Enabling a just transition to net zero: a manifesto for change

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Contents

Declaration	3
Introduction	4
A manifesto for change: What should a just energy system look like by 2045?	5
Society	5
Workers	7
Business and industry	8
Policy and decision making	9
Discussion	11
References	12

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Declaration

Transition to a net-zero energy system provides society with an opportunity to embed justice principles and practices across the energy sector in order to achieve a transition that is not just 'green' but also 'just'.

The just transition concept, born out of international trade union movements, takes into account the rights of the workforce and encourages the creation of decent work and quality jobs. It maintains that the burden of climate action should not be borne unequally by one set of workers or communities or any one country^{a,b}. However, the concept today is much broader than its labour and workforce-focussed roots; it encompasses the transition of the whole of society over time from one that is inherently extractive and unsustainable to one that is regenerative and more sustainable.

To achieve this broader 'whole of society' transition many stakeholders need to take action (see Figure 1). However, there are a range of challenges that impact their capacity to make these justice outcomes happen, and limited accountability mechanisms for supporting delivery. While some of these challenges can be overcome through a change in internal processes, many result from the interactions between different stakeholders, either in driving action or holding organisations to account. To be more ambitious in delivery therefore there is a need to develop cross-organisational and cross-community commitments to take more joined up action and ambition^{c,d}.

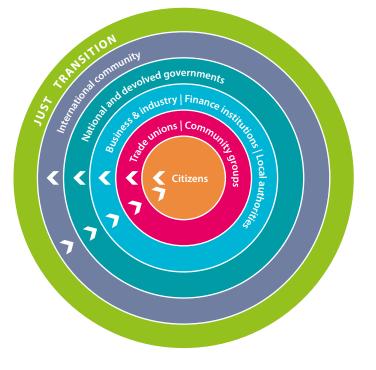


Figure 1: Responsibility for delivering a just transition

Introduction

This Manifesto for Change was developed as the final output from the <u>ALIGN project</u>¹ and was developed by bringing together stakeholders from across national and local government, business and industry, trade unions, finance, community organisations and the third sector to hear their ambitions for a just energy transition by 2045.

We did this by way of a half-day online workshop held in February 2022 in conjunction with the Just Transition Engagement Team at Scottish Government. Attendance was by personal recommendation and all delegates registered via our workshop <u>Eventbrite event page</u>.

Organisations included:

- Bankers without Boundaries
- Barrow Cadbury
- BEAMA
- Community Energy England
- Community Energy Scotland
- Energy Garden
- Energy Networks Association
- Glasgow Energy Cooperative
- Glasgow City Council
- Global Ethical Finance Initiative
- National Energy Action
- Neccus
- Northumberland County Council
- Prospect

- Renewable UK
- Scottish Borders Council
- Scottish Power
- SSE
- The Association for Decentralised Energy
- The Climate Change Commission
- The University of Edinburgh
- The University of Strathclyde
- UK100
- Unison
- University of Cambridge Institute for Sustainability Leadership
- Welsh Government

We outline the priorities identified below as they relate to society, workers, business & industry and decision-making.

A manifesto for change: What should a just energy system look like by 2045?

Society

Reduced energy demand

By 2045 all new buildings and homes should be built to an energy efficient standard in order to reduce energy demand and to negate the need for future retrofitting. This includes standards on insulation, a minimum standard for heating along with higher quality, net-zero housing whether owner occupied, privately or socially rented.

For existing buildings, future proofing early will save money in the longer term and aid carbon reduction immediately. Retrofitting the existing housing stock should be made a priority action for all housing tenures (e.g. owner occupied, private and social rented homes) to increase energy efficiency and to reduce overall energy demand. Financial support should be made available for homeowners who cannot afford to retrofit without subsidy. Tenants should be able to access energy efficient services and equipment such as high efficiency white goods.

By 2045 no households should be living in fuel poverty, and as such this will no longer be a limiting factor in achieving the net-zero transition. The pricing of energy should be linked to household incomes, with energy bills significantly reduced for those who most require support.

