



Unite written submission to House of Commons Environment Audit Committee Green Jobs inquiry

This evidence is submitted by Unite the Union. Unite is the UK's largest trade union with almost 2 million members across the private and public sectors. The union's members work in a range of industries including manufacturing, transport, construction, financial services, media, local government, education and health services.

Executive Summary

- Unite welcomes recent government announcements on the importance of industrial activism, the fact that the free market cannot solve the problem of climate change, and budgetary support for key low carbon industries.
- Unite believes that a low carbon industrial strategy must include the following key measures to protect both environment and employment concerns:

Access to capital

- A clear remit and duty for banks and pension funds to invest in 'green jobs';
- A greater use of procurement to support the green supply chain, including renewable energy on public sector land;
- Greater use of Local Authority bonds and 'green bonds';

Energy

- More investment in skills
- More investment in infrastructure, particularly the aging grid
- The introduction of broader feed in tariff;
- The use of local content requirements in public procurement to support the renewable energy supply chain
- Addressing blockages in the planning system for renewable energy;

Transport and vehicles

- More direct state investment in public transport, particularly buses, and use of quality contracts to support better bus services and UK bus manufacturing;
- A scrappage scheme for buses like that introduced for cars;
- More active state investment in electric car infrastructure;
- Faster aid for the motor industry to make a low carbon transition, and a much more ambitious green vehicle procurement programme;

Construction

- Far greater investment in energy efficiency retrofitting, ideally using directly employed labour, to quickly create jobs, tackle fuel poverty, and save public sector money;

Skills

- More funding for 'green' training, the right to paid leave for training, and statutory rights for union environmental reps, to facilitate environmental up-skilling and improved workplace energy efficiency.

1. Introduction

- 1.1. For Unite, there is no question that the jobs of the future will be 'green jobs'. A 2009 survey of Unite members showed that 39.7% of members were *more* concerned about climate change than they had been a year ago, and only 7.5% were less concerned¹. A general move towards fuel efficiency would also have wider economic benefits, freeing up money to be spent in other, more job rich sectors. It would also free us from our over-reliance on fossil fuel energy from unstable regions.
- 1.2. Broadly, Unite agrees with the priority industries identified by Lord Turner and the first report of the Committee on Climate Change², and echoed by Sir Nicholas Stern³ – dramatically upscaling investment to decarbonise energy supply and transport, and increased energy efficiency in buildings and industry. Both Stern and Turner are in agreement that these sectors are ready to create green jobs *now*, and essential to delivering the binding targets on carbon reductions by 2020. Stern points out that there has never been a better time for such activity and investment, with low interest rates. Turnover in the low carbon and environmental goods and services sector, *could* rise to over £150 billion and employment *could* rise to 1.3 million by 2020.⁴ But as Lord Mandelson acknowledged, 'we need a smart strategic approach from government' to deliver this 'job revolution'. Gordon Brown has called climate change "the greatest market failure in history".
- 1.3. We need industrial activism as well as words if we are to ensure that both existing and emerging environmental technologies deliver UK jobs, amid competition for early mover advantage. President Obama's \$50bn spend to create half a million green jobs (as the first stage in his pledge to spend \$£150bn and create 5m new green jobs by 2020), is matched by 14 billion euros green jobs investment in Germany, and China's stated intention to lead the world including a \$142 billion green stimulus. Such moves are welcome but without similar intervention in the UK, Gordon Brown's welcome commitment to 1 million green jobs at Warwick, is in danger of slipping overseas – with Vestas being a recent prominent example.
- 1.4. Such intervention needs to be as drastic as that which saved the banks, including a re-thinking of the balance between market and state.

¹ Data included in Unions, Greening the Workplace and Climate Change – Labour Research Department, June 2009

² Building a Low Carbon Economy, Committee on Climate Change, December 2008

³ An outline of the case for a 'green' stimulus, Sir Nicolas Stern et al, Grantham Research Institute on Climate Change and the Environment / Centre for Climate Change Economics and Policy, Feb 2009

