

## **SCOTTISH GOVERNMENT JUST TRANSITION FUND: CALL FOR YEAR ONE PROJECTS**

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### **1. CONTEXT**

Last year the shared policy programme in the Bute House Agreement committed to establish a 10-year £500 million Just Transition Fund for the North East and Moray. The Fund was announced in recognition of the particular need to diversify the regional economy away from carbon-intensive industries and to capitalise on the opportunities, including jobs and prosperity, that the transition to net zero will bring..

This guidance and criteria is only for the first year of the Fund. We are committed to applying learning from this first year to future development of the Fund.

Over the last few months we have engaged extensively across the region with businesses, communities, workers, trade unions, enterprise agencies and local authorities to design the Fund, and to understand how our spend can have maximum impact in the region. The outputs from this engagement have been crucial in shaping the Fund - such as the prioritisation of partnership working over the lifetime of the Fund, the emphasis on Scottish Government to support capacity building in the region and critically encouraging that future years of the Fund are informed by a just transition vision for the North East and Moray that has been collaboratively designed and agreed.

Alongside supporting and monitoring delivery of year one projects, over the coming year we will work with stakeholders to develop that collective just transition vision for the North East and Moray. This will build on the strengths and assets of the regions, including existing economic and net zero visions and strategies. Future projects supported by the Fund will help to realise this vision, and ensure we all pull in the same direction to create truly transformational change.

### **2. DELIVERY MODEL**

For the financial year 2022-2023, there is **up to £19 million** open for **competitive bids**. The remaining £1 million will be ring-fenced via participatory budgeting, whereby local communities will be able to influence and have a direct say on how money is spent in their local areas. Scottish Government is also committing an additional **£500 thousand** for capacity building this year which we will be allocating to partners in the regions.

### **Competitive Bids**

The North East and Moray Just Transition Fund has adopted the following **Impact Objectives** and we will measure and report on progress against them, by selecting projects that further these objectives and by working together with communities and organisations in the region to:

- Ensure that the investment is targeted in such a way that can **create good, green jobs** now and throughout the transition to net zero
- Ensure **communities directly benefit** from the Fund, including through the ability to decide on and drive spend
- Work in **partnership with the private sector**, especially shaping opportunities to crowd in private sector finance
- **Collaborate at a local and national level** on the decisions that impact the North East and Moray

We will work with partners to ensure delivery of innovative, cross cutting projects which will help inform the roll out of Just Transition across the whole of Scotland. Successful applicants will help to create transformational change for the region through collaborative bids which involve the communities and workers who will be impacted.

### **Funding Streams for competitive bids**

1. **Capital grant funding**, for a project, feasibility study or pilot scheme
2. **Capital financing**, for final recipient outside the public sector, such as but not limited to:
  - Commercial investment opportunities with the prospect of return
  - Equity investment proposals where (where the % stake sought / level of control in the entity would not result in public sector control and change the classification to “public entity”).
  - Joint venture proposals
  - Loan proposals with long-term repayment dates (between 10 – 20 years)
  - Proposals for public sector classified entities to manage financing on behalf of Scottish Government e.g. a proposal for an agency to run a small scale loan or investment scheme where individuals or businesses are the final recipient
3. A **blend** of grant and other capital financing.

### **Bidding Organisations**

Individuals cannot submit bid directly to the Just Transition Fund, bids must be led by an organisation such as a registered charity or business, or public sector body. For year one, there are better avenues to get involved as an individual, such as through the Participatory Budgeting process. We will be keeping this approach under review for subsequent years of the Fund.

There are no limitations on the type of organisation, or sector that can bid into the Fund. Consistent with the relevant public finance risk management procedures, these can be joint public-private sector bids. We will work with the organisations who bid for funding this year to develop proposals that make the best use of a mix of grant and investment financing. In the event of equally well scored projects, preference will be given to those who can show how they have engaged or collaborated effectively with others.

**Support is available to interpret guidance for accessing government capital and financing, please contact: [justtransitionfund@gov.scot](mailto:justtransitionfund@gov.scot)**

## **Participatory Budgeting**

We strongly believe that people should be able to influence – and have a direct say – on how money is spent in their local areas. **£1 million of the JTF in 22/23** will be provided to communities to directly decide how this should be spent through a globally recognised democratic process **called Participatory Budgeting (PB)**. PB can empower local people to shape a Just Transition to net zero, in a way that reflects their local needs and priorities.