Neighbourhood approach to decarbonisation

By 2045 there will have been a shift from highly centralised generation and distribution of energy to much more localised generation and distribution; thus developing energy resilience at the community level. Communities should have ownership and control over their locally generated energy. This will be made possible through in-home technologies such as heat pumps, solar PV, battery storage and EVs, and co-ownership of larger generation schemes.

By 2045 everyone will have access to affordable and sustainable travel and mobility solutions. In addition, households and communities will have the social infrastructure in place to live in "20 minute neighbourhoods". This will enable them to meet all their daily needs, including finance, transport and communications within a 20 minute walk of their home².

² See here for more info on 20 minute neighbourhoods www.tcpa.org.uk/the-20-minute-neighbourhood

How do we achieve it?

Reduced energy demand

We require long-term national strategy on building standards for all new buildings that is in line with net-zero ambitions to reduce energy demand. We also require national strategy for retrofitting of existing homes and buildings. This should be combined with a national framework on financing and new financial structures that bring public and private capital together to invest significant funds into retrofitting homes. We need to change the way we think about finance from 'making people pay' towards a more systemic and fairer system.

Although policy structures are needed at the national level, funding needs to be leveraged locally at the local authority (LA) level to enable them to be allocated on a community-by-community basis. Funding is also required locally for wrap-around advice and support for households embarking on retrofitting. This would help establish trust in the messenger and enable conversations with people about how they would like to improve their homes.

In the short-term, LAs should apply any learnings made from the Government's retrofit programme to identify short-term strategies that can be replicated quickly.

No households in fuel poverty

Ending fuel poverty could be achieved through a variety of mechanisms such as bill support (such as social energy tariffs or debt relief) or through taxation or via public ownership of community energy projects. Closer interrelation of social and energy policy – for example smart data to identify people who are struggling to better direct funds to people in need. Retrofit programmes should focus on the least efficient homes first, with advice providers to support people through the process.

Neighbourhood approach to decarbonisation

At the national level we require strong leadership from the UK Government to ensure people are not continually left behind. This includes properly resourcing LAs through both funding and shared expertise to:

- Ensure a framework for shared learning between local authorities
- Establish a channel for identifying policy blockers and reporting these back into central policy making
- Fund on the ground implementation

Robust quantification of the co-benefits of net-zero need to be measured and taken into account (e.g. health benefits, environmental gains) instead of focusing purely on financial gains.

At the local level everybody should know that the net-zero transition is something they can participate in. For example, "local regeneration" can be seen as a cause around which various people can coalesce. There should be a strong community role in developing and co-producing Local Area Energy Plans and local decarbonisation planning (akin to the Neighbourhood Planning process) that drive a shift towards community-led processes that are instigated by LAs. In addition, community investment channels and development trusts should be investigated as a way to finance local projects in the short-term.

We require collaborative and collective mechanisms to enable energy optimisation, legislation to permit local management, and the reallocation of ownership and control of essential services away from for profit corporations towards municipally and locally-owned cooperatives.

LAs require greater resources, power and capacity development to deliver these solutions.

Workers

The workforce within existing carbon intensive industries will be protected throughout the ongoing transition process to 2045. These workers will receive the training they require to reskill for future employment and confirmed 'green' jobs will be made available for them.

By 2045 Just Transition policies will have created a much more sustainable society because the changes made have been so wide reaching and impactful. Across the whole of society sustainability skills will have become mainstream and reduced-cost, or no-cost, training will have been provided in sustainable career pathways.

By 2045 there will be more integration and investment across supply chains to support jobs. Skills gaps will have closed because training needs have been met, and positions made available. This should be made possible through long-term policy-making to stimulate investment and drive confidence in the net-zero economy.

By 2045 the workforce will be equipped to maintain and operate low-carbon buildings. All training / reskilling of retrofit specialists across the supply chain (e.g. coordinators, insulation installers, design teams etc.) will have been provided free of charge to ensure that the requisite skills-sets have been in place to enable retrofitting to happen at the fast pace required.

By 2045 the quality of employment will have improved through better employment conditions – more job security, enhanced employment regulations, removal of discrimination and improved pensions and work related benefits.

By 2045 life should be affordable by working a four-day week.

How do we achieve it?

