# SCOTTISH GREEN NEW DEAL

TRANSFORMING SCOTLAND'S ECONOMY
TACKLING THE CLIMATE EMERGENCY
BUILDING A JUST, SUSTAINABLE AND
PROSPEROUS SCOTLAND



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### INTRODUCTION



Scotland's six Green MSPs have led efforts in Holyrood to tackle the climate emergency

The Scottish Greens are calling for a Scottish Green New Deal (Scottish GND) that aims to use all the levers available to the Scottish Government to deliver a broad and ambitious package of policies, incentives and investment that transforms our economy and build a more just, sustainable and prosperous Scotland. It should:

- 1. Tackle the climate emergency by accelerating the transition to a low-carbon economy.
- Create thousands of good-quality, unionised jobs throughout Scotland.
- 3. Improve wellbeing and build an equal Scotland.

This briefing note provides an overview of what a Scottish GND could look like and why we need it.

Our members are leading the call for a Scottish GND, and we are working together – our politicians, members and stakeholders – to develop this proposition in detail over the coming year.

We have focused here on what could be done with existing powers available to the Scottish Government, but to deliver a comprehensive Scottish GND we would need access to reserved powers, such as monetary and energy policy.

Over the coming year the Scottish Greens will therefore be developing a vision for a Scottish GND that could be delivered if we were an independent country.

# BACKGROUND

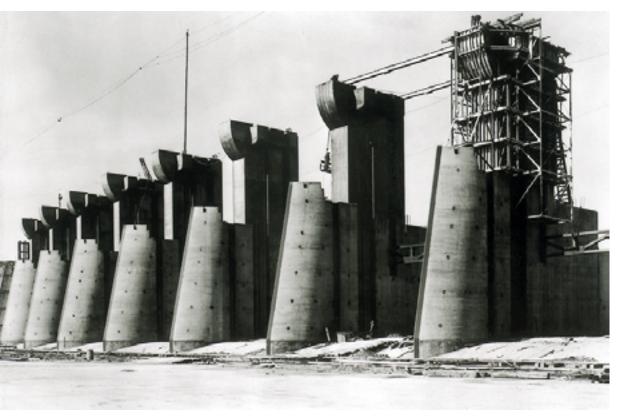
Following the report by the Intergovernmental Panel on Climate Change that the world must halve greenhouse gas emissions in just a decade, the Scottish Government declared a climate emergency. We welcome this, but in the face of an emergency, urgent action that is commensurate with the scale of the challenge is needed.

The Green New Deal was first proposed over a decade ago following the 2007-08 credit crunch. The idea was to deliver a massive mobilisation of financial resources behind renewable energy to create jobs and lift living standards<sup>1</sup>. More recently, progressive Democrats in the US, led by Congresswoman Ocasio-Cortez and Senator Markey, proposed a Green New Deal. This has inspired similar proposals here in Scotland, the UK and beyond.





US Representative Alexandria Ocasio-Cortez has led the call for a Green New Deal in the US to address the climate catastrophe and economic inequality The term "New Deal" originates from the programme launched by President Roosevelt in the 1930s to lift the US out of the Great Depression. The New Deal was a series of programmes, financial reforms regulations and public investments in infrastructure such as bridges, schools, roads and parks.



In Roosevelt's New Deal, the government took a direct role in delivering a major programme of public works

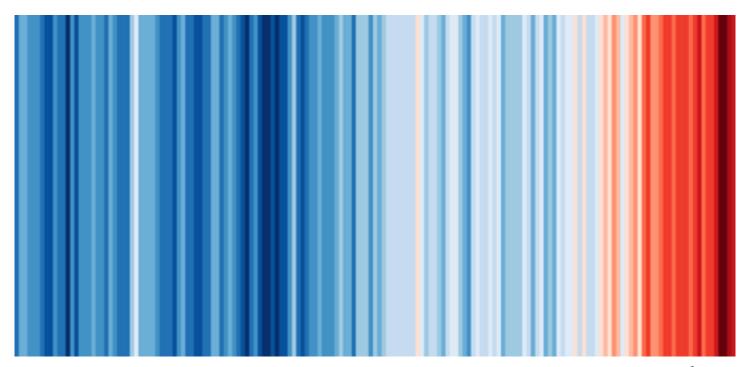
### WHAT IS A GREEN NEW DEAL?

