Roundtable on Just Transition Plan for

**Buildings and Construction**

16 August 2023

Summary

On August 16th 2023, the Just Transition Partnership held a roundtable focused on the buildings and construction sector, to discuss what a just transition for this sector would look like. The roundtable brought together representatives from trade unions, environmental and climate campaign groups, architects and other relevant organisations.

All participants were invited to share their immediate priorities for transforming the way in which we build to deliver on our climate targets and improve the lives of workers and communities. The Partnership hosted this roundtable after the release of the Scottish Government’s discussion paper on a Just Transition in the Built Environment and Construction sector. Some participants had engaged with additional Scottish Government consultation events and provided comment on this process. Their reflections tied into broader discussions on how the *process* of just transition planning and implementation should be achieved. This summary has been drawn from contributions made by all participants. It does not necessarily represent the views of the Just Transition Partnership or its members.

**Context**

The discussion began by reflecting on the state of the sector today, before discussing a shared vision for the future. In the final section, participants discussed what concrete steps could be taken to translate this vision into reality. Attendees also had the opportunity to reflect on what had prompted them to join the roundtable. These contributions revealed some key concerns, outlined below, that underpinned much of the subsequent discussion.

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| **Some of the key contextual points to note regarding the buildings and construction sector are:** * Many workers in the sector are self-employed, even when they should be directly employed. Consequently, many workers have poor terms and conditions, and it is difficult to establish collective bargaining agreements.
* When assessing our existing building stock, the emphasis should be on *reuse* and *retrofitting,* as opposed to demolition, or building new.
* The Scottish Government’s approach to materials should be firmly in line with circular economy principles, taking into account the domestic and international supply chain implications of proposed retrofitting projects.
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***Work and trade unions***

The lack of much substantial reference to trade unions in the Scottish Government’s discussion paper on a Just Transition in Buildings and Construction was a concern for many participants. The paper references the need to ensure that high quality, fair work is guaranteed, alongside access to education and re-training. In the sector today, there are issues of blacklisting, health and safety breaches, and ‘bogus’ self-employment[[1]](#footnote-2) that keep profits good whilst terms and conditions are poor. These practices leave workers unable to challenge their employers or engage in planning for the future of the industry in confidence. Ending these practices and increasing trade union density across the sector is vital as part of creating routes for construction workers and their trade unions to engage in co-design for Scottish Government Just Transition Plans in this sector.

***Retrofitting***

Retrofitting, at the scale required, will be a massive project. By retrofitting, we mean the process of insulating pre-existing buildings, by fitting new systems designed for high energy efficiency, and low energy consumption, to buildings previously built without them. Each building will have to be specifically assessed, to determine the extent of retrofitting that is required. This needs to be recognised and appropriately planned for. There are concerns that there is a lack of clarity for different groups on what it will mean for them – homeowners, tenants, construction workers, local authorities, architects, etc. - in terms of how to plan and implement the necessary measures. This is combined with concerns that the Scottish Government haven’t reckoned with the scale of investment needed to carry out a mass retrofitting programme successfully. This work also needs to align with global just transition principles, incorporating resource justice and doing right by workers at every stage of Scotland’s supply chain.

***Just Transition – the process***

We need a whole-sector, holistic approach to just transition, that’s operationalised in tandem with other sectoral just transition plans. Any piecemeal or fragmented approach risks leaving out key stakeholders, both in terms of planning and delivery. Participants in the roundtable generally expressed that this had not happened to date. The Scottish Government should play that role, of facilitating different groups to be able to come together and plan out a just transition.

**Our vision for Buildings & Construction**

***What needs to change?***

Across the discussions, there was strong consensus that Scottish Government plans need to be specific, but in-keeping with a sector-wide vision. For example, with retrofitting, there can be no one size fits all approach. Different buildings will need different plans, but these plans must be situated within a well-synthesised vision of the whole sector – i.e., co-designing with and across all relevant groups. There should also be a clear evidence base that the Scottish Government can draw from in citing how different groups will be impacted by different parts of the transition.

***Funding and planning***

It was clear that the Scottish Government, employers, and developers, need to commit substantial investment to a just transition for the sector, and that public procurement processes need to be overhauled to ensure that they contribute to social, economic and climate objectives. Sustainable methods should be used at each point and made clear from the beginning of assigning contractors. This would be in-keeping with the points from the roundtable that were made on the process itself, allowing for a cohesive approach to just transition planning and procurement.[[2]](#footnote-3)

***Buildings and materials***

This approach should also translate to the delivery of projects designed to achieve net zero targets that lie predominantly within the buildings and construction sector. In terms of building supplies, there is a need to significantly reduce our dependency on new materials. As well as taking a whole-sector approach, we also need to account for the whole life cycle of critical materials. This should mean embedding circular economy principles in the Scottish Government’s approach to securing, using, and disposing of materials.[[3]](#footnote-4) This is in line with the proposed commitments in the recent Circular Economy Bill, and in line with global just transition principles of “do no harm” that the Just Transition Commission recommended the Scottish Government embed as a strategic priority in their approach to just transition.[[4]](#footnote-5)

The model of building properties for profit, with cheap materials, cannot sustain a truly just transition which will produce good quality, well-insulated homes, and buildings. The current system produces poor quality and unsustainable buildings. This necessitates system-level change, in how we approach building from the planning stages to delivery.