As a starting point we need to reduce policy uncertainty around the direction of travel for industry and business – we are moving to a net-zero world so we need to plan for this and instil confidence that the choices made now regarding upskilling and retraining of the workforce for net-zero jobs will be viable long-term through consistent policy-making.

This will require long-term skills planning and the implementation and funding of training courses that will deliver the actual skills required for the future workforce. Local skills advisory boards should be established in all LA areas to ensure collaboration between companies and training providers.

There should be Government support of 'green' apprenticeship schemes and training programmes that will both raise the profile of apprenticeships and change public opinion of the value of undertaking a trade qualification. A standardised certificate could be established to help in this respect. Promotion of construction and engineering work as worthwhile career options must start much earlier than currently, for instance by introducing sustainability education within schools.

We need new businesses to be set-up which will host these new 'green' jobs and which can do so in the confidence that this is the Government's trajectory over the long-term. For instance, there needs to be clarity on retrofit revenue streams and responsibility for better employment conditions for workers.

A further ambition is for a guaranteed minimum income (supported by the tax system) for workers' to be able to work a 4-day week to enable uptake of lifelong learning opportunities.

Business and industry

By 2045 financial institutions will have portfolios that are consistent with a net-zero world. Co-benefits of net-zero will have been identified and brought into the investment process. Conversely, any remaining polluting industries should be made to pay financially for the loss and damage they cause.

By 2045 all industries will have a Just Transition plan in place to which they are held accountable. Larger industries should be required to adopt these first. Policies are also in place to assist industry to make positive choices in staffing and resourcing, with long term targets and programmes set by Government to manage risk and uncertainty.

By 2045 there will be good community engagement across the energy industry, beginning at the design stages and continuing throughout project development following the consideration of "action with people, not to people."

By 2045 there will be good connection and coordination between supply and demand of energy, which will be much more decentralised. There will be transparent supply chains that have created stability and confidence in long-term investment and skills.

By 2045 the forestry industry in Scotland will have been reoriented to provide construction grade timber for zero carbon structures.

By 2045 Scottish investment will have focused on local enterprises so they can initially benefit, and then be able to reinvest, in their communities. Local scale has also driven strong supply chains.

How do we achieve it?

Legislation needs to be introduced to ensure that finance companies hold only portfolios that are consistent with a net-zero world and that they are properly reporting environmental impacts.

All companies should have a Just Transition Plan against which they can be held accountable.

Society as a whole has to understand the scale and pace of change required to meet net zero. Initially all public sector areas must have a planned pathway to net zero, with all decision-making taking into account the carbon impact of actions taken or not taken. This will lead the way for business to follow.

Policy and decision making

Long term and cross-departmental decision-making

By 2045 long-term decision-making – with Government taking a stronger lead – will provide consistency and instil the confidence needed to support business planning and attract investment in the net-zero economy.

There should also be an emphasis on joined up decision-making. This includes crossdepartmental decisions and decisions at different levels. For instance, if the Government's direction of travel is for electrification of heat and transport, then policy signals, price signals and practical signals all need to be in line with this direction. In addition, as decisions on energy are integrated into everyday life, for example health and mobility, decisions on energy cannot be taken in isolation but should be made through an iterative and inclusive process.

By 2045 the Government will have introduced a meaningful net-zero test for all new policies to ensure that carbon and just transition targets are met. This includes recognising that affordability is critical to the pace of change needed.

Wider public engagement

By 2045 the decentralisation of energy will have brought energy infrastructure and ownership much closer to end users. Communities will have more decision-making powers around siting of infrastructure and how they wish local energy schemes to be operated and governed – with opportunities to invest in community wealth building, aligning local wellbeing and other cobenefits such as reducing energy demand and lowering bills.

By 2045 there will be mechanisms in place to ensure vulnerable communities are listened to, and that there is full representation and a fair debate in decision-making. Bottom up approaches and wide public engagement will ensure community buy-in; climate assemblies have been a useful example of how this can be done. This will be enhanced through the introduction of sustainability education and awareness across all of society.

How do we achieve it?

Cross departmental decision-making

To help in managing potentially conflicting influences the UK Government should have a Climate Change department to which all other departments must report to in order to recognise the cross-departmental consequences, both negative and positive, of different policies and regulation.