In the US and Europe progressive politicians and organisations are calling for Green New Deals. There is no common definition of what a Green New Deal is, but like our proposal they are all based on:

- The urgent need to deliver deep reductions in emissions.
- Recognition that only an active and interventionist state can deliver this change
- Solving the wider economic challenges of poverty, unemployment and inequality at the same time.

# WHY DO WE NEED A SCOTTISH GREEN NEW DEAL?

Our economic system is broken. We have had a decade of wage stagnation, rising inequality and poverty. Work is no longer a guarantee of security and being able to meet basic needs<sup>2</sup>. At the same time, the reliance of our economy on fossil fuels is driving the breakdown of our climate.



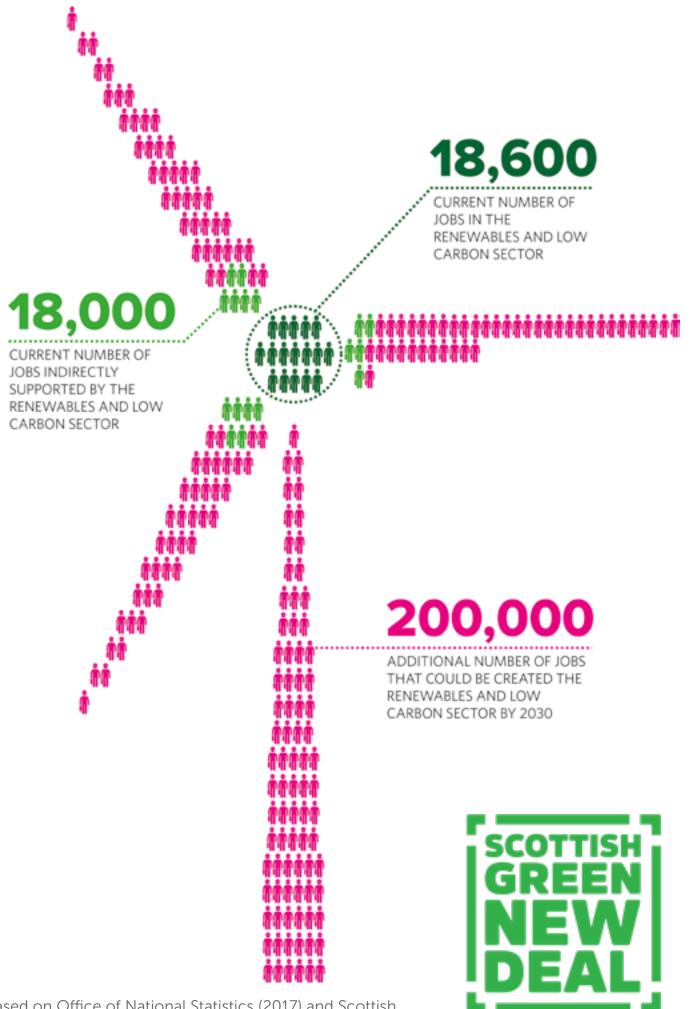
Annual average temperatures for the Earth from 1850-2018 using data from UK Met Office.8

The summer of 2019 gives us a glimpse of what that might mean. June and July were the hottest on record, with Edinburgh recording its highest ever temperature.

The Arctic experienced its worst ever wildfires, with smoke plumes visible from space. In China, floods led to 61 deaths, 9300 homes destroyed, and 356,000 people being evacuated.

This is what the climate emergency looks like, and it is only just beginning.

A Scottish Green New Deal aims to respond to this emergency with the transformational change that is needed. It will position Scotland as a global leader in the transition to a zero-carbon economy, and in doing so it will begin to put our economy on a different path, so that it serves the people of Scotland and the planet, rather than enriching the few whilst destroying the life-support systems upon which we all depend.



Based on Office of National Statistics (2017) and Scottish Greens (2015), includes jobs in zero and low carbon energy and energy efficiency sectors, excluding nuclear energy

# PRINCIPLES OF A SCOTTISH GREEN NEW DEAL

We need to fundamentally reform our economy so that it serves the people of Scotland and our planet, and a Scotlish GND is the first step on this urgent but challenging journey. For as long as Scotland is part of the UK our hands are tied, because critical policy areas remain reserved to Westminster, including monetary policy and most regulation of energy, industry and company law.