There are three core aspects to the process of PB, which include:

1. Communities coming together to generate ideas and deliberate on how the budget should be spent;
2. People vote for their priorities;
3. The projects with the most votes get funded.

To help guide communities in understanding what a fair and high quality PB process looks like, the PB Charter ([www.pbscotland.scot/charter](http://www.pbscotland.scot/charter)) sets out seven key features. These include:

- Fair and inclusive
- Participatory
- Deliberative
- Empowering
- Creative and flexible
- Transparent
- Part of our democracy

The process for running the PB fund is to be further developed and more information will be provided as soon as possible. It is envisioned that PB will be led by local partners in the three local authority areas, with support from Scotland's National PB Support Programme, which includes national and local organisations working together to co-produce the process. The PB process this year will be an important opportunity to learn what is most effective in the communities of the North East and Moray to further refine this approach for future years.

More information on PB can be found on PB Scotland's website ([www.pbscotland.scot/what-is-pb](http://www.pbscotland.scot/what-is-pb)). You can also find examples of good PB practice across Scotland over the last few years.

**For more information on the PB fund, please contact:**

[community.empowerment@gov.scot](mailto:community.empowerment@gov.scot)

**PB CASE STUDY** – provided by tsiMoray

- ❖ *Following on from a successful pilot event in Speyside, Moray YP Decide has been on a mammoth task to carry out 7 PB events across the local authority for children and young people aged 5-25.*
- ❖ *The delivery of the project has been carried out by young people supported by a partnership approach between Moray School Bank, tsi Moray, Young Scot and the Moray Council Engagement Team.*
- ❖ *Hundreds of young people have applied for funding for their projects from primary schools, high schools, community groups, individuals and charities. The young people were very positive about their experience delivering the project, one of them from Buckie described it as 'making me feel unstoppable'.*
- ❖ *The voting at all events was digital with the support of Young Scot's digital platform and so far we have engaged over 520 voters to the showcase events with a total of 3,472 voters in total making a total of 11,777 individual preferences. This is a significant response for young people and it shows that young people do want to take part in decision making in their community.*
- ❖ *The young people have shared a total of almost £35,000 among 79 different projects across 5 categories, advancing education, relieving poverty, community, arts/amateur sport and promoting health.*

### **3. ELIGIBILITY**

The following criteria is for projects seeking to access the first year of Fund allocations. If a bid does not meet this criteria it will not be considered.

- The **bidding organisation** must be headquartered, or demonstrate a strong connection to at least one of Aberdeenshire, Aberdeen City or Moray. The majority of project activity and benefits realised must also be within these regions. If bidding jointly, at least one partner must be based or have majority of operations in one of the regions. Bids to access finance (rather than grant funding) must be from eligible non-public organisations.
- There are **no restrictions on sector**, industry or activity and equal consideration will be given to all bids **demonstrating delivery** against Just Transition Outcomes. Demonstrating a positive impact on the Decarbonisation and efficiencies Just Transition Outcome will be mandatory.
- Bids will need to demonstrate that projects are able to **receive and spend the total** amount of the bid in the 2022/23 financial year. Multi-year bids must provide a profile of annualised spend and meet forecast spend each year in accordance with Scottish Government's financial management processes.

- **Non-Pilot projects** must be able to demonstrate their plans to meet delivery and staff costs without Government support e.g. via funds committed by projects partners. The capital contribution requested from the Scottish Government should be cognisant of subsidy control (formerly state aid) parameters depending on the type of project and type of project partner. The proposed subsidy control rate put forward by bidders will then be subject to discussion and approval by the Scottish Government.
- For **Pilot projects** any costs applied for must meet the definitions of what can be deemed capital funding per the HM Treasury [definition](#) of Research and Development expenditure.

**Support to is available to interpret guidance for defining a pilot scheme, please contact: [justtransitionfund@gov.scot](mailto:justtransitionfund@gov.scot)**

#### **4. APPLICATION PROCESS**

##### **Application Process**

1. All potential bids must first submit an Expression of Interest.
2. Deadline for EOI submissions is **15 July 2022**.
3. If required, further work will be undertaken with you to ensure that the appropriate application information can be met and additional documentation (including relevant commercial documentation) will be required.
4. Bids will then be assessed against the published criteria by Scottish Government, with advice from relevant experts.
5. An advisory board of regional stakeholders will consider scored bids and make recommendations to Scottish Ministers.
6. Projects selected for award will be submitted to an external due diligence process as necessary.

