

STUC Response to the Scottish Executive's consultation, 'Towards a Green Jobs Strategy - Opportunities for Business'

1 Introduction

1.1 The STUC represents some six hundred and thirty thousand workers across Scotland, the members of our affiliated trade unions.

1.2 We speak for trade union members in and out of work, in the community and in the workplace. Our affiliates have interests in all sectors of the economy.

1.3 Therefore, the STUC is able to provide a unique perspective on the performance of the economy, the challenges it faces, and the effectiveness of public agencies in responding to those challenges.

1.4 The STUC welcomes the opportunity to respond to this important consultation and appreciates the hard work undertaken by the Green Jobs Strategy Team to ensure that the process has been open and participative. Our response does not seek to respond directly to the questions posed in the consultation but rather focuses on key issues for the trade union movement.

2 Key themes

- The STUC supports the development of a Green Jobs Strategy and agrees that the 3 'big wins' have the potential to create substantial numbers of jobs whilst helping to tackle Scotland's enduring productivity deficit;
- The focus on renewable energy is welcome but must not be allowed to distort energy policy. The STUC strongly believes that the Scottish Executive, in partnership with the UK Government, should adopt a balanced energy policy for Scotland which is based on a diversity of fuel sources in order to ensure security of supply;
- Scotland must build on its position at the cutting edge of the marine energy industry to create opportunities for Scottish manufacturing industry;
- The STUC agrees that, working within all relevant guidelines, the Scottish Executive must be bold in its use of procurement strategy to support Scottish industry;
- The Green Jobs Strategy must involve full and proper consideration of the quality and sustainability of employment created in the renewables sector while seeking to sustain jobs within conventional energy sectors; and,

- Building on the existing skills base, proactive, detailed work must commence forthwith to ensure that Scotland has the skills to compete in the renewables sector in the future. Trade unions must be closely involved in this work.

3 A Balanced Energy Policy for Scotland

3.1 The energy industry makes a major contribution to the Scottish economy. Energy is a major Scottish export and the industry provides high quality employment. However, this key resource is under threat:

- Skilled jobs still continue to be lost;
- Investment in the UK energy industry is going overseas; and,
- The competitive market in the UK has left consumers confused.

3.2 It is clear that over the next few decades the supply of electricity in Scotland will change beyond recognition. The key issue for Scotland is how to replace the energy currently generated by nuclear and coal. If one or both of the current nuclear stations are not replaced the shortfall has to be made up in some other way. If it is not Scotland will cease to be an exporter and become a net importer of electricity. It is difficult to envisage this outcome being tolerated in any other industrial sector.

3.3 Current energy policy has immense consequences for employment in Scotland. Far from creating jobs it is almost certain to see huge decreases in employment over the next 10-20 years. A major factor is the failure to establish genuinely joined-up government. Whilst the Scottish Executive seeks to switch economic development support from inward investment to indigenous companies – UK government energy policy drives our companies overseas. Ofgem's recent transmission loss proposals had the potential to end Scotland's nascent renewables industry.

3.4 A more transparent structure for the formal co-ordination of energy policy development and implementation across government is required. The key aim should be to integrate energy and environmental issues into the mainstream of policy making.

4 Manufacturing

4.1 The consultation document states that there is '*significant potential for creating new jobs across the manufacturing sector*' confirming the STUC's long held belief that work arising from the Executive's stretching renewables targets could be used to reinvigorate Scottish manufacturing. It is unlikely that Scotland will ever challenge Denmark and others as a major manufacturer of wind turbines. However, it is essential that Scotland's competitive advantage in regard to marine energies must be developed to benefit manufacturing industry.

Business support for manufacturing

4.2 The Scottish Executive's Spending Review announced on 29 September 2004 did not flag any substantial headline increases in the enterprise budget. This is a concern at a time when support for manufacturing in the UK is lower than any other country in the EU.

4.3 As shown below figures for state aid in manufacturing show the UK (we have been unable to trace Scottish figures) trailing in last place, when measured as a proportion of value added. In other words, when the value of the aid is measured as a proportion of the value of the output produced by the industry, the UK is bottom of the league.