Most delegates supported the introduction of a net-zero test for which the Climate Change department should be accountable. They agreed that all new policies and decisions should be tested in this way, along with measured consideration of the co-benefits and distributional impacts of net zero, for example the health benefits delivered by warmer and drier homes.

However, there needs to be further consideration about what the test will look like – in order to ensure that it goes beyond a box ticking exercise – and who will need to undertake the test e.g. regulators, private sector etc.

Wider public engagement

There needs to be a national engagement plan about the net-zero transition to inform the public of the scale and pace of change necessary. All avenues for information sharing should be explored for imparting this information, as well as ongoing sustainability education throughout schooling.

There also need to be more innovative ways of engaging citizens in local decision-making and locating and using new actors and organisations to find more platforms to encourage citizen participation such as citizens' assemblies that are representative of wider society. Stakeholder mapping is essential. Garnering peoples' lived experience is also an important part of the decision-making process, as local people often know more about their local area than what statistics show us. However, poverty is currently a limiting factor in engagement so compensation should be provided.

Discussion

The workshop raised some useful insights into a range of priorities for a net-zero world in 2045, although this should not be considered a complete list of peoples' priorities due to the time limits imposed by the half-day timeframe. The workshop did, however, raise common themes across different breakout groups and across several subject areas because many of these aspects are closely intertwined (e.g. long-term policy-making and community engagement).

The need for long-term and consistent policy-making was seen as crucial to ensuring that the whole of society recognises the direction of travel needed to get to net zero and to instil confidence across business, industry and investment. Several examples were given where a lack of long-term policy had hampered progress in the past (e.g. the 2020 retrofit programme which was too short-term), or had achieved adverse socioeconomic impacts (e.g. the RHI programme which had mainly benefitted those who were financially able to participate).

This led to the need to develop cross-departmental decision-making so that knock-on negative consequences or potential co-benefits could be identified and assessed. In this respect the netzero test was seen as a useful tool – as long as the metrics within this were robust and it didn't become a tick box exercise to 'greenwash' or 'justice wash' inadequate plans or policies.

It was also apparent that to break down existing barriers multiple agencies need to work across silos. This was particularly apparent when discussing skills delivery for 'green' jobs. Local Skills Advisory Boards were viewed as an excellent way to bring LAs, training providers and businesses together to develop and instigate the courses required to develop future workforce skills.

Funding was also an issue across several subject areas – from retrofit to fuel poverty, to training provision and business investment. Who should pay and by what means is an urgent question for the Government to address, with many delegates believing that the financial burden should not be carried solely by the market if Government is serious about reaching net-zero targets.

This workshop was delivered in conjunction with the Scottish Government and we offer them this document as a starting point for their own engagement on the issue of how to achieve a just energy transition by 2045. We look forward to seeing how they will build on this foundation in their own engagement processes and decision-making and we look forward to working with them as this progresses.

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About ALIGN

This Manifesto forms part of Project ALIGN (ALigning Impacts for Getting to Net-zero) which was one of five unique Fellowships funded by UKRI, to support engagement with the international climate negotiations in the run up to the 26th Conference of the Parties of the UN Framework Convention on Climate Change (COP26) through the provision, synthesis, translation and interpretation of scientific evidence.

ALIGN aimed to provide evidence around the multiple benefits of a just net-zero energy transition. Appropriate climate change actions offer the potential for delivering multiple benefits (e.g. post-pandemic economic recovery, advancing UN sustainable development goals, enhancing political currency and social legitimacy). However, without a comprehensive approach or framework for considering the multiple benefits or impacts of transition, existing injustices could be amplified, and new vulnerabilities created in the wider economy.

This Manifesto was developed with grateful assistance from the 34 organisations who participated in the interdisciplinary workshop held in February 2022 in conjunction with the Just Transition Team at Scottish Government. It was also supported by the ALIGN Advisory Board, consisting of representatives from Glasgow City Council, Ramboll, Scottish Government, ScottishPower and The CCC. We thank the organisations involved for their time and feedback and for allowing us to publish these results without prejudice. We also gratefully acknowledge financial support for ALIGN from the UK's Economic and Social Research Council (ESRC) through the Place-Based Climate Action Network (P-CAN), grant number ES/S008381/1.

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