. In its evidence, Scottish Renewables pointed out that many workers in the sector have had to fund reskilling or upskilling out of their own pockets. Unite the union estimated that that had cost workers about £2,000. Skills Development Scotland stated that there is capacity in the skills development pipeline

“if we get the financial resource to apply to it”—[*Official Report, Economy and Fair Work Committee*, 15 November 2023; c.59.]

to support apprenticeships, for example. Is the Government doing enough to support workers to reskill, given the fact that they have to fund that themselves in many cases? What further action does the Government plan to take to support them?

**Richard Lochhead:** The skills issue and ensuring that people can transfer their skills into different sectors as smoothly as possible is at the heart of the just transition. A lot of work is under way. Skills Development Scotland has been doing a lot of work on apprenticeships in green industries, and good progress is being made with that. A number of initiatives in north-east Scotland that also address the issue are being funded through the just transition fund. We also expect companies to play a role in funding training for their workforces, which is always the case and certainly should be so for the just transition.

I assure Colin Smyth that we are actively looking at a lot of this. We have our commitment to refresh the climate emergency skills action plan and the work that flows out of that, and we are looking at how it joins up with the rest of the skills issues in this space.

The James Withers report has energy transition and net zero at the core of its recommendations on how we change the landscape for skills and training in Scotland. That is all being looked at and is very active.

**Colin Smyth:** Funding is crucial to this. Unite the union has pointed out that workers have had to pay £2,000 to reskill themselves. You mentioned Skills Development Scotland and apprenticeships, but we have seen that provision being reduced. I will again quote the evidence of SDS to the committee. It stated:

“for skills, we need more revenue resource for training activities.”—[*Official Report, Economy and Fair Work Committee*, 15 November 2023; c.69.]

The recent budget proposes a £4.1 million cut to the SDS budget, and the skills budget is being cut from £50.6 million to £36.9 million. We are also seeing cuts to colleges’ budgets. If we already have a problem whereby workers are effectively funding their reskilling themselves, and reductions are being made to funding, where do you see the funding coming from to support workers?

Kevin Stewart raised the point about the transition fund but, again, Skills Development Scotland told the committee—this is the point that Kevin made—that that is mainly capital, when it is revenue that is needed. I am curious about where the funding to tackle the issue will come from. What sort of proposal does the Government have?

10:15

**Richard Lochhead:** The first point to make is that, if any MSP or party in Parliament believes that the budget needs to be amended, there is a draft budget before Parliament and they can use the opportunity to make proposals, if they can explain where the alternative resources will come from to increase any particular budget.

The financial environment is very tight just now and I cannot sit here and give guarantees about substantial increases in such funds at the moment, but I can say that there has been an increase in the number of apprenticeships for green industries and so on.

The member referred to the overall picture, but I am talking about this particular agenda. Things are going in the right direction. We have invested in a lot of really good training and skills initiatives through the just transition fund and, indeed, the special fund that was set up for that purpose in the past few years. We have the energy transition fund and also the training fund. A lot of good initiatives are under way in Scotland that are being supported by the public purse.

I am happy to look at the specific issue of employees paying for their own training and to come back to the committee on that point, if that is helpful.

**Brian Whittle (South Scotland) (Con):** I will follow on from Colin Smyth’s questions. I was speaking to an international recruitment company that claimed that it is stripping a lot of talent out of the North Sea and shipping it abroad. It is difficult to measure that, but it seems reasonable to think that it could be happening. We need to ensure that the jobs are available and that the journey from fossil fuel jobs to renewable jobs is as smooth and as simple as possible, because we need to keep these people in Scotland. Is the Scottish Government doing any work to measure the number of green jobs of that standard that are being created and how that transition from oil and gas is being delivered?

**Richard Lochhead:** Skills Development Scotland does its own skills assessments. Representatives of that body gave evidence to your committee but I am not sure whether that issue was raised with them directly.

