

Just Transition Commission Interim Report - Questions – Scottish Borders Council

1. What do you see as the main economic opportunities and challenges associated with meeting Scotland's climate change targets?

Opportunities. For Scottish Borders, just transition means an inclusive and sustainable economy/place:

- a) With among the lowest median wages in the UK, the Scottish Borders must garner benefit from its transition assets, facilitating investment in skills and training for high value jobs connected with the renewable energy, and carbon sequestration/storage industries, contributing to a Green recovery.
- b) Severely impacted by COVID-19, the region's core sectoral strengths include tourism, creative industries, food & drink, and manufacturing. As well as supporting, restoring and reimagining these businesses, there is a strong need to attract in new businesses with high skills demands and commensurate pay levels, such as life sciences, data science, tech, finance. If digital connectivity is addressed, this becomes possible.
- c) Circular economy opportunities need to be fully mapped to assess key product and service routes domestically and internationally. Again, associated skills and training requirements must be identified.
- d) Land use accounts for around one third of current carbon emissions in Scotland. We should build on the Land Use Strategy 2016 – 2021, particularly the Pilot work undertaken in Aberdeenshire and Scottish Borders. This will help us understand relationship between issues such as woodland creation, peatland restoration, natural flood management, improving biodiversity and habitat protection by planning land use at the strategic level, vital to delivering the necessary reduction in carbon and other greenhouse gas emissions at scale. The Scottish Borders has an important role to play in the national effort around woodland creation and peatland restoration as a mitigation of carbon emissions. But this must also bring added value to the region through, for example, increased green investment, tourism investment in response to biodiversity gain, and enterprise, growth and skills and training opportunities from commercial woodland.

Challenges. The rurality of our region is a huge challenge for:

- a) Transport generally and Public Transport in particular: increasing operating costs, and pressures on public sector budgets, more and more services have been reduced or cut altogether, engendering much greater reliance on private car use, increased expenditure for residents.
- b) Digital Connectivity, where provision of Broadband and Mobile Phone Coverage has lagged behind more urban areas.
- c) Energy Distribution networks will need to be developed which have sufficient capacity to meet the growing demand for distributed generation; for example, in relation to new demands for electric vehicles and a growing number of heat pumps. For the Scottish Borders, the question of scale is augmented by challenges of connectivity and infrastructural resilience.
- d) Building of new homes has been stultified in the Scottish Borders by market failure. Recently only RSLs have delivered new housing. Market failure in regions like our's typically

restrains the setting of more ambitious planning and building control standards. The most effective way of addressing this is to set higher mandatory minimum requirements nationally. However, awareness is needed of the further constraining effects of this upon development.

- e) Engagement with businesses in rural communities is challenging, especially with SME's, as are issues over business development, diversification, innovation, upskilling (particularly in the construction sector).
2. What do you think are the wider social (health, community, etc.) opportunities and challenges associated with meeting Scotland's climate change targets?

There are clear **opportunities** in:

- a) The significant skills, training and employment opportunities associated with the renewables (particularly wind and biofuels), carbon sequestration and storage industries and businesses built on other developing green technologies - geothermal, solar, hydro, hydrogen, electric vehicles and battery storage etc.
- b) Energy services – including installation/maintenance of systems.
- c) Energy efficiency market – through retrofit to meet EES EPC standards strengthening the local skills base and supply chains.
- d) Sustainable Transport – e.g. delivery of rural walking & cycling transport models (like those) in the Highlands would help support a Green Recovery in the region.
- e) The Social Dimension – not simply community based ESCOs, owned and managed by community share/CIC, or community ownership of assets, but co-operation through the likes of car clubs, community energy purchasing, and in how communities function particularly in a post-COVID-19 environment. The nature of both service provision and the economy has been altered already and this will likely continue with Community Support Hubs (drawing on significant volunteer effort), settlement based health and care staff becoming established. A broad array of companies and public sector organisations have moved from operating through means of previous processes and interfaces to embracing new ways of working supported by digital technology. We need to embed these sets of behaviours.
- f) In particular, Scottish Borders and the wider South of Scotland is ideally placed to capitalise on nature-based solutions. The area is the most wooded part of Scotland. It has rich farmland and moorland and clean river catchments. It is rich in “natural capital”, and is developing a work-stream on this basis within the Borderlands Inclusive Growth Deal (BIG). Located between the central belt and the North of England, there is a large potential ‘regional’ market for tourism.
- g) The Borderlands Energy Masterplan (a further work-stream of BIG) seeks to address some of these issues. The ambition is to exploit the existing energy asset base and also encourage and support further investment in the capacity to supply clean energy to the region. This proposition is driven by the twin drivers of encouraging commercial investment and job creation in the region and alleviating the impact of high energy prices on low income.

Challenges mirror or sit alongside opportunities, and are complicated by our low wage economy and larger and rapidly increasing percentage of older households.