⁴ Low Carbon Industrial Strategy: A Vision, BERR, March 2009

2. Access to capital

- 2.1. The low carbon sectors highlighted in this paper face the same credit squeeze as other industries, so it is crucial for government to ensure that the credit being made available to industry flows rapidly. The banks that have been saved through a massive investment of taxpayer cash must now show responsibility towards both workers and the environment, and be given a clear remit and duty to support manufacturing, particularly low carbon jobs – as recommended by this Committee and already statutorily required in Ireland, and as called for in Unite's A New Deal for the Real Economy⁵.
- 2.2. The £4bn of new European Investment Bank loans for renewables needs to be expedited.
- 2.3. Another way of leveraging investment could be for a duty for socially and environmentally responsible investment to be placed on pension trustees⁶ – such investments would also be safer homes for our pension funds, as pointed out by (amongst others) the New Economics Foundation⁷.
- 2.4. Unite has already called for use of Local Authority Bonds for infrastructure, housing, and environmental investment, and notes with interest recent calls from FOE, REA, NEF and others for 'green bonds' and 'green banks' to fund up to £50bn a year for a 'green recovery' which transforms the energy efficiency and renewable capacity of the UK⁸.
- 2.5. Both the existing £175bn annual public sector expenditure on procuring goods and services, and additional stimulus investment coming through, must be targeted through greater use of procurement clauses, to support employment and environmental policy objectives. There is also a need for longer term procurement contracts. Government should also do more to install renewable capacity on public sector land – the current 'Partnership for Renewables' scheme is limited and beset by the same problems as other PFI schemes.
- 2.6. The benefits of this type of investment are clear. In the US, the Apollo Institute estimates that every \$1million invested in energy efficiency projects creates 21.5 jobs (compared to 11.5 in new natural gas generation).

⁵ A New Deal for the Real Economy, Unite, November 2008

⁶ As recommended in, for example, DTI's Innovation and Growth report – 'Enabling Business in Resources Management' - 2002

⁷ The Green New Deal, New Economics Foundation, July 2008

⁸ Friends of the Earth is calling £15bn of government money to be invested in a Green Bank over the next 2 years, and a further £15bn to be raised through green bonds (raised on the private markets and underwritten by government). The Renewable Energy Association calls for a Green Bond issue of £10bn. New Economics Foundation has called for a more ambitious programme of £50bn per year.

3. Energy

- 3.1. The budget announcement on up to 4 new carbon capture and storage plants is welcome but clarity is needed over the funding mechanism. A market based approach to connect offshore energy infrastructure is likely to result in a wasteful system of parallel, competing connections. There are also much work to be done on skills in the CCS market as well as the rest of the energy sector.
- 3.2. To meet the government's 2020 Renewable energy targets, jobs in renewable energy will need to grow from 16,000 at present to around 150,000 by 2020.
- 3.3. Investment in nuclear new build and cleaner coal with carbon capture – coal and nuclear closures mean that the UK will need to replace about 1/3 of its baseload power supply by 2015, and 2/3 by 2020.
- 3.4. A report to BERR's Renewable Energy Strategy stated that around 44,000 manufacturing and construction jobs will need to be created by 2020 in wind energy to deliver on the government's renewables targets, but that the majority of these jobs – nearly 39,000, or about 85% of them - will not be UK jobs, without considerable UK government support for skills, infrastructure, the UK supply chain and domestic market.⁹ Unite considers BERR's response – that such matters would essentially be dealt with by RDAs – to be inadequate. RDAs do not set national policy which could support the supply chains and markets.
- 3.5. Unite recognises that the government has taken some steps, for example the £525m in the budget to improve the subsidy regime for offshore wind, and the recent announcement on the London Array, and working with the EIB to channel £4bn of additional investment. However, such steps are clearly not enough.
- 3.6. Those countries such as Spain and Germany that have come from behind to successfully develop domestic wind industries (estimated to employ 900,000 in Germany by 2020), have done so through industrial activism, and a funding mechanism (feed in tariffs) that developed a stable, sizeable domestic market, at lower cost to the energy consumer than our current system. Spain has also used local content requirements which require local assembly / manufacture of turbines before wind farm permissions are granted, as well as a tax credit that is only granted on turbines that meet these requirements¹⁰.
- 3.7. Despite the ambitious targets set by the EU and UK to increase from 5% of electricity being generated renewably, to at least a third, in eight years, investors are still sceptical that sufficient UK projects will proceed. Unite notes the SKM and Douglas Westwood reports to the Renewable Energy consultation which cited turbine shortages (particularly blades) and a lack of UK manufacturing capacity as key obstacles in delivering on Renewable Energy targets. The SKM report also cited a lack of a pipeline

⁹ Supply Chain Constraints on the Deployment of Renewable Energy, Douglas Westwood/BERR, June 2008

¹⁰ Green Jobs: Prospects of Creating Jobs from Offshore Wind in the UK, IPPR, April 2009

of domestic projects certain to proceed, as a key obstacle for investment in wind turbine manufacturing. Therefore, Unite believes a government strategy is urgently needed which unblocks finance as outlined above, and also:

- Introduces a feed in tariff which also applies to large scale renewables;
- Follows the Spanish example of using local content requirements for wind farm planning permission;
- Addresses the planning blockages for both small and large scale projects that make the UK the 'hardest country in the world to get planning permission' according to Ditlev Engel, CEO of Vestas;
- Ensures sufficient investment in grid expansion and offshore infrastructure such as port capacity.