State aid to manufacturing in 2002	% value added	Index EU=100
Denmark	4.7%	313
Greece	2.7%	180
Luxembourg	2.3%	153
Spain	2.2%	147
Belgium	2%	133
Italy	1.9%	127
Germany	1.7%	113
France	1.4%	93
Portugal	1.3%	87
Netherlands	1.2%	80
Ireland	1.1%	73
Austria	0.9%	60
Finland	0.7%	47
Sweden	0.7%	47
UK	0.6%	40
EU average	1.5%	100

(Source: State Aid Scorecard COM (2004) 256 final table 6, p14, EU Commission, April 2004)

4.4 The Commission keeps a close watch on what states can and cannot give to their industries to prevent unfair competition. But in reality member states stay within the agreed limits and relatively few cases are turned down by the Commission. Between 2001 and 2003 the Commission blocked only 5% of the cases investigated across the EU.

4.5 So the idea that state aids today are the same as huge subsidies for industrial lame ducks of the past is completely outdated. Moreover, the differences in support are not because some states breach the rules and others do not. The fact is that other governments provide more support within the rules or have developed a more imaginative approach than the UK. The Danish government provides high levels of state aid and has used them to help build a world-class environmental industry that today supplies many of the wind turbines being imported into Britain.

4.6 The Commission and the British Government are committed to reducing state aids over time. In an ideal world, spending less on state aids across Europe might indeed be a good thing. But until we see progress being made, the UK will be placed at a disadvantage compared with manufacturing elsewhere. Moreover, the huge gap in performance comparing UK and European manufacturing productivity levels is a further reason why we need to increase business support in the UK and Scotland in particular.

4.7 Scottish manufacturing continues to haemorrhage employment at a faster rate than the UK as a whole. The Scottish Executive and the enterprise networks must work closely with manufacturing industry to ensure the opportunities afforded by the development of the renewables sector are not lost. This requires a bolder, more imaginative approach to business support than that pursued at a UK level.

Marine Energy

4.8 The STUC supports the conclusions contained in the report 'Harnessing Scotland's Marine Energy Potential' (FREDS Marine Energy Group, August 2004),

"Scotland possesses the skills necessary to support a successful marine energy sector. MEG believes that sufficient manufacturing and technical capability exists in Scottish-based companies. Moreover, the Scottish oil and gas sector has 30 years expertise in a hostile marine environment. The scope for diversification is significant, enabling a Scottish marine energy-manufacturing sector to grow and flourish. However the sector will need nurturing and support in the early years".

4.9 And also the actions specified

- *"The enterprise agencies should review their economic development strategies and policies to ensure that they can adequately support a vibrant Scottish manufacturing and supply chain for marine energy"*

- *“The enterprise agencies should use the Gap Analysis report to produce a detailed assessment of the effects of skills gaps on the marine energy sector, and produce a list of specific actions to tackle the issues raised” and,*
- *“The enterprise agencies alongside the Scottish Renewables Forum should support the development of an industry-led Marine Energy network”.*

4.10 It is important that the STUC and its affiliates with expertise in the energy sector are involved in taking these actions forward.

4.11 The fundamental aim must be to secure marine technologies within the engineering and manufacturing industry in Scotland to ensure a sustainable position for the industry in an important future market. Resources available from the recently announced DTI fund of £50 million to support the deployment marine renewables must be deployed on this basis.

Procurement

4.12 The consultation documents identifies 2 ways in which government can have a significant impact on mainstreaming sustainable development principles into national economic activity:

- **Lead by example:** ensuring that Scotland’s devolved government is run in as sustainable a way as possible; and,
- **Stimulate demand:** using their role as a major customer of Scottish industry to give impetus to the market for ‘green’ products and services.

4.13 Again, the STUC has long argued that, working within all relevant guidelines, the government must use its procurement strategy to support Scottish industry.

4.14 We welcome the Wood Review of public procurement practices in Europe and look forward to its publication. The Scottish Executive Finance Minister has indicated that he will implement any recommendations that emanate from the review which will help Scottish manufacturers to compete for contracts.

