

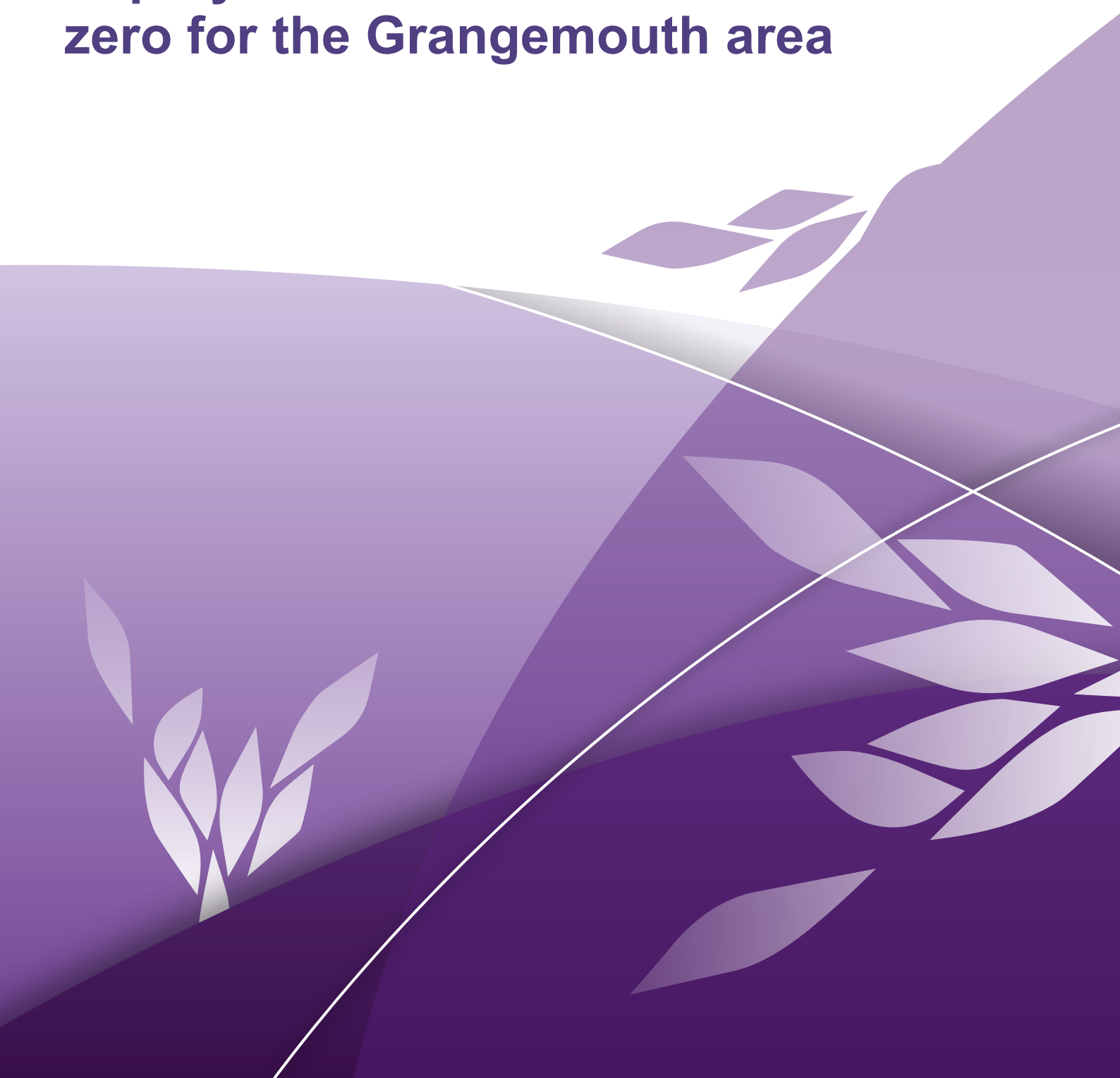


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## Economy and Fair Work Committee