A lot of work is under way, and Skills Development Scotland continues to do regular skills assessments for the green energy sectors and the rest of the sectors in Scotland. The Energy Transition Zone in Aberdeen, for instance, is creating five skills hubs, and the cabinet secretary, Màiri McAllan, was at the recent launch of the key hub at North East Scotland College. The Scottish Government is putting, I think,

around £4 million to £5 million towards that. There are a lot of exciting initiatives happening.

The Robert Gordon University has carried out a lot of work on the monitoring of skills, which the Scottish Government often refers to, laying out the challenges of the skills requirements between now and 2040 to 2050. RGU showed that, if we play our cards right, we could have more energy jobs than we have now in north-east Scotland and across the country.

Many companies that speak to me talk about shortages in skills and labour. It is not just an issue of people transferring from one sector to another; there are quite often jobs available for people who are looking for them. It is about making sure that we have upskilling in place. RGU, the University of Aberdeen and others in north-east Scotland are doing a lot of work on upskilling, short courses and so on, so we have to support that.

**Gordon MacDonald (Edinburgh Pentlands) (SNP):** I want to continue the conversation about the job situation. You rightly touched on the RGU “Making the Switch” report, which highlights that

“90% of the North-East of Scotland’s existing oil and gas workforce has medium/high skills transferability to adjacent energy sectors.”

It also suggests that, if we get this right, we could have 54,000 jobs by 2030, and the Government’s figure is 77,000 jobs by 2050. Other than skills, what challenges are facing the north-east in becoming the global energy hub that can look after installed offshore wind, hydrogen generation and carbon capture and storage? What challenges are we facing in getting those 77,000 jobs?

**Richard Lochhead:** The challenge is clearly that we need the transformational projects to be up and running as quickly as possible. They need to be under way, whether they are offshore or the many onshore projects that are being considered—carbon capture and storage plans and so on.

The UK Government also has a big role to play in this; it is not all in the hands of the Scottish Government. We need the UK Government to put its shoulder to the wheel and do everything that it can to ensure that the carbon capture and storage plans are moving forward at pace. We finally got over the hurdle of the Acorn project getting the go-ahead. It took a long time to get there—far too long—and tens of thousands of jobs will be created through that alone.

The wider economic environment is also a challenge at a time of high interest rates, which of course have an impact on decisions to invest in new capital projects and pipeline projects and the pace at which they can be brought forward. That is all influenced by the wider macroeconomic

environment. Again, that is not just for the Scottish Government; it is a UK Government issue. Those are the kinds of challenges that we are facing.

It is important to make a couple of points to the committee about the jobs environment. First, Scotland is leading in virtually all the league tables across the UK for the creation of green jobs. We are ahead, whether it is in PWC or Ernst & Young’s analyses or various other analyses that are being carried out. We are consistently creating and advertising more green jobs in Scotland than any other part of the UK.

A green jobs revolution is therefore under way in Scotland, and we should appreciate that. I know that some people want it to go faster, and I understand that we need to do more. Independent research carried out by the University of Warwick at the behest of Skills Development Scotland said that up to 100,000 new green jobs were being created in Scotland. The recent Fraser of Allander Institute report, commissioned by Scottish Renewables, said that there are now—I am just trying to remember the figure—42,000 full-time equivalent jobs in renewables in Scotland. Other figures are often cited, but that is the latest one. It is all going in the right direction. Tens of thousands of new jobs are being created in Scotland in green sectors.

There is another aspect that we will have to get to the bottom of. I often visit businesses in north-east Scotland, particularly in Aberdeen, that are counted as oil and gas companies but are doing 50 per cent to 70 per cent of their work on renewables. We have to work with the Office for National Statistics and other authorities to make sure that the statistics that they design and collect are more accurate. When I go to a company that is classed as “engineering” or “oil and gas”, I find it ironic that it is working on renewables. We have to capture that, because it is part of the renewables and the green jobs revolution that is happening in Scotland.

**Gordon MacDonald:** I want to look at some of the other barriers. One that you did not touch on is finance. The same RGU report said that we

“will require over £17 billion in new regional investments between 2022 and 2030 in manufacturing and operational capabilities for the renewables sector.”