There was a suggestion that the Scottish Government should enforce and/or review the use of empty buildings. From this, the focus should be on prioritising *reuse* and *retrofitting,* with demolition considered in only very rare cases. Preservation should be the goal. Buildings also need to be retrofitted with the view to both keep heat in, but also to improve ventilation and cooling. This again will require a whole-system approach, that involves key affected groups and does not replicate existing housing inequalities e.g., between tenants and landlords.

***Work and trade unions***

The scale of labour power that will be needed to carry out a national retrofitting programme is necessarily immense. An additional 22,500 FTE workers will be needed in Scotland by 2028, to be mainly involved in delivering improvements to existing buildings that will reduce energy demand.[[5]](#footnote-6) That represents an increase of around 9% of the current size of the workforce, based on current technologies and ways of working. There needs to be a skilled workforce that is enabled and supported by the Scottish Government and public investment. The private sector is unable to fulfil this alone, particularly since they employ so few buildings workers, relying instead on self-employed contractors. Consequently, participants reiterated the need for municipal enterprises, and some suggested a national construction company. These would be able to employ the substantial workforce needed on long-term, well-paid contracts and implement the recruitment and training of new entrants and upskilling which will be central to a just transition.

To attract the number of workers needed for such a programme, it is crucial that the terms and conditions of these new jobs are exemplary. This means working in partnership with trade unions to identify existing problems in the sector, and working to ensure these are not replicated in any new jobs. By involving trade unions, this will also allow for a coordinated conversation on how to implement demand and waste reduction principles around materials, without negatively impacting jobs.

***What existing inequalities are there?***

There are several existing inequalities within the buildings and construction sector, and in related areas, that any just transition plan should seek to eradicate. For example, in the construction sector, faux self-employment is endemic. Workers are without the necessary employment protections that they are entitled to which can leave them with very precarious work. It is difficult to raise health and safety concerns in these conditions, and therefore blacklisting is common.[[6]](#footnote-7) Consequently, the mental health of workers in this industry is poor, with suicide rates rising for the fifth year in a row.[[7]](#footnote-8)

Women and those from ethnic minority backgrounds are notably under-represented in the sector, and therefore there should be consideration given to how recruitment routes can be diversified. The Scottish Government should be working in partnership with trade unions on these issues, as they have a crucial role to play in ensuring new jobs are well-paid, secure, good quality, and employers are recruiting a diverse workforce. These expanded and new industries should have strong public accountability, and often be publicly run.

Retrofitting also draws out inequalities within housing. Overall, retrofitting needs to also be considered as a public health issue. Some key stakeholders at the roundtable identified that 40% of healthcare issues are related to the built environment. This should be drawn out in the framing, planning, and delivery of any mass retrofitting programme.

The Scottish Government should consider how this impacts homeowners and tenants in both the private and socially rented sectors. The Scottish Government’s upcoming plans for rent controls should include provisions that tie these to energy efficiency – i.e., the energy efficiency rating of a property should be taken into consideration when setting the rent. Landlords should also not be able to pass on the costs of retrofitting their properties onto the tenants through rent increases, and no one should be evicted so that retrofitting work can be carried out.

***Which are the key groups?***

There are several key groups to involve in the process of planning for a just transition in the buildings and construction sector. If materials are disproportionately cheap; this means that Scotland is paying elsewhere by offshoring social and environmental costs, and via instances of poor labour conditions in Global South countries. The key groups span cross-sector, across the groups mentioned in the “existing inequalities” section, and internationally.

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| **Key outcomes for ‘Our Vision and the State of the Sector’:*** The Scottish Government needs to bring together key groups to co-design just transition plans for the sector. Previous approaches have been perceived as fragmented and siloed, and a coherent, synthesised plan is urgently needed.
* The sector has poor terms and conditions for workers, which should not be replicated in any future projects. Municipal enterprises which employ a substantial local workforce should be established to roll out retrofit and energy programmes.
* **A retrofit programme is necessary to reduce emissions from our buildings, and should be taken as an opportunity to reduce fuel poverty and improve people’s health, particularly for those on low-incomes or in precarious housing.**
* Domestic and international supply chain commitments need to be brought in line with national and global just transition principles. This means evaluating how we use and extract materials, as well as evaluating where jobs are created, and of what quality.
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**How do we get to the vision?**

***What policies do we need to see to reduce emissions, create jobs, and support affected people?***

***Mass Retrofitting Programme***

The Scottish Government should take an almost “campaigning” approach to retrofitting, to build public support for a mass programme. The benefits should be made clear and accessible to all affected groups. This would include benefits to the individual as well as in terms of climate targets. This should be designed as a collective, “block by block” campaign, rather than emphasising any onus on one individual, and is therefore the delivery will be most appropriately led by local authorities with appropriate levels of national funding. Climate, social, and economic benefits should be taken together and coordinated appropriately. There are examples of where this has been done and won at a local level – for example, Stirling council have placed solar panels on 50% of their social housing stock; and Living Rent’s Lochend branch won £18 millions of funding to retrofitting blocks in the area. Tenant, worker, and local authority led partnerships will be crucial. This will also involve reviewing the *use* of some properties, and how building and land ownership operates.