##### **Expressions of Interest**

As above, applicants will initially need to provide an **Expression of Interest (EOI)**, which should include the following information:

- A narrative summary of proposal
- Demonstration of eligibility
- Demonstration of alignment with the impact objectives
- Provide evidence of where the assessment criteria has been met (NB: if there are gaps it will **not** disqualify a bid and action to work towards providing information, in the event it is not yet available, will be considered favourably).
- The type of funding requested and indicative timeline for delivery, including high level annual timelines if a multi-year proposal.

**Early applications are strongly encouraged and proactive approaches to seek further guidance are welcome. The final deadline for submission is 15 July 2022, to: [justtransitionfund@gov.scot](mailto:justtransitionfund@gov.scot)**

**We are committed to working as transparently as possible and every effort will be made to provide support during the process and feedback to unsuccessful bids.**

**6. ASSESSMENT CRITERIA**

**Bids will be selected for consideration against the following criteria for either large capital projects or pilots.**

<b>Criteria for large capital projects</b> <b>NB: criteria are qualitative unless stated otherwise</b>	<b>Weighting (%)</b>
Meets all eligibility criteria (excluding definition of pilot projects)	<b>Yes/No</b>
Ongoing positive impact against the Decarbonisation and Efficiencies Just Transition Outcome (mandatory for all projects) and at least <b>two other</b> JT Outcomes.	20
Identify the risks of negative social and environmental impacts from the proposal and approaches to mitigate those risks.	20
Potential to have a positive and significant impact on good green jobs (including number of jobs created/protected), commitment to Fair Work, and community wealth building including evidence of partnership working and engagement with relevant businesses to build up supply chain and skills capacity	25
Ability to demonstrate additionality and the requirement for JTF support including evidencing the need for public funding support.	15
Evidence of existing transparent partnership and engagement with relevant local communities. Provide a plan for ongoing community involvement that involves solutions to local challenges and plans to improve people’s lives.	15

<p>Briefly outline the broader strategic fit to Scottish Government priorities, including the National Strategy for Economic Transformation, and demonstrate how the proposal builds upon existing North East strengths i.e. workforce, physical assets, supply chain, supporting sectors to transition to net zero. It should also seek to be a potential multiplier for other public funds, such as our wider £1.8 billion investment in Heat in Buildings.</p>	<p>5</p>
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Criteria for pilot or feasibility study	Weighting (%)
Meets eligibility criteria	Yes/No
Meets definition of pilot for purposes of capitalisation of costs	Yes/No
Outline the need for Just Transition Fund to support the proposal	20
Outline positive impact against at least one Just Transition Outcome	15
Identify the risks of negative social and environmental impacts from the proposal and outline approaches to mitigate those risks.	15
Demonstrate replicability or scalability, with clear applications beyond the individual project, including into other sectors	30
Evidence existing or planned transparent partnership and engagement with relevant local communities, businesses and/ or local government as most relevant to the proposal	20

## **7. JUST TRANSITION OUTCOMES**

*[Not intended to demonstrate projects or activity that would be guaranteed eligibility or funding under the criteria.]*

**Citizens, communities and place:** support affected regions by empowering and invigorating communities and strengthening local economies;

**Jobs, skills and education:** equip people with the skills, education and retraining required to support retention and creation of access to green, fair and high-value work;

**Fair distribution of costs and benefits:** address existing economic and social inequality by sharing the benefits of climate action widely, while ensuring that the costs are distributed on the basis of ability to pay;

**Business and Economy:** support a strong, dynamic and productive economy which creates wealth and high quality employment across Scotland, upholds the UN Guiding Principles on Business and Human Rights, and continues to make Scotland a great place to do business;

**Adaptation and resilience:** identify key risks from climate change and set out actions to build resilience to these risks, ensuring our economy is flexible, adaptable and responsive to the changing climate;

**Environmental protection and restoration:** commit to act within our planetary boundaries while protecting and restoring our natural environment;

**Decarbonisation and efficiencies:** contribute to resource efficient and sustainable economic approaches that actively encourage decarbonisation, support low-carbon investment and infrastructure, and avoid carbon 'lock-in';

**Further equality and human rights implementation and preventing new inequalities from arising:** address fuel poverty and child poverty in a manner consistent with Scotland's statutory targets on each, while furthering wider equality and human rights across all protected characteristics.