Crown Estate Scotland noted a recent fDi Intelligence report that said that, although \$54.8 billion has been pledged to wind power in Scotland, it requires the creation of a low-risk and attractive business environment. Can you say anything about the challenges facing the financial situation?

**Richard Lochhead:** Attracting green investment for the world’s move towards net zero is a massive issue in Scotland, as well as a global

issue, and we need to realise the energy potential of offshore wind and other technologies to create the jobs that we want to see in the future. Activity is under way to attract more capital investment to Scotland; we have a capital investment plan. The First Minister's recent panel has also reported on how to attract international investment to Scotland to fund net zero, and the Government is considering its recommendations to see what we can do to deliver them. In the past few months and years, there has been a lot of activity in that space among the private capital markets and players, as well as in the public sector and Scottish Government initiatives.

On the challenges, I go back to my previous answer. Obviously, we are in a time of high interest rates, and we have seen some economic instability at the UK level in the past year or two, which does not help that stable environment. I am also the minister for trade and, when I speak to inward investors from around the world, they are full of praise for Scotland. I am not just saying that because I want to sit here as a minister and say good things. It is eye-opening to hear what people outside Scotland say about Scotland. We do not hear enough of that, because we hear a lot of negativity in our own country. When I speak to companies overseas, they are very positive about Scotland. They tell me that they are attracted to investing in Scotland and our energy transition in particular—not just that technology but lots of other sectors—because they have seen that Scotland has a stable, long-term and committed net zero policy. The Government has been in power since 2007, and that has helped greatly because we have been able to make such a long-term commitment. That is what I hear from international investors, and it will deliver a lot of dividends for Scotland.

**Gordon MacDonald:** My final point is about the barriers to the just transition that we are trying to achieve. Aberdeen and Grampian Chamber of Commerce, the Scottish National Investment Bank, Scottish Renewables and the SSE Group all highlighted grid connection issues as a barrier to developing offshore wind. What needs to change in that respect?

**Richard Lochhead:** I should have addressed that point in my earlier answer to your question about challenges; it is a very important point. Ensuring that the grid can deliver is clearly a massive challenge. In order to deliver the just transition, we need projects to be up and running. That will deliver the jobs, the activity and the revenues, but in order to get those big projects up and running we need access to the grid. That, of course, is one of the biggest challenges.

My colleagues Gillian Martin, the Minister for Energy and the Environment, Neil Gray, the

Cabinet Secretary for Wellbeing Economy, Fair Work and Energy and others have been doing a lot of work on that as part of the development of the energy policy. The final strategy will be delivered and published by the summer. National Grid has been adapting its policies, and a lot of initiatives are now under way to prioritise renewable energy developments.

You have raised a very important point, and I am happy to write to the committee about that. I am not the minister who is dealing directly with National Grid on the issue, but there has been a lot of activity in the past 12 months.

**Gordon MacDonald:** Thanks very much.

**The Convener:** Before I bring in Murdo Fraser, let me just say that linked to that is the issue of planning. Groups have been organising over how long it takes to get consents. SSE has said:

“Currently, the average offshore wind farm takes around 12 years to deliver and major network infrastructure can take even longer”.

Although the national planning framework addressed some of the issues with that, there is still a recognition that it is a long process. It is very time consuming, and it can damage our ability to be an early mover on some of this. I know that you are not the planning minister, but can you tell us what action the Government is taking in that respect? Is there a recognition of how long consents take and of how that creates a barrier for business to move forward in this area?

**Richard Lochhead:** Yes, it is an area in which the Scottish Government has influence and responsibility, and we recognise it as one of the challenges. If my ministerial colleague Tom Arthur were sitting here, he would explain to you how the latest national planning framework prioritises renewable energy developments, which should speed up the process for them. There is also the recently published onshore wind sector deal, which lays down what we expect to be delivered by onshore wind developers for Scotland's benefit but, likewise, gives commitments by the Scottish Government on helping develop Scotland's onshore wind potential. It also includes a commitment to drastically reducing the time for licensing and planning.