4.15 However, the Wood Review’s remit was far too narrow. Rather than just trying to pin down unfair practices in other European states, it could also have provided a golden opportunity to find out what positive lessons could be learnt so we can ensure UK public procurement supports UK based manufacturing.

5 Skills

5.1 The consultation paper states that the Executive is '*keen to engage with the STUC, employers and other organisations...to ensure that the relevant training opportunities are available across Scotland*'. However, there is little attempt to identify the specific skills relevant to a Green Jobs Strategy nor is there any mention of the opportunities that might exist to retrain workers in the energy sector to take advantage of renewable development.

5.2 Again, the STUC supports the conclusions of the Marine Energy Group in this regard. It is necessary that work is undertaken to:

- Determine the current skills resource within the renewable energy sector;
- Identify the future skills requirements of the new offshore renewables technologies including offshore wind, wave and tidal technologies;
- Establish and assess the barriers to meeting the future skills needs and measures that might help overcome those barriers;
- Liase with key stakeholders including Energy and Utility Skills, the Enterprise Networks, and learning providers to develop mechanisms to support and deliver future skills requirements;
- Assess and articulate the economic benefits of skills development in the renewables sector;
- Identify and promote the synergies and opportunities between Scotland's existing offshore expertise from the UKCS and the new offshore renewables technologies.

5.3 The broad aim should be for all partners to work to develop a transitional skills strategy for the energy sector, which provides support both for well-qualified staff at all organisational levels, and for lower skilled employees who may lack a portable or adaptable skills base.

6 Role of the enterprise networks

6.1 The consultation document identifies a pivotal role for the enterprise networks; '*We have to make sure that the full range of business support services offered by the Enterprise networks...are used to their full potential*'. However, in the past, the networks have struggled to support initiatives that cut across industrial sectors.

6.2 This consultation has issued at a time when the networks' remit has come under close scrutiny. It also appears as if their budget will remain static for the foreseeable future. Therefore, it is crucial that Ministers' provide the networks with clear direction, through the refreshed A Smart, Successful Scotland or other means, on their role in delivering the strategy. Sufficient resources must also be provided to ensure that a team is in place with the knowledge, experience and seniority to drive the strategy through.

7 Quality of employment

7.1 To sustain jobs and enhance productivity and competitiveness it should be an aim of the strategy to create quality employment. The consultation document states that, *'The Executive has recently introduced a requirement that all applicants for larger RSA grants must engage constructively with the Scottish Energy Efficiency Office on the environmental, waste and resource issues connected with their projects'*. The STUC supports this condition of RSA but believes it should be extended to include a commitment to fair employment practices.

7.2 The STUC is prepared to work with the Executive and others to ensure that clear guidance and directions can be developed in this regard.

8 Employment targets

8.1 The consultation paper reflects the Executive's enthusiasm for the strategy but many of its bold assertions are not backed up by evidence. This is especially true of the employment projections which are at best unreliable. The Scottish Executive should be careful about endorsing and publicising figures for employment likely to be created through renewable energy especially at a time when jobs are being lost in conventional energy industries.

8.2 Aspirational figures which are unlikely to be met, will only increase public antipathy towards renewables, a process that is already underway in those communities who have not benefited from the employment promised to them through wind energy. This process may have serious implications in the future for planning applications relating to new renewables projects.

9 Resource efficiency

9.1 The STUC agrees that the Executive should set an example in resource efficiency. Far more needs to be done to publicise the productivity and competitiveness benefits that accrue from resource efficiency. It is the experience of our affiliates that private enterprises are not prepared to invest in resource efficiency.

9.2 Demand for electricity should be reduced by promoting energy efficiency, with new resources for local government and revised targets including new building standards. This should be coupled with a better co-ordinated drive against fuel poverty.

10 Tourism

10.1 The consultation document flags tourism as a major 'green business opportunity'. For Scottish tourism to thrive the product must live up to the expectations generated through *visitscotland's* extensive marketing activities. **It is essential then, that quality of employment, training and sustainability must be improved in the tourism sector.**

STUC
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