However, there are many levers available to the Scottish Government that, if used to their full extent, can set us on a very different path to the UK. The following principles for a Scottish GND reflect these powers.

### REBUILD THE PUBLIC SECTOR

Countries like Denmark and Germany that are leading the low carbon transition and building large domestic industries to support it are in the position they are in because they have a strong public sector.

In Germany, for example, threequarters of investment into renewables has come from the state-owned bank KfW, whilst the major interconnector between Norway and Scotland that will allow Scottish renewable electricity to be sold direct to Europe is being developed by a company owned largely by the Norwegian and Swedish states.

The Thatcher government, and subsequent Tory and Labour governments, decimated Scotland's public sector, selling off key assets and privatising a wide range of industries and assets, including the energy industry, buses and trains.

Other European countries that kept their key industries in public hands are using these to take on the decarbonisation challenge while retaining and expanding industrial jobs. Indeed, many public services in Scotland



In Germany, where over 300,000 people work in renewable energy, the industry's growth has been driven by public sector actors are now provided by businesses owned by other European states.

We believe Scotland must now rebuild the public sector to work alongside the private sector, investing in Scottish industries, infrastructure and jobs. This would allow the Scottish Government to play a direct role in decarbonising the economy, rather than continuing to pursue the neoliberal approach of using policy to send market signals in the hope that the private sector responds in the desired way.

A Scottish GND can kick-start this process through accelerating and expanding Scottish Government plans for a publicly owned national bank and energy company, establishing similar public bodies at the regional level, and properly using existing powers by, for example, following the example of the Preston model.

# COMMUNITY WEALTH BUILDING: THE PRESTON MODEL

In the aftermath of the 2008-09 financial crash, the city of Preston in Lancashire struggled to maintain a vibrant local economy as austerity kicked in and inequality grew. In some areas of the town, life expectancy was as low as 66 while one in three school children lived in poverty.<sup>9</sup>

After a major developer withdrew from investing in the city centre, Preston City Council's plans to develop its economy were put on hold<sup>10</sup>.

In 2011 the council chose to take forward a co-operative approach to develop its local economy.

Inspired by economic regeneration that took place in Cleveland, Ohio, the council worked in partnership with "anchor institutions" (including local colleges and housing associations) to fill Preston's emptying high street with local co-operative shops and businesses run by local people.

This approach to building community wealth allowed the council to work with partners with greater spending power and assets, allowing them to direct investments in projects and businesses within Preston to greatly enhance the future wellbeing of the city and grow a bustling city centre.

Recent analysis showed that significantly more services were procured from suppliers within Preston, keeping contracts local. The wider Lancashire economy grew by £200m and 4,000 extra employees in Preston are now receiving the Real Living Wage<sup>11</sup>.

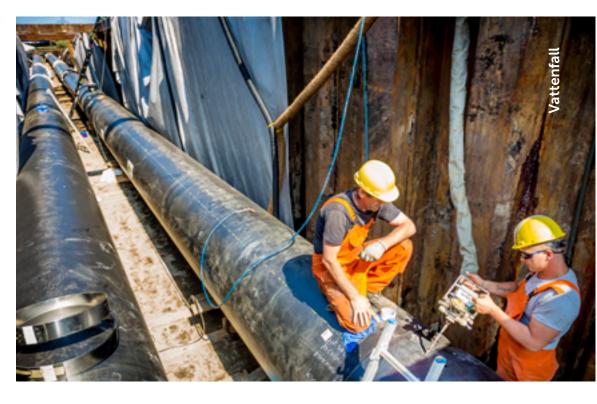
This kind of systemic change can improve a city's sustainability and quality of life for its residents, but even in the short-term Preston saw the joint-second largest improvement in its position on the multiple deprivation index between 2010-15<sup>12</sup>.

This focus on reviving local economies through building community cooperatives and working in partnership with local institutions should be a key part of a Scottish Green New Deal.