**The Convener:** That might be something that we will pick up. We might contact the minister, because, although the update is welcome, there is concern around the attached timescales and how long it will take to deliver those changes.

**Murdo Fraser (Mid Scotland and Fife) (Con):** Good morning, minister. Colleagues have touched on the just transition fund, but I have a few more questions specifically on the fund and how it operates.

Some witnesses whom we have taken evidence from have told us that they are not clear what the fund's objectives are or how it will be monitored and evaluated. How does the Scottish Government see the objectives of the fund, and how do you expect to monitor and evaluate how that money is being spent?

10:30

**Richard Lochhead:** Those are good questions. Indeed, we touched briefly on the issue earlier, and I am determined in 2024 to try to ensure that we move forward on it. The first couple of years were focused on getting the fund up and running. If we had waited to answer some of those questions, we would rightly have been criticised for not getting the fund up and running and for taking a couple of years to sort out the processes behind the scenes. There are, of course, processes in place, but we understand that we have to show how everything is measured.

The objectives of the fund are to support the strengthening of the economy in north-east Scotland and Moray, to decarbonise and to deliver the principles of the just transition, which we have already discussed. We want the projects and how the funding is used to be co-designed, and we want a bottom-up approach in the region. That has been happening.

The just transition is about creating good green jobs as well as strengthening communities, and there is a variety of projects in that respect. I am trying to remember the name of that film—is it “Everything Everywhere All at Once”? Some people I speak to see the fund like that—that is, that it should deliver everything. You can take any subject and, perhaps, put it under the remit of the just transition fund. Of course, we have had to filter things out and make sure that the projects that are coming forward are discussed with the local enterprise companies and the local authorities. We then take a decision on what are the best projects to deliver the broad objectives of the just transition fund.

**Murdo Fraser:** Thanks very much for that.

Some of the community groups and the local authorities that we spoke to expressed concern about the role of SNIB as the key driver and the lack of engagement with it. Given that SNIB is intended to be an arm's-length independent body, how will the Scottish Government ensure that it delivers on the fund's objectives, if it also has an element of freedom of operation?

**Richard Lochhead:** You are right that the Scottish National Investment Bank is at arm's length from ministers. We allocated £25 million of financial transactions funding to the bank, and decisions on how and in which projects that

money is invested are for the bank. However, one of the bank's objectives is to support the net zero agenda, and the £25 million allocation is for the just transition. The projects will be delivered and chosen by the bank, not ministers, because it is an arm's-length body but, clearly, our expectation and agreement is that the £25 million will be funded from the just transition fund.

The reason for using the bank is that it has a lot of experience with financial transactions, which is a resource provided to the Scottish Government by the UK Government. They are complex—they are, in effect, very long-term loans—but they are a way of supporting capital investment, and that is why they are part of the just transition fund. Clearly, we do not have the capital to fund everything that we would like to fund, so that is why we use financial transactions and, in turn, why we use the bank.

As for its transparency, that is an issue to raise directly with the bank, which, I think, you have taken evidence from. I will certainly reflect on the question for our next conversation with the bank. Once the announcements are made, these things will be in the public domain.

**Murdo Fraser:** Another issue that came up a lot, particularly from the community groups, was that there was funding for capital but not for revenue. It means that, with projects intended to run for a period of years, it is difficult to find secure funding to sustain them. Are you conscious of that? Can anything be done in that space?

**Richard Lochhead:** I am certainly conscious of it. It is a bigger issue for applicants who do not have the capacity or other sources of revenue to make an on-going commitment to particular types of projects. The smaller the organisation, the bigger the challenge that it will face.

I come back to my original point that the just transition fund has to be transformational. In 10 years, we will have to be able to look back and think, “The public purse invested £500 million in the just transition in north-east Scotland and Moray, and we can see how it has been transformational.” We have to look back at that point and see that it has been transformational, and we can do that only by supporting transformational projects.