# Inquiry into a Just Transition to net zero for the Grangemouth area



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# Contents

<b>Membership changes</b>	<b>1</b>
<b>Conclusions and Recommendations</b>	<b>2</b>
<b>Introduction</b>	<b>6</b>
<b>Why Grangemouth?</b>	<b>7</b>
Inquiry remit	8
Evidence received	8
<b>What is a "just transition"?</b>	<b>10</b>
Strategies, policies and the Just Transition Commission	11
<b>Who should be involved?</b>	<b>15</b>
<b>How will a just transition for the Grangemouth area be achieved?</b>	<b>17</b>
Lessons learned from previous transitions	17
Communication	17
Infrastructure and community benefits	19
Workforce and skills	20
Financing the transition	22
Emerging technologies	24
<b>Annexe A - List of relevant strategies and policies</b>	<b>29</b>
<b>Annexe B - List of relevant organisations and bodies</b>	<b>30</b>
<b>Annexe C - Extracts from minutes of Committee meetings</b>	<b>31</b>
<b>Bibliography</b>	<b>34</b>

# Economy and Fair Work Committee

To consider and report on matters falling within the responsibility of the Cabinet Secretary for Wellbeing Economy, Fair Work and Energy with the exception of matters relating to energy; and on matters relating to just transition within the responsibility of the Cabinet Secretary for Net Zero and Just Transition.



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# Committee Membership



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Scottish Green Party



**Jamie Halcro Johnston**  
Scottish Conservative  
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**Gordon MacDonald**  
Scottish National Party



**Graham Simpson**  
Scottish Conservative  
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**Colin Smyth**  
Scottish Labour



**Michelle Thomson**  
Scottish National Party

# Membership changes

The following change to Committee membership occurred during the course of this inquiry—

- Fiona Hyslop resigned from the Committee on 14 June 2023.

# Conclusions and Recommendations

- 1. The Committee believes that turning down the Committee's invitations to give evidence was a missed opportunity for INEOS to set out, on the parliamentary record, the work it is now doing to contribute to Scotland's net zero targets and enable appropriate parliamentary scrutiny of this work.**
- 2. As the Scottish Government develops its "dedicated and focused Grangemouth just transition plan" to "chart a vision for the cluster to 2024" the Committee recommends that the Scottish Government establish a clear and concise definition of what is meant by "just transition" to inform this and future plans. This should include clear and measurable targets for success.**
- 3. The plan and vision should also make clear what a just transition will look like in Grangemouth, in tangible terms, to enable local stakeholders to understand what it will mean for them and the part they can play. It must include meaningful engagement with the community and clearly evidence where co-design has taken place, will continue to take place, and the impact this engagement has had on the plan.**
- 4. The Committee welcomes the Memorandum of Understanding between the Scottish Government and the Just Transition Commission (JTC), and hopes this will ensure the Commission receives an advance copy of the updated Energy Strategy and Just Transition Plan, and other relevant plans, in sufficient time to enable in-depth analysis and the provision of comprehensive feedback if necessary. We believe this is essential for the JTC to fulfil its role and will help enhance draft plans produced by the Scottish Government. The Committee requests that after either the next update to the Energy Strategy and Just Transition Plan, or publication of the next sectoral just transition plan, both parties provide an update on how the new working relationship is bedding-in.**
- 5. The Committee asks the Scottish Government to publish engagement plans with industry, the workforce and local communities for each of the Just Transition Plans and to provide details of how it will implement the advice of the JTC published in April 2023.**
- 6. The Committee notes that the Commission does not intend to undertake any work specific to the Just Transition Plan for Grangemouth, but is pleased that the Commission will, in the Autumn, review the approach taken by the Scottish Government to regional plans.**
- 7. The Committee notes the establishment of the Grangemouth Future Industry Board (GFIB) to align public policy across the devolved public sector. However, the Committee calls for more clarity on the role and purpose of GFIB and what it is intended to achieve. At present it is operating more as a forum with limited output to date. The Committee believes that GFIB could play an important role with a clear, collective purpose. The Scottish Government is asked to set out in more detail what**