# PROVIDE LONG-TERM CERTAINTY FOR THE PRIVATE SECTOR

In addition to a strengthened public sector, the private sector has a key role to play in delivering the low-carbon transition, investing in Scottish industry, and providing high-quality unionised jobs.

Long-term
certainty and
ambitious
public-private
partnerships have
delivered massive
investment into
heat networks
in cities like
Amsterdam



Whilst the long-term target of net-zero emissions by 2045 sets a clear direction of travel, the Scottish Government urgently needs to stop giving tacit or explicit support for high-carbon industries such as fossil fuels, and instead provide certainty for the low-carbon sector to facilitate investment and growth. This includes sector-specific targets, as well as policy reform for key industries.

For example, heat networks could play a key role in decarbonising heat and providing Scottish households with clean and affordable heating, but investment is held back because of a lack of basic measures to guarantee demand that have been used to great effect in other countries.

In contrast, the City of Amsterdam has connected over 100,000 homes to a district heat network over the past two decades and is now adding to this at a rate of 8,000 a year. This has been achieved through a partnership between local government and the private sector.

Whilst some levers to support the development of heat network infrastructure are reserved, the Scottish Government has a range of options to incentivise supply and demand. Key policies include an obligation to connect for all new buildings, public procurement support, public investment in training and skills development, and the right to carry out works on public roads to install and maintain heat networks.

## CHANNEL PUBLIC AND PRIVATE INVESTMENT TO LOW-CARBON INDUSTRIES

A Scottish GND will require a step-change in investment in low carbon industries throughout Scotland. This investment can come from a range of sources, including:

Redirecting public expenditure. The Scottish Government continue to invest public funds in high-carbon infrastructure and businesses. Redirecting this to low-carbon infrastructure can be done quickly and would have a major impact. All Government agencies and departments should conduct an urgent review of new and existing investments, and provide a plan to redirect these investments so that at least 70%<sup>3</sup> goes to low-carbon sources within the next three years, compared to the current rate of 31%. Furthermore, this principle should be at the core of all future Scottish Budgets.

Leveraging private investment.

Providing long-term regulatory certainty for low-carbon industries will deliver a significant increase in private investment. It has been estimated that a doubling in the level of policy uncertainty is associated with an average decrease in quarterly investment rates of around 8.7%<sup>4</sup>

Make the SGND the core purpose and long-term mission of the Scottish National

Investment Bank (SNIB). The Scottish Government is in the process of establishing the SNIB, presenting us with a major opportunity to deliver a massive increase in investment in low-carbon infrastructure. It

is critical that the bank is sufficiently capitalised from the outset, and that the Scottish Government and Treasury give the SNIB the approvals and powers it needs to act as a normal bank. This will allow the SNIB to issue bonds to investors, pension funds and consumers so that everyone, from citizens to fund managers, can contribute to the low-carbon transition.

Green City Region Deals. City Region Deals are agreements between the Scottish, UK and local governments that are focused on infrastructure investment to deliver economic gain. They demonstrate the capacity for local-led, publicly funded infrastructure programmes, but they lack accountability and transparency, and their focus on growth and high-carbon infrastructure, such as roads, mean they are a huge missed opportunity. We believe the City Region Deals must be renegotiated so that they are fully aligned behind a Scottish Green New Deal, with transparent decision-making and direct links to regional industrial strategies.



The City Region deals are ploughing money into high-carbon infrastructure instead of supporting the transition to a zero-carbon economy

# REGIONAL INDUSTRIAL STRATEGIES AND TARGETED SUPPORT FOR THOSE COMMUNITIES WHO MOST NEED IT

When coal mines were closed in the 1980s and 1990s, communities were decimated and lives were ruined. We cannot let that happen again, but if the Scottish Government fails to deliver on its rhetoric of a "just transition", then that will be the inevitable future of those communities dependent on non-renewable fossil fuel extraction. The finite lifespan of the fossil fuel industry would eventually need to be faced, but the threat of climate breakdown makes the transition dramatically more urgent.

We need to target investment and bold, transformative support towards those communities across Scotland that currently depend on fossil fuel extraction.

Failure to do this now is to let these communities down and condemn them to decline and even economic collapse. Aberdeen, for example, is heavily reliant on offshore oil and gas. This has made the city region wealthy, though that wealth has not been fairly shared.