As part of the just transition principles, it is not just big shiny projects that have to be funded—we want to fund community projects, too, which can come in a variety of types. However, capital is clearly needed for transformational projects. The emphasis is on capital, and, as I have said, the financial constraints that we face just now obviously mean that on-going revenue commitments are not necessarily affordable. So, yes, I am conscious of the issue, and yes, I am

always keen to investigate what more we can do, particularly for smaller organisations.

**Murdo Fraser:** My final question is about the quantum of funding. According to the figures that we have for the current year, £50 million of funding was allocated in 2023-24. In the next financial year, the figure will be £12 million. Why is there such a big reduction in funding in the coming year?

**Richard Lochhead:** We have our £75 million commitment, part of which is the on-going commitment of £12.2 million in the draft budget. That is because of the capital constraints that we face as a Government. Both financial transactions and capital funding have been reduced by the UK Government; as you will know—indeed, it has been well documented—the Cabinet Secretary for Finance has talked about a real-terms cut of 10 per cent. That gives us challenges.

We would like to be in a position to put more resource into the just transition fund. Clearly, what is before Parliament just now is a draft budget, so we cannot say too much until we are sitting here with the final figures. I want to make it clear to the committee, though, that this is all due to the financial challenges that we face. We will have ground to make up, and we have the commitment in place for the £500 million over 10 years, so let us all hope that the financial environment improves sooner rather than later so that we can fund all the vital projects that we need for the just transition.

**Murdo Fraser:** The trajectory is not encouraging. There is £50 million this year, and that is going down to £12 million next year. Are you confident that you will get to £500 million?

**Richard Lochhead:** We have £75 million that we would otherwise not have had, had we not had the just transition fund just for north-east Scotland and Moray. It is a fund that is not available from the UK Government; it is from the Scottish Government, so it is an added value fund.

**Murdo Fraser:** All right. Thank you.

**The Convener:** Before I bring in Brian Whittle, we hear what you are saying about financial restrictions when it comes to the fund, but this is a 10-year project, so we need to look towards the horizon, the end point and the just transition lab. Some concerns have been raised. For a start, financial transactions are more suited to the commercial sector and bigger players, and it is difficult for community-driven projects to access that funding.

You said that there are restrictions in the coming financial year, but do you see any way of making more funding available for bigger-scale community projects? I am talking not about some fund for

fixing the Scout hall—which would be valuable—but about things on a bigger scale. What kind of funding will be available for them? Do you see that funding being available to those projects over the 10 years? How do we shift the funding to that area—or, indeed, instead of shifting it, make the funding accessible to that area?

**Richard Lochhead:** I understand the tension, and I have heard that argument and that point being made many times. First, yes, there will be funding for projects of that nature as we move through the 10 years of the fund; in fact, some projects are being funded already.

Clearly we will pay attention to the balance of the kinds of projects that are supported, but I return to the fact that we have to be transformational. The transformation can happen at different levels. I am not saying that it will happen only through larger projects; indeed, we are supporting lots of small to medium-sized enterprises at the moment. We are working with the energy transition zone—it gets funding. Last year, we funded 10 SMEs, and 14 companies, I think, have been lucky enough in the latest rounds for the energy transition fund. There is a full name for the fund, which I can give you in a second or two—it is called the supply chain pathway and energy transition challenge fund, and it has already supported 24 projects and SMEs, if I am right.

SMEs are being supported. It is not just large projects; as I have said, some community projects have been funded, too. We will pay attention to the balance, but we also have to pay attention to transformational projects, which can be very expensive. Changing the energy used in a community, for example, is a very expensive project, and we have to make sure that such projects are transformational.

The just transition fund is not the only fund that funds the just transition in north-east Scotland and Moray; there are many others. The green jobs fund, for example, supports the creation of green jobs and helps SMEs. It represents a £100 million commitment over five years, and we have already seen enterprise companies deliver on it. There are various funds supporting the just transition.

**The Convener:** Being transformational is not always about energy change, which you gave as an example. Such change benefits us in achieving net zero, because we are decarbonising, but being transformational is also about investing in and empowering a community. That goes back to some of the other questions about previous deindustrialisation, in which communities were left behind. It is about understanding what transformational is. It is about the nuts and bolts of making the change and getting us to net zero, but

it is also about how you transform a community and involve it in the process.