- a) In Housing: much higher than Scottish average of pre-1945 stock, engenders adaptability, retrofit and quality assurance issues.
- b) Opportunities to strengthen local skills and supply chains in relation to energy efficiency or renewables sector are mirrored by current deficits in these areas.
- c) Fuel poverty is higher in our region than Scotland's exacerbated by factors like the volume of pre-1945 stock, and rurality - meaning more dwellings are off gas.
- d) In transport, in spite of welcome developments in relation to the Borders Railway and Reston Rail Station, public transport is thinly-spread and fragmented and there is no investment in sustainable transport links to all of the key towns in the regions.

3. What would a successful transition to net-zero emissions look like for your sector/community?

- a) The Scottish Borders is a significant net generator of renewable (wind) energy. Regrettably, hoped-for socio-economic benefits to the region have not materialised. This is deeply concerning, given that previous energy transitions have been catalysts for sustained periods of national and regional development: coal in the Central Belt; hydropower in the Highlands; and oil and gas in the North East. The permissive nature of community benefit developer contributions has failed to garner significant benefits. The Council believes that delivering benefits for consumers (domestic and business) should be an explicit aim of strategic policy as a counter to market failure and the challenges which emerge from the region's rural context. This should take the form of guaranteeing a resilient and well-integrated regional supply network, and in pricing benefits to consumers. Moreover, as noted, there is a need to convert the combination of national decarbonisation ambitions and our local transition assets into employment and enterprise creation within the Green Economy, supported by the development of a training infrastructure, which generates increased socio-economic benefits for our region and the country.
- b) Simply put, for the Scottish Borders, a 'just transition' must mean addressing rural inequality. Equity requires rural blueprints for value retention in local systems whether food and drink production, forestry products, or energy assets.
- c) There are very clear and well established dependencies between the component parts of 'wellbeing': health, housing, environment, quality and fair work, community engagement and resilience. By addressing the challenges and grasping the opportunities highlighted in our answer to question 1, we believe that significant advances can be made in wellbeing. Please see our answer to question 4 for some of the steps we consider required to deliver this.
- d) For the Scottish Borders, a just transition means a dispersal of economic and social benefit more broadly and specifically to regions which have experienced long-term structural challenges. This means strengthening connectivity within the Scottish Borders and between the Scottish Borders and other places. It also means matching spatial development with policy initiatives designed to spread the benefits of an inclusive economy more widely and equitably. Sustainable marine and coastal development is an important part of this context.
- e) We look forward to a region and nation in which the natural world is properly valued, our behaviours sustainable, and resilient communities comprise an active order generation and young people and of all generations able access skills and employment opportunities which are fair and rewarding. Trust and engagement between citizens, business, service providers, and governments are strong with flourishing participation in the local and national

economies, and social and democratic context. Wellbeing and fairness are highly and rightly valued.

4. What actions do you think the Scottish Government should take to manage the opportunities and challenges referenced above?
 - a) A more structured approach to national and regional development that recognises the complexity of economic and social challenges and opportunities and which, in promoting net zero, delivers added value to place through development gain, jobs, skills and training.
 - b) With respect to Housing, sector leading and adaptable (e.g. care and digitally future-proofed) standards and the right low carbon housing not simply that with the highest returns; the standards of existing stock being significantly improved through initiatives which extend and build on programmes like LHEES; and proper consideration of the wider environment, infrastructure and facilities that are required for communities to flourish.
 - c) UK/Scottish Governments continuing prioritise digital connectivity in the Scottish Borders and similar areas, and the expectations here should reflect a level of service and connectivity which is industry leading and internationally competitive. The global pre-COVID-19 work-from-home rate of 3% skyrocketed to near 90%, with analysts predicting it will return to around 30% after the lockdown. We need to bank and entrench as much of this as possible. Similarly, 4G and 5G mobile infrastructure coverage is a critical component of boosting opportunities in rural areas.
 - d) Transport and rethinking our relationships. If the benefits of a just transition are to be extended beyond existing urban centres to smaller towns and rural areas, a bi-partite approach is needed which seeks to develop and enhance hubs in regions like the Scottish Borders, and, at the same time, ensures effective and low carbon infrastructural connections, creating conduits for entrepreneurship, workers, skills, training, goods and services. Infrastructure is overwhelmingly conceived as something which extends 'out' from cities, in which networks exist predominantly to serve the interests of cities. If rural areas are to maximise their contribution to Scotland's National Ambition, a just transition must encompass a new approach to national transport infrastructure. The question becomes one of how you integrate the economy of the Scottish Borders and, more broadly, the South of Scotland more effectively into the national and economic infrastructure? This means thinking about the infrastructure requirements across rural areas with low population densities punctuated by small settlements, while adhering to the demands of net zero.
 - e) Natural capital must be accorded appropriate value whether through ecosystems services or similar. We must recognise the centrality of natural capital and its sustainability not only to climate action but to the twin existential threat of biodiversity loss. For the Borders and SoS, with the support of Scottish Government, there is an opportunity to lead in this area, through promoting biodiversity net gain, national ecological network and linkage to the national Land Use Strategy Adopting through an ecosystem approach. This could be achieved through the Borderlands Natural Capital initiative and linkage of the Regional Spatial Strategy to Regional Land Use Partnerships & Frameworks as they emerge.
 - f) Binding all of the above together, we need honest dialogue with stakeholders and a serious and committed engagement about trade-offs with citizens, all built around the overriding purpose of net zero and aiming to do so justly.