***New buildings***

While the focus should be on reuse and retrofit, there are important issues to consider in the instances where new buildings are necessary. In terms of materials, there is the issue of embodied carbon. Embedding circular economy principles will be crucial here. The progress on Passivhaus principles is welcome, in that they will be extended to non-domestic buildings through secondary legislation. But we will need concrete inspection and compliance procedures around this, and in relation to embodied carbon.

***Work and employment***

There should be good terms and conditions, with collective bargaining agreements, in every workforce. These should be central in any procurement process. Unite have a construction charter that every construction company should have to sign up to. This includes serious policies to strengthen health and safety regulations. Traditional buildings that were built before or around the 1920s make up 20% of the UK’s occupied homes.[[8]](#footnote-9) Consequently, asbestos assessments should be conducted at every site where retrofitting work is due to take place, following joint TUC and HSE guidance.[[9]](#footnote-10) Workers should be involved in designing the plans and implementing them, at all levels. These are highly skilled workers who have the necessary skills and experiences to get this transition right.

***What obstacles are hindering progress?***

As emphasised already, the lack of a clear, coordinated vision and planning process is a significant hindrance. It restricts investment and has resulted in a piecemeal approach so far. Participants in the roundtable criticised the lack of urgency from the Scottish Government related to progress in the sector. The lack of a long-term vision, without cross-sector integration and strategic thinking, will have impacts for decades to come. There were also serious concerns regarding local authority budget cuts and constraints, given many of the proposed models for where these transitions have worked welllean heavily on the role of local government. Local authorities need to be generously funded to carry out the work required.

There also should be more effective implementation and use of principles set out in the National Planning Framework. Many of the key drivers and levers are contained here but are currently under-utilised. Similarly in existing Scottish Government policy and consultation, the EPC consultation was criticised by some roundtable participants. It was felt that the consultation revolved around getting people to demonstrate compliance, rather than an actual route to energy efficiency.

***What scale of investment will be needed and where should this come from?***

There should be significant investment into a just transition for the buildings and construction sector. Comparable research in England by the Institute for Progressive Policy Research demonstrates that a £7 billion per year programme of retrofitting will produce over 1.2 million direct jobs and 1.5 million indirect jobs by 2050.[[10]](#footnote-11) Significant investment yields significant rewards, and the Scottish Government needs to design the process in a way that makes sure workers, communities, and local authorities in Scotland are well placed to be beneficiaries of this investment.

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| **Key points on ‘How do We Get There’:*** The Scottish Government should initiate a mass publicly funded programme of retrofitting, to be delivered by local authorities, alongside a campaign that builds support among key stakeholders.
* These programmes should take a ‘block by block’ approach, prioritising areas with poorest quality housing stock and highest levels of fuel poverty or deprivation.
* Relatedly, there should be plans produced, in partnership with trade unions, that demonstrate the level of investment committed to this project, and how this translates to the number of jobs produced. It should be clear where these jobs will be created, their quality, and how collective bargaining agreements will be established.
* Circular economy principles should be applied at all stages, especially where the Scottish Government evaluates the need for new buildings.
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1. https://www.unitetheunion.org/news-events/news/2023/august/shock-rise-in-bogus-self-employment-in-construction [↑](#footnote-ref-2)
2. See above section: “Just Transition – the process”. [↑](#footnote-ref-3)
3. https://foe.scot/wp-content/uploads/2023/05/Unearthing-Injustice.pdf [↑](#footnote-ref-4)
4. https://webarchive.nrscotland.gov.uk/20220721075007/http://www.gov.scot/publications/making-future-initial-report-2nd-transition-commission/pages/4/ [↑](#footnote-ref-5)
5. <https://www.scottishconstructionnow.com/articles/report-scotland-needs-huge-new-workforce-for-retrofit-challenge> [↑](#footnote-ref-6)
6. https://www.unitelegalservices.org/campaigns/blacklisting [↑](#footnote-ref-7)
7. https://www.ier.org.uk/news/suicide-rate-in-construction-industry-rises-for-fifth-year-in-a-row/ [↑](#footnote-ref-8)
8. https://essentialsiteskills.co.uk/blog/post/retrofitting-homes-built-pre-sixties-and-managing-risk-asbestos-exposure#:~:text=Before%20undertaking%20a%20whole%20house,your%20lungs%20and%20chest%20wall. [↑](#footnote-ref-9)
9. https://www.tuc.org.uk/sites/default/files/extras/asbestosguide.pdf [↑](#footnote-ref-10)
10. https://www.ippr.org/files/2022-09/1663704873\_train-local-work-local-september-2022.pdf [↑](#footnote-ref-11)