The recession in this sector following the oil price crash in 2014 resulted in a loss of over 50,000 jobs and a sudden reduction in population as young people were forced to leave to seek opportunities elsewhere.

This is a glimpse into the future of any economy based on a non-renewable resource.

A Scottish GND should prioritise investment in low-carbon industries in areas like Aberdeen to protect workers and their families from future shocks, and transition them away from this precarious economic situation as soon as possible.

It is not only those directly involved in fossil fuel extraction for whom transition must be made to work.



Across our whole economy and in every community, reliance on the routine overuse of hydrocarbons for purposes not limited to energy, has become integral to the way we live.

The need for government support in the transition to a sustainable economy will be felt everywhere.

Ultimately, every region across Scotland faces different challenges and opportunities if the transition to a lowcarbon economy is to be successful and just. To deliver this, a Scottish GND should be built on regional industrial strategies that are owned and developed by unions, employers, local communities and local government, with support from publicly owned regional banks and delivery agencies. A key component of regional industrial strategies will be investing in training and education to develop the skills workers will need to thrive in the new economy.



Regional Industrial Strategies are needed to target investment and deliver a just transition

# AIMS OF A SCOTTISH GREEN NEW DEAL

### CATALYSE THE TRANSITION TO ZERO-CARBON ENERGY

The IPCC is clear that all countries need to urgently increase ambition and deliver significant reductions in greenhouse gas emissions over the next decade if we are to avoid climate breakdown.

Scotland benefits from ample natural resources and a skilled workforce, which means that with government support we can be at the leading-edge of the global transition. This is a huge economic opportunity, as can be seen from the large renewable energy manufacturing industries that Germany and Denmark have built thanks to government support during the first phase of their transitions to low-carbon electricity.

The Scottish Government could do so much more to catalyse the transition to

a low-carbon energy as part of a SGND, including:

- Establish a Scottish Energy
  Development Agency (SEDA) with
  strategic responsibility of delivering
  a zero-carbon energy system for
  Scotland<sup>5</sup>;
- Establish a National Energy Company as both a renewable energy supplier and generator;
- Make low-interest, long-term loans for renewables and energy storage developments available via the



Scotland could lead the world in tidal energy generation Scottish National Investment Bank, particularly for those technologies where Scotland can develop a competitive edge globally;

√

Ensure the entire public sector estate uses its procurement power to support renewables, particularly those projects and companies that are investing in Scottish jobs;



Adopt a target of 1GW of tidal power in Scotland by 2030 and ensure that the policies and support schemes are in place to deliver it, regardless of the UK Government's inaction.

Whilst we can achieve much more with the powers available to us, energy policy is largely reserved to the UK Government, and the Scottish energy industry has suffered as a result of Westminster's slashing of support for renewables and the contract for difference (CfD) system.

CfDs are the main financial support mechanism for renewables but they are restricted in availability and they force Scottish developers to compete with others across the UK, with decisions made predominantly on cost.

This has resulted in a failure to encourage innovation, Scottish supply chains, and higher-quality projects, and it is regressive as CfDs are funded by higher bills rather than taxation.

Tidal and wave technology, in which

Scotland should be leading the world, has in particular is been failed by this approach, with industry leaders warning it will collapse without urgent action.

Independence would best allow Scotland to grow and invest in the green industries we need, but in the meantime energy and tax powers should urgently be devolved to the Scottish Government to allow the development of a progressive support scheme for renewables

### BUILD A WORLD-LEADING GREEN MANUFACTURING SECTOR

An estimated 190,000 people are employed in manufacturing in Scotland, and they produce half of the nation's exports but, as with the rest of the UK, manufacturing is in historic decline. Approximately 4,500 of these jobs are supplying the low-carbon industries, particularly renewable energy, and here there is enormous potential for growth.