**GFIB is to be responsible for and how it will shape progress.**

- 8. The Committee welcomes assurances from the Scottish Government that the next phase of GFIB's work will have involvement from the private sector, but also observes that neither Scottish National Investment Bank (SNIB) nor the local community have representation. The Committee asks for clarification of how the private sector is to be brought on board, whether there are plans to include SNIB and community representation, and if not, how these interests will be incorporated.**
- 9. The Committee asks the Scottish Government to set out how GFIB intends to work with relevant UK public sector bodies.**
- 10. Local people and business should be at the heart of the Scottish Government's just transition plans. We ask the Scottish Government to set out how its stated commitment to meaningful engagement, and the results of previous consultations, are being reflected in the just transition plans and the "vision" being developed for the Grangemouth area, and how these will contribute to a place based approach.**
- 11. The Committee also asks that the Scottish Government outline how it proposes to engage with small and medium-sized enterprises (SMEs), and how SMEs will be supported to take advantage of the benefits of the transition. One way could be to create a central resource of expertise for businesses.**
- 12. The Committee welcomes the recent announcement of a funded Grangemouth Community Engagement Officer to act as a liaison between the community and the Scottish Government. The Scottish Government is asked to set out how this appointment will shape future just transition plans.**
- 13. The Committee heard a number of suggestions from witnesses, including improved public transport links (including rail), subsidised public transport within the town, improved HGV facilities, diverse good quality housing stock, and community benefit clauses. The Committee recommends that the Scottish Government engages with the community to determine their priorities and to inform the Just Transition Plan for Grangemouth.**
- 14. The Committee notes that the potential for job creation is not confined to the town but also surrounding areas. Given current infrastructure pressures, the Committee asks the Scottish Government to undertake and publish an assessment of the proportion of new jobs that will be local and the proportion that may increase commuters.**
- 15. The Committee asks the Scottish Government to set out how the Grangemouth Flood Protection Scheme will be funded, given the scale of the project (£600 million), and doubt expressed by the council about its ability to contribute the usual 20%.**
- 16. It is vital that Scotland's skills delivery landscape is ready and able to**



deliver the support needed to reach our net zero ambitions. The Committee notes that the independent review of the skills delivery landscape, led by James Withers, has now reported.

17. The Committee welcomes the work undertaken by Forth Valley College, Skills Development Scotland, and industry around skills provision for the plant and draws the Scottish Government's attention to Unite's call for a Skills Hub. We heard that there was confidence in the plant for the next five years and that the current workforce is well placed to re-skill and re-train as part of the transition.
18. However, we remain concerned regarding wider skills to enable a just transition for the broader community and supply chain in order that there is a fair and just transition for everyone. We expect the Scottish Government to set out clearly how it will deliver a skills agenda that meets these challenges.
19. The Committee reiterates the importance of the Scottish Government setting out a clear vision in just transition plans, supported by consistent policy signals and drivers as to the technologies that will be the focus to avoid an "unjust transition".
20. The Committee welcomes the investments made by Scottish Enterprise, and the preliminary work conducted by SNIB, to help local business to scale up, making them a more attractive investment opportunity for private sector investments.
21. The Committee asks that the use of local supply chains in public procurement be emphasised in the next iteration of the draft Energy Strategy and Just Transition Plan, and that conditionality around this be built in to procurement contracts relating to the transition of the area. The Committee intends to commence post-legislative scrutiny of the Procurement Reform (Scotland) Act 2014 later in the year and may consider this issue as part of that work.
22. The Committee welcomes the establishment of the Scottish Taskforce for Green and Sustainable Financial Services. The Committee asks that the Scottish Government provide an overview of taskforce work to date and its future plans.
23. The Committee notes the role hydrogen is expected to play in the transition to net zero, perhaps especially in hard to abate sectors and industries, and the potential economic benefits and jobs it is hoped it will secure. The Committee, however, agrees with the Just Transition Commission that, alongside the potential development of new technologies, contingency plans must be included. The risks involved are not just to climate targets, but also to communities who are being promised a future industry.
24. While there are different views on the viability of hydrogen, the Committee encourages the public and private sectors to work collaboratively to identify, develop, and clearly articulate the business and community

opportunities, and risks, around this emerging technology; ensure funding is in place at the right time to take advantage of opportunities to maximise the economic and community benefit; and to develop contingency plans should the expected benefits from this technology not be as hoped.