You will know that we did an inquiry into Grangemouth. The committee took further evidence on Grangemouth, because we are concerned about the announcements on that. From the outside, it looks concerning; it does not really look like a just transition. It is about how we prevent that and make sure that the investment goes directly to communities and empowers them to take more ownership of projects.

**Richard Lochhead:** That is a good point, and I recognise that issue. We will absolutely monitor that and listen to the concerns expressed by community groups or, indeed, the just transition lab. Indeed, you may reflect some of those concerns in your report, which we will respond to in due course.

**The Convener:** It is a very open question.

**Richard Lochhead:** I assure the committee that many projects are being funded. I have a list here—obviously, I can only hold this up at the moment. These are lists, which run over many pages, of the projects that are being funded through the north-east and Moray just transition fund alone. There are many other funds that are not covered—

**The Convener:** Yes, and we—

**Richard Lochhead:** I assure the committee that, among those projects—I am happy to make sure that this is all copied to the committee—there are some community projects, as well as business projects and big projects. It is about trying to balance being transformational with ensuring that there is change at a community level and that we have bottom-up projects. I absolutely understand that.

**The Convener:** As other members have said, there is an issue around the yearly allocation of the fund. You said that this year is when you will perhaps look to review the fund. We met local groups and, although they are all grateful for the money that they have received, which is making a difference to their organisations, they spoke about the timescales that they had to work to, especially for capital projects, and the fact that it had to be something that was ready to go, rather than something that they were working towards. In our report, the committee will reflect on how the fund was distributed and what improvements can be made to that.

**Brian Whittle:** My question is on that point. I note that the minister pointed out that there was, I think, a 10 per cent reduction. I am going back to my school mathematics but I think that a reduction from £50 million to £12 million is a lot more than 10 per cent.

As the convener highlighted, a lot of witnesses have spoken about the need for multiyear and revenue funding from the just transition fund, because they spend so much of their time applying for the fund annually but have a short time in which to spend the money. Does the Scottish Government recognise that there are limitations to an annual funding agreement, especially if groups are restricted to capital funding? Will the Government consider that?

**Richard Lochhead:** We take that into account, and we very much recognise that concern. In other parts of Government, changes have been made to give more assurance to certain sectors—for instance, the third sector—in various funds. Because the just transition fund is capital-intensive, we are very much at the behest of Jeremy Hunt, the UK Chancellor of the Exchequer, standing up and announcing the UK Government budget. We are not in the same position as the UK Government in being able to give those multiyear guarantees, but we have funded multiyear projects. In many cases, the funding in the draft budget, as well as previous funding, is going towards multiyear projects.

I take the point about looking several years ahead and the fact that there may be projects that require several years of commitment. Clearly, we are not in a position to give that just now, because of the financial constraints.

10:45

**Brian Whittle:** We heard in evidence that funding was allocated around November but had to be spent by March, and that some projects did not bother to apply because of the practicalities. They said that they just would not be able to adhere to the rules and regulations. I am just bringing that to your attention, to see whether the Scottish Government can look at it, because, of course, some of those projects could be viable.

**Richard Lochhead:** I will certainly take that point away and reflect on it. I am sure that the committee will, no doubt, raise it in its report as well. There are not necessarily any easy answers to those questions, but I assure you that we are conscious of the issue, as we have had similar feedback from groups.

**Evelyn Tweed (Stirling) (SNP):** Good morning, minister. You mentioned that participatory budgeting in the just transition fund has been a success, and you said that the Government wants to build on that success. How do you see that success going forward, and will it lead to a widening of engagement?

**Richard Lochhead:** From the word go, we were persuaded that participatory budgeting was an important element of delivering the just transition

fund in north-east Scotland and Moray. It is important for engagement with communities, the bottom-up approach and allowing communities and groups to come together to decide what the just transition means for them before coming up with projects that will help to deliver it in their communities.