A prerequisite is growing demand for renewable energy, energy-efficiency products and low-carbon transport, but in addition the Scottish Government needs to develop a green industrial strategy that takes an interventionist approach to building the skills, workforce

and demand that will together give Scotland a world-leading green manufacturing sector. This should include the following actions:



Establish a Scotland-wide programme of "people- and place-

centred industrial strategies" which commits to an overhaul of the powers and finance needed to enable regions and localities to set out their own industrial plans, and which can connect directly to funding from the Scottish National Investment Bank;

- Give the SEDA an explicit mandate to maximise the community economic benefit from its support for renewables supply chains;
- Set conditions for Scottish content in supply chains where possible, such as through the leasing process. This should include consideration of embedded carbon emissions including within international travel;

- Directly invest in deployment of innovative renewables, energy storage, energy efficiency and development of their supply chains, particularly where Scotland could still be a world-leader, and build an export industry, such as tidal energy;
- Establish a centre of excellence to develop and deliver a technical skills programme for manufacturing for green industries, providing grant funding for manufacturing firms to retrain and upskill their workforce and provide apprenticeships.





Scotland is already home to leading green manufacturers like Star Renewable Energy, who make heat pumps and employ 350 people in Glasgow.

### GET SCOTLAND MOVING WITHOUT DESTROYING OUR CLIMATE

Transport emissions continue to go up in Scotland, and are now the largest source of emissions. This has been driven by the continued promotion and growth of car use and aviation, and a decline in cycling, walking and bus travel.

Putting transport emissions on a downward trend whilst making public transport accessible and affordable for all is urgent from a climate perspective, which will also create opportunities for all, improve our health and quality of life and boost our economy. There is also serious potential to secure long-term, high-quality manufacturing jobs in this sector.

- Redirect funding away from new road projects, including the dualling of the A9 and A96, and towards maintaining our existing infrastructure and boosting public transport, cycling and walking.
- New green city and region deals to transform our transport network, making cycling and walking safe and accessible for all, and establishing more publicly owned bus networks.

- Invest in the strategic growth and decarbonisation of Scotland's railway network, including dualling the Highland line and reopening essential regional connections such as Alloa to Dunfermline and Dumfries to Stranraer and full decarbonisation of the network, including the use of new battery-storage technologies.
- Adopt a long-term target of free public transport, and extend free bus travel to everyone under the age of 21.
- End support for domestic aviation other than lifeline services for remote and island communities.

Countries like the Netherlands have integrated, lowcarbon transport networks. Scotland can have this too.



# RESTORE THE SCOTTISH NATURAL ENVIRONMENT AND SUPPORT LOW-CARBON FARMING

Our landscape and wildlife are among our greatest assets, but much land is in the hands of a small number of privileged individuals, and is dominated by bloodsport interests in the uplands in particular. This is leading to limited rural employment opportunities, biodiversity loss, environmental degradation and serious erosion of the public enjoyment of our land and the many benefits this brings.

Native forest restoration and creation could play a major role in creating new employment opportunities and fighting climate breakdown.

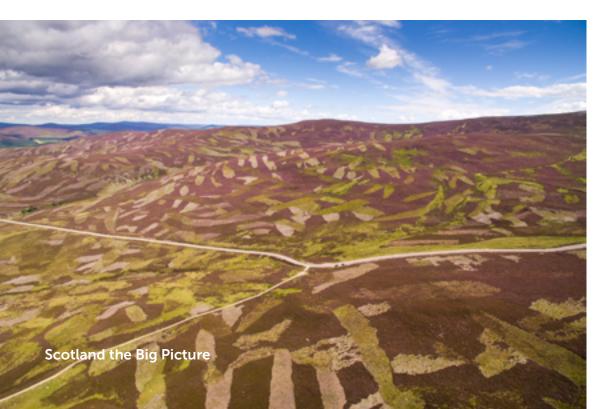
A Scottish GND should include a major native-forest planting and restoration programme that aims to bring Scotland in line with our European neighbours so that forests cover 40% of our land, with a much higher proportion in public and community ownership.

This aims to deliver a major boost in good-quality, secure rural jobs in forestry, tourism and the production of wood products, and to make our national target of net-zero emissions achievable.

Farming is both a contributor to greenhouse gas emissions and uniquely vulnerable to a changing and unpredictable climate. Significant investment is required to develop locally appropriate models for resilient, lowemissions farming, and to roll out onfarm training and education for both the current and next generation of farmers.

The industry is already heavily subsidised, and this funding should be used to support farmers during this challenging transition.