5. Are there specific groups or communities that may be, or feel that they may be, adversely affected by a transition to a net-zero carbon economy? What steps can be taken to address their concerns?
- a) The Scottish Borders comprises 4,732 square kilometres, and is home to 115,270 people, making it the 6th largest and 7th most sparsely populated council area in Scotland (at 24 people per square km). Only 5 settlements have a population in excess of 5,000 and none is larger than 20,000.
 - b) The rural nature of the Scottish Borders is one of our biggest assets with the quality of our natural environment and the quality of our landscape being key drivers behind people choosing to live and work in the area. It is also one of our key challenges.
 - c) The area suffers from a significant out-migration of young people and shrinking workforce – between 2008 and 2018, the percentage of 16 to 64 years olds fell by 4%, and the proportion of the population defined as “working age” decreased from 63% in 2007 to 59% in 2018. By contrast, the number of older people continues to grow with the number of over 65s having grown by 25% over the same period; worsening the region’s dependency ratio which at 69.21 is significantly higher than the Scottish level of 55.71 (2018).
 - d) The area is not strong in conventional economic measures (the Scottish Borders is part of ‘Southern Scotland’ with Dumfries and Galloway, South Lanarkshire and the three Ayrshire council areas which has the lowest GVA per head of any NUTS2 area in UK). The business base is dominated by micro and small businesses with a loss of larger businesses over recent decades. Understandably, in the context of COVID-19, business focus is overwhelmingly on short-term economic survival and only compliance with priority regulations. Weekly wages for full-time workers are significantly below the national median of £542.9. (2018). The median weekly wage for all full-time workers in the Scottish Borders was £462.7, making it 31st out of Scotland’s Local Authorities.
 - e) Relatively high proportions of the workforce area are engaged in agriculture and retail, while relatively lower proportions than the national average are engaged in higher value sectors such as information and communication, and finance and insurance.
 - f) As noted elsewhere, our transport and digital infrastructure is poor compared to the rest of Scotland.
 - g) As explained elsewhere, a just transition means a dispersal of economic and social benefit more broadly and specifically to regions which have experienced long-term structural challenges. For the Scottish Borders, this means strengthening connectivity within the region and between the Scottish Borders and other places. It also means matching spatial development with policy initiatives designed to spread the benefits of an inclusive economy more widely and equitably. In this way, we will be able to address low wages, the outflow of young people and the retention of value.
6. Please provide here any other information, evidence, or research you consider relevant to the work of the Commission.
- a) At 5.2, the Interim Report precisely encapsulates the nature of the challenge presented by a just transition. If the Scottish Borders, indeed, all parts of Scotland, are to meet the climate challenge, there must be clear alignment between

responsibilities/plans/delivery at local and regional levels and national emissions inventories and emission reduction plans.

- b) For the Scottish Borders (as for every other part of Scotland) understanding and responding effectively to the challenges and opportunities of a just transition is about place. This requires an appreciation of the context and character of the region.
- c) The significance of COVID. Painful and distressing time has reinforced a number of points of relevance to a just transition:
- Broadly, the need for urgent action
 - The enormous scale of action needed
 - The dependencies between issues and the need for a holistic approach
- And most significantly perhaps in the context of the Commission's responsibilities:
- Unaddressed, the massively unequal consequences of action.

d) Finally, we reference a number of specific paragraphs of the Interim Report:

2.1 We need to have a clear understanding of what is required sectorally and regionally, and how expectations align with national ambition, so that, working with Scottish Government and partners, we can identify effectively, and develop plans to deliver on our contribution to national effort.

2.3 This just isn't an expansive enough view. While LAs make up a comparatively small amount of emissions, they are the democratically representative 'local government' of regions, and have a crucial role in leading and marshalling the public sector and wider environmental, industrial and societal effort to reduce emissions e.g. through the application of planning regulation, or through strategic land use to support carbon storage and sequestration.

2.7 et seq. This is a planning issue and a capacity issue. More than a decade of austerity has eroded those very parts of councils which would have been most focused on identifying and garnering the benefit of such developments.

There's a need to recognise both the significance of the cross-sectoral dimension of our efforts – business, but also public sector and third sector, and the importance of the rural context. The rural context is the place where vital aspects of our collective effort will take place in the form of carbon storage and generation of renewable energy. Importantly, these places are also communities with businesses and population centres, and thought must be given to how you develop sustainable economic development within these places, and for that matter, sustain communities and the demographic balance, skills, training and job availability and spread of jobs which are prerequisites of such sustainability. The health of our town centres is critical. They are the synapses of the Scottish Borders, and we must develop a new economic, social and cultural offer if they are not to wither.

3.1 Agreed. Dialogue takes place within certain parameters. Global warming is a fact. The response must be pervasive, radical and impactful if it is to address the scale and urgency of challenge is a precondition of dialogue. See

https://www.theguardian.com/environment/2020/jun/15/covid-19-pandemic-is-fire-drill-for-effects-of-climate-crisis-says-un-official?CMP=Share_iOSApp_Other