3.8. Such steps, if taken, could address problems like the proposed closure of England's only wind turbine manufacturing capacity, the Vestas blades plant in the Isle of Wight, which plans to offshore production to China and the US.

4. Public transport

4.1. The deregulation of public transport has been a disaster for passengers and the environment. Improving and integrating public transport is critical to any serious environmental strategy, to make it a realistic, comfortable and safe alternative to private car use. More state investment in public transport infrastructure and services is needed, maximising the benefits of the new quality contracts in the immediate term, and re-nationalisation / municipal ownership may also be necessary.

4.2. It is not the question of car ownership that is the main challenge, but of car usage. In Germany higher levels of car ownership still result in lower levels of car use because of good public transport.

4.3. It is clear that the economic downturn (as well as environmental concerns) is affecting transport demand. In 2007/8 there was a decrease in car mileage (for the first time since the 70s), shrinking demand for larger vehicles, and an increase in bus usage. Of all the measures considered to reduce emissions from transport, spending more on buses is the most popular.¹¹

4.4. However, bus drivers and manufacturers are already facing redundancies, as the bus companies seek to maintain profit margins that are squeezed due to the impact of the recession on their rail revenue, by withdrawing services and cancelling orders with UK bus manufacturers.

4.5. Passengers and workers could be safeguarded through public funding where necessary, for purchasing buses and operating services. Alternatively, the government could clamp down on bus companies and transport authorities attempting to delay their obligations to purchase newer, less polluting buses and run decent levels of service. A scrappage scheme like that introduced for cars would be hugely helpful.

¹¹ DfT Attitudinal Polling, 2009

5. Cars

- 5.1. A recent Government study showed that there could be some 1.2 million electric vehicles (EVs) on the roads by 2020¹², subject to a 'high level' of Government commitment.
- 5.2. However in the UK, the transport secretary's stated aim to be 'technology neutral' in relation to low carbon vehicles, and his statement in March that he expects the market to take the lead on delivering electric car infrastructure, with only £20m of government investment, risks repeating the same mistakes as with renewable energy, and failing to deliver the green jobs we so need.
- 5.3. Unite believes this makes it likely that the UK will lose car production to the US, Europe, and the far East, who have already assessed the technology provided support for production and infrastructure.
- 5.4. Finally, the UK won't have a green vehicle industry unless current provision is sustained whilst we re-tool and re-train. Given the current crisis in the industry, assistance is too little, and too slow, whether in relation to the current public sector fleet electric van programme (limited to only 200 vans this year), or more generally in expediting EIB and Automotive Assistance Programme funding.
- 5.5. To deliver this and support manufacturing jobs in the UK there also needs to be more R&D, training and capital investment support for existing UK based battery manufacturers (such as Exide, currently facing job losses) to develop greener alternatives.

6. Construction

- 6.1. The budget's additional £375m for energy efficiency (in homes, public sector building and industry) is welcome but falls well below what is required.
- 6.2. Around a third of the UK's greenhouse gas emissions come from housing¹³. According to Consumer Focus, with the average household electricity bill now over £1000 per year, over 5 million people are now struggling to afford to heat their homes¹⁴. Insulating buildings also protects against summer heatwaves and so is a measure both to mitigate, and to adapt to, climate change.
- 6.3. The European experience shows that every £1m invested in energy efficiency creates between 8 and 14 person years of direct employment, and a further 9 to 40 years indirect employment¹⁵. Lord Stern¹⁶ points out that "implementing energy efficiency measures for buildings and industry are among the most effective ways to combine environmental outcomes with a fast economic stimulus...spending on energy efficiency

¹² Investigation into the potential for the transport sector to switch to electric and plug in hybrid vehicles, CENEX/BERR, October 2008

¹³ <http://www.berr.gov.uk/energy/whitepaper/page39534.html>

14

http://www.consumerfocus.org.uk/en/content/cms/Campaigns/End_Fuel_Poverty/End_Fuel_Poverty.aspx. Consumer Focus was formerly energywatch, Postwatch and the National Consumer Council.