Scotland's agricultural research institutes already have a world-leading reputation, and with further government support could create hubs of expertise



Grouse moors cover up to a fifth of Scotland's land area and offer huge potential for reforestation.



Reforestation would help improve land quality, increase biodiversity and create jobs

in climate-friendly farming techniques, plant breeds, and new technologies.

- Adopt a target to increase Scotland's forest cover to 40%, which is the EUwide average, 60% of which should be native woodland.
- Fund the restoration of all degraded peatlands that are currently sources of greenhouse gas emissions.
- Deliver a major increase in government support and funding for community buy-out schemes that aim to restore and/or create native woodland.
- Review our national and regional parks to ensure they are prioritising wildlife protection, reducing climate destroying emissions, and maximising access to and enjoyment by the public, and expand the network by designating new parks.
- Refocus farming subsidies to supporting the transition to a resilient, low-emissions agriculture sector.



# ENSURE OUR WELLBEING AND BUILD AN EQUAL SCOTLAND

The relentless pursuit of economic growth has brought humankind to the brink of a disaster unprecedented in human history. Yet successive UK and Scottish Governments have pursued an agenda focused on delivering economic growth regardless of who benefits or the social cost this has imposed on society.

A Scottish GND is an opportunity to challenge and break this paradigm; to address inequality and refocus the Scottish Government on improving the wellbeing of everyone in Scotland rather than growing our GDP, which pays no heed to environmental and social damage or how wealth is shared.

The recommendations here will contribute to this, creating opportunity for those who need it most and building a more equal society, but the Scottish Government can and must do more:

- Align all Scottish Government departments and agencies behind the core aim of improving Scotland's wellbeing, which should replace the self-contradictory concept of "sustainable economic growth" in the National Performance Framework.
- Use conditionality in procurement contracts and support schemes to specify suppliers that pay a Real

- Living Wage, support unionised labour, and cap senior-level pay.
- Support schemes to encourage more women and under-represented groups to enter STEM careers.
- Create a Union Engagement Fund for the low-carbon transition. The would help trade union representatives in the workplace support the low-carbon transition and hold employers and the government to account.
- Begin a programme of trials for a four-day week, introducing it in the public sector and through public contracts, and incorporating it into private sector through support criteria such as the Business Pledge and the fair work agenda.
- Complete the current Basic Income feasibility studies, and publish options for a Scotland-wide scheme.



Women and other under-represented groups should be supported to enter STEM careers that are vital to delivering the transition to a zero-carbon economy

### WARM AND AFFORDABLE ZERO-CARBON HOMES FOR ALL

Everyone in Scotland should have a warm home that they can afford to heat, without having to choose between turning the heating on or putting food on the table. Yet 25% of households – 613,000 homes – in Scotland are in fuel poverty, 80% of which are living in inefficient homes.

Scotland needs a new, radical approach to upgrade our homes to a zero-carbon standard at scale like this one being trialled in Nottingham



More ambitious targets, more funding and support for Scottish businesses that manufacture and install energy efficiency is urgent and will cut emissions, save lives, and improve living conditions.

A large-scale programme to upgrade Scotland's homes would also act as a major economic stimulus. In 2009 the German eco-refurbishment programme, delivered by the publicly-owned bank KfW, stimulated nearly €8bn of private-and public-sector investment in energy-efficient building, leading to 128,000 additional jobs. Studies have suggested that similar benefits would be seen in the UK<sup>6</sup>.

- Adopt a target of all homes reaching Energy Performance Standard C or above by 2030.
- Provide more funding for skills development, training and apprenticeships.

- Create a new funded programme of deep-retrofits of fuel-poor households and social housing, using approaches like "Energiesprong" that is currently being trialled in Nottingham. This upgrades the most inefficient homes to the highest efficiency rating, taking a wholestreet approach and using offsite manufacturing to improve quality and minimise disruption<sup>7</sup>.
- Prohibit the use of public funding to subsidise oil and LPG boilers, and instead fund renewable and low-carbon heating technologies.
- Require new homes to meet passivhaus or other net-zero standards, be connected to the public transport system and be built in areas that are not in flood-risk zones.

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Promoted by Pete Morrison on behalf of the Scottish Green Party, both at 19b Graham Street, Edinburgh EH6 5QN.