A lot of really good, exciting, innovative and creative thinking about the just transition is going on in communities. It has been very helpful in increasing engagement and raising awareness. I indicated that, the first time, 10,000 people voted for the projects; then it was 19,000. That is evidence that awareness is rising, as is engagement. We are committed to delivering at least £1 million a year over this session for participatory budgeting, so that will continue.

I am the MSP for Moray, so I meet the groups in my area in particular. It is inspirational to see how they are addressing the just transition and to hear the debates and discussions that are taking place and what it means for communities in the area. Likewise, that is happening for Aberdeenshire and Aberdeen city. The third-sector organisations help to run that process for us; in fact, they run it on our behalf and are funded to do so. They are playing an important role.

**Evelyn Tweed:** Thank you.

**The Convener:** We received evidence from Moray trades union council that there is a trade-off with participatory budgeting. Although it achieves what you described, such as the public engagement on and enthusiasm for certain projects, Moray TUC suggests that it does not always award grants based on the objective criteria of need and merit. It highlights that

“in round 1 ... around 50% of funds went to organisations based in Moray’s most affluent ward (Forres).”

Although participatory budgeting is positive and delivers some of the benefits that you described, how do you make sure that areas that have less capacity and experience in participatory budgeting or a smaller population—meaning fewer votes, if people vote based on a geographical area, as they often tend to do—are recognised? How do we make sure that the negatives do not outweigh the positives when it comes to participatory budgeting? Does there need to be a mix of ways in which resources are distributed?

**Richard Lochhead:** If anyone has the answer on how to avoid trade-offs, I am all ears. That is something that we all struggle with and always have. Clearly, you have to take a decision at some point to open funds and work with people to make the best of what is available. There is no way of avoiding trade-offs. You mentioned that Forres, which is the most affluent ward, receives funds. The projects will benefit the whole community.

Looking at it through just one lens is not always helpful. Obviously, I would have to check exactly what Moray TUC said, but you get my gist.

A lot of the projects are about tackling some of the inequalities that I mentioned at the beginning of the meeting. The just transition is about creating good green jobs and tackling some of the social ills and inequalities in society. Some people who live in energy-rich Moray cannot afford to pay their fuel bills, and we have to address such issues as part of the just transition. If some of the small local projects can help to make a difference to some local people, they are important. We have to spread that ethos throughout the country for the national transition across Scotland.

**The Convener:** I have a couple of questions for clarity. Did you say that you would do an analysis of the fund this year?

**Richard Lochhead:** Yes. We are determined to take stock of many elements of the fund this year. You have covered a few of them. Once the committee issues its inquiry report, there will be helpful information or ideas in that to assist us. You have raised issues today on, for example, communication and how we report that I want to take away and sort out this year.

**The Convener:** My other question is about the delays to several relevant strategies and plans. The energy strategy and just transition plan is delayed, as are the regional just transition plans and the climate change update. I know that they do not all come under your portfolio, but can you indicate when we can expect those plans to be published? That will have an impact on the 10-year plan for Moray and Aberdeen.

**Richard Lochhead:** I am happy to write to the committee with some of the timelines. On the broad context, we have said that, by the summer, we will publish the final document for the energy strategy and just transition plan. Also in 2024, we will begin work to put in place the framework for how we will take forward regional just transition plans for Scotland. That will obviously take some time, but we are beginning the work this year on the framework for doing that.

On the sectoral plans, the consultation has taken place for the three plans that are under way. I ask Catriona Laing to give the latest estimate of when they will be available.

**Catriona Laing:** We hope that the three draft just transition plans will be published before the summer as well. We do not have a timetable for the final ones, as we will want to consult on the drafts.

**The Convener:** The committee has an interest in the Grangemouth plan, given that we carried out an inquiry on that area and the recent

announcements from Ineos. Do we have a timescale for the prioritisation of that plan that you are aware of?

**Richard Lochhead:** It is probably best if I write to you with the latest timelines for all those plans.

**The Convener:** Thank you.

That brings us to the end of this morning's evidence session. I thank the minister and Catriona Laing for joining us. We now move into private session.

10:52

*Meeting continued in private until 11:24.*



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