¹⁵ The case for energy efficiency investment in the fiscal stimulus, Impetus Consulting, Feb 2009

¹⁶ Sir Nicolas Stern et al 'An outline of the case for a 'green' stimulus'

measures...directed towards domestic construction sector activity... [has] a low rate of leakage into imports, increasing the domestic fiscal multiplier¹⁷.

- 6.4. This is also decentralised employment that could be initially targeted at those areas most suffering from loss of construction jobs.
- 6.5. This combination of factors has meant there is a growing political alliance¹⁸ around Government dramatically upgrading and hastening its existing 'green' retro-fitting programme, and creating up to 250,000 net additional jobs a year in so doing.¹⁹
- 6.6. Investment in energy efficiency retro-fitting of public buildings would also save a typical school over £2000 a year, and a health care trust around £25,000 a year²⁰.
- 6.7. Government could also consider reducing VAT on refurbishment to 5%, to encourage more energy efficiency work, and rating properties below a certain SAP rating or energy efficiency band as officially 'uninhabitable', to lift a large number of families out of fuel poverty and establish refurbishment standards on private landlords.
- 6.8. Unite would also argue the need for these jobs to be directly delivered by councils, to ensure economies of scale, initial focus on streets and wards of greatest need, and to overcome the lack of trust of unknown providers which has hampered uptake according to the Energy Saving Trust.

7. Skills

- 7.1. Unite wants to see an immediate release of funds to provide skills training for 'green jobs' training, for all workers but particularly those in the sectors highlighted above, who will be most affected by the transition to a low carbon economy. Rights for union environmental reps could help workers access the skills needed to free up an additional £5.6-£7.4 billion of potential energy savings for UK businesses and the public sector, including up to £2.5 billion in the next 12 months alone²¹, thus helping to secure jobs. The government could introduce a right to training (including paid time off), rather than a 'right to request'.
- 7.2. The majority of Unite members are not benefitting from employer led green training initiatives. A recent survey of Unite members²² showed that only 6.8% reported their employer had made opportunities available to them for green upskilling.

17 As above

18 2020 group, compass, Shelter, CIH, CAB, Crisis, backbenchers (e.g. Cruddas, Burgon), DCH, Nat. Housebuilding, Fed of Housebuilders etc

19 For example, Unite has called for this in our 'New Deal for the Real Economy', the Local Government Association (LGA) have argued for a national programme of basic home insulation for the 10 million homes that don't currently have it, at a cost of £500m a year, creating 20,000 jobs, as well as saving households an average of at least £180 a year on bills. A recent Greenpeace report "Energy Efficiency and Fiscal Stimulus" backed by the Federation of Master Builders and the TUC called for such a scheme plus a larger scale £5bn a year construction scheme to meet our climate change targets and to create over 250,000 net additional jobs a year.

²⁰ using Carbon Trust figures

21 Creating the Environment for Change, Impetus/Greenpeace 2009

22 Unions, Greening the Workplace and Climate Change, as above

8. Conclusion

- 8.1. This response has touched on key possibilities. There are other areas that need investigation and action, from 'green finance' initiatives to agriculture²³, and construction jobs in flood prevention and climate change mitigation.
- 8.2. The challenges are clear. Everyone should have the right to work in a way that provides for their needs without damaging their environment. But recent research suggests that greater reductions in greenhouse gas emissions than previously thought are necessary to keep within the crucial 2 degree limit²⁴. It cannot be assumed that the economy that emerges from the recession will be sustainable - the recessions of the last 30 years have hastened the drive to a socially, economically and environmentally *un*-sustainable system, with workers and goods having to travel ever greater distances to chase globalised, deregulated capital.
- 8.3. Unite welcomes the steps in the right direction the Government has taken so far in to support 'green jobs'. But actions have not gone far enough or fast enough in addressing the scale and breadth of needs, outlined in this evidence. New priorities for these new times require careful planning and transition measures, with union involvement crucial. A response to the economic crisis that includes proper planning, industrial activism, and a shift in subsidies and financing, would allow huge scope for sustainable growth and sustainable employment.

Jack Dromey
Deputy General Secretary,
Jack.dromey@unitetheunion.com

Gail Cartmail
Assistant General Secretary
gail.cartmail@unitetheunion.com

4th June 2009

For further information please contact:

Caroline Molloy
Researcher
Unite the Union
020 7611 2569

23 The Soil Association has suggested 350,000 jobs could be created through a switch to organic - Centre for Agricultural Strategy, University of Reading, November 2008 (cited by the Soil Association)

²⁴ See for example a recent paper published by the Royal Society
http://www.tyndall.ac.uk/publications/journal_papers/fulltext.pdf