25. **UK Government approval and wider funding for the Scottish Cluster is vital to achieving Scotland's net zero goals. The Committee notes the UK Government Minister's statement that the Acorn project is now in "pole position" for support and that he is looking forward to an announcement in the near future.<sup>i</sup>**
26. **The Committee reiterates the importance of the Acorn project to achieving not just Grangemouth's, but Scotland's net zero ambitions. The Acorn project is a critical enabler for the Grangemouth area's contribution to the transition. It is vital that the UK Government now approves the Acorn project to enable wider funding and the delivery of the Scottish Cluster.<sup>ii</sup>**
27. **The Committee considers that the production of sustainable aviation fuel (SAF) should happen in Scotland. Legislating for a price support for SAF to accompany the mandate may be required to incentivise private sector investment in UK and Scottish SAF production and enable the development of an initial five UK SAF plants under construction by 2025.<sup>iii</sup>**
28. **The Committee encourages the UK Government to bring forward detailed proposals to create a successful SAF industry and stimulate production at Grangemouth.<sup>iv</sup>**

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**i Maggie Chapman dissented.**

**ii Maggie Chapman dissented.**

**iii Maggie Chapman dissented.**

**iv Maggie Chapman dissented.**

# Introduction

29. The Scottish Government has set ambitious targets to reduce emissions in Scotland to net zero by 2045.<sup>v</sup> These were enshrined in the [Climate Change \(Emissions Reduction Targets\) \(Scotland\) Act 2019](#), which built on the previous [Climate Change \(Scotland\) Act 2009](#).
30. As part of the 2045 ambition, the Scottish Government has an interim target to reduce emissions by around a third by 2030 (from a 1990 baseline). Industry is the second highest emitting sector in Scotland after transport. <sup>1</sup>
31. Earlier this year, the Scottish Government published its [draft Energy Strategy and Just Transition Plan](#). The consultation recently closed. Scottish Government work is also underway on a specific Grangemouth just transition plan.
32. A fundamental economic transformation is needed to support industry to reduce emissions, phase out polluting sectors, transition to greener jobs, and meet the Scottish Government's net zero targets. The process of economic transformation is creating opportunities for new skilled jobs, innovation, and investment, but it also creates risks for workers and communities reliant on emissions-heavy industries and sectors.
33. The Committee undertook this inquiry to consider how a just transition will be achieved in a way that benefits people, communities and businesses. The first part of this work focused on the Grangemouth area. Future work will focus on the Scottish Government's Just Transition Fund; a £500 million ten-year commitment to support projects in the North East and Moray which contribute towards the transition to net zero.

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<sup>v</sup> "Net Zero" is when the amount of greenhouse gas emissions going in to the atmosphere, less the amount going out, adds up to zero.

# Why Grangemouth?

34. The industrial site at Grangemouth, operated by INEOS, accounts for around a third of total emissions from companies in Scotland.<sup>vi 2</sup> INEOS states that the site also accounts for around 4% of Scottish GDP,<sup>3</sup> and Friends of the Earth Scotland states that it accounts for 9% of Scotland's overall emissions.<sup>4</sup>
35. The original refinery at Grangemouth was built in the 1920s and sold to the present owners, INEOS, in 2005. The refinery is now [one of Scotland's largest manufacturing sites by volume](#),<sup>5</sup> employing almost 2,000 people directly across three businesses, and up to 7,000 contractors at peak turnaround activity.<sup>6</sup> Its products include petrol, diesel, kerosene and jet fuel, gas oil, fuel oil, liquefied petroleum gas, and fuel gas. In 2019, exports of petroleum and chemical products from the site accounted for 6% of all Scottish exports to outside of the UK.<sup>7</sup>
36. Since taking ownership of the facility, INEOS has reduced CO2 emissions by 37%. In line with Scottish Government ambitions, the company is committed to the site being climate-neutral by 2045, with a shared ambition to reduce greenhouse gas emissions to at least 55% below 1990 levels by 2030.<sup>8</sup>
37. The Port of Grangemouth is Scotland's largest container terminal. It handles around 150,000 containers per year and plays a key role in distributing Scottish exports. Forth Ports estimates that activity by INEOS and Petroineos supports between 14,000 and 22,000 jobs indirectly.<sup>6</sup>
38. INEOS and Petroineos have joined Forth Ports as part of the Scottish Cluster (also known as the Acorn Project), which aims to capture and store up to one million tonnes of CO2 by 2027. INEOS suggests that its promised [£1 billion investment in Grangemouth will unlock this capacity](#), increasing emission reductions associated with Grangemouth to more than 50% compared to the 2005 level.
39. In October 2021, the UK Government announced support for two carbon capture utilisation and storage (CCUS) clusters. The Scottish Cluster was not selected at that stage but placed on the reserve list. In his 2023 Spring Budget, the Chancellor announced that funding to support the development of CCUS in the UK would be increased to £20 billion. There is currently no timetable for the track 2 process, nor is there published criteria for the assessment and selection process, however the UK Government has indicated that an update will be issued in the summer.<sup>9</sup>
40. There was widespread disappointment that the Scottish Cluster was not selected but placed on the reserve list, following the UK Government decision not to support the project in 2015 and again in 2021.
41. The Committee acknowledges that there is huge potential for Grangemouth to be central to the sustainability of Scotland's industrial base—

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<sup>vi</sup> Among companies who have a mandatory reporting duty.

” With the right planning, coordination, investment and endeavour – the shift to net zero provides for a major opportunity to harness the skills, manufacturing excellence, assets and key infrastructure concentrated at Grangemouth, and use these advantages to the benefit of the region, to those who live, trade and work there, and to the wider Scottish economy.<sup>7</sup>

42. Given the value of the industrial site to the Scottish economy, but also the level of emissions from the INEOS site, the Grangemouth area was the natural focus of our initial work.

## Inquiry remit

43. The remit of the inquiry was to consider how to support, incentivise, and manage risks around a just transition in a way that benefits people, communities and businesses.

44. The Committee was interested in five aspects—

- planning and engagement for the transition to net zero;
- economic and employment benefits of a net zero transition;
- skills needed to support the transition over the next two decades;
- how to measure the transition; and
- how to ensure learning from the Grangemouth transition supports the wider transition across Scottish industry.

## Evidence received

45. The Committee launched a call for views in December. There were [30 responses](#), 15 from organisations and 15 from individuals. The Committee thanks all who responded.

46. The Committee took oral evidence across eight meetings from organisations representing businesses, trade unions, the local Community Council, public sector bodies, representatives from the financial sector, the Just Transition Commission, and both the UK and Scottish Governments. Full details of the evidence sessions can be found at **Annexe C**. The Committee thanks all who contributed.

47. Members also visited the INEOS site at Grangemouth. This visit allowed the Committee to better understand the work of INEOS, the scale of its operations in the town, and its engagement with the local community. Members were pleased to see the progress being made as the site transitions towards its net zero goals and thanks INEOS for facilitating this visit.

48. A committee visit, such as this, is not part of parliamentary proceedings, and the informal discussions that took place during the visit are not reflected in this report. INEOS was invited to attend a meeting of the Committee to give evidence on the

record, in the same way other contributors did. The Committee regrets that INEOS declined our invitations.

49. **The Committee believes that turning down the Committee's invitations to give evidence was a missed opportunity for INEOS to set out, on the parliamentary record, the work it is now doing to contribute to Scotland's net zero targets and enable appropriate parliamentary scrutiny of this work.**

## What is a "just transition"?

50. [The Climate Change \(Emissions Reduction Targets\) \(Scotland\) Act 2019](#) defines "just transition" principles as—
- ” the importance of taking action to reduce net Scottish emissions of greenhouse gases in a way which—
    - (a) supports environmentally and socially sustainable jobs,
    - (b) supports low-carbon investment and infrastructure,
    - (c) develops and maintains social consensus through engagement with workers, trade unions, communities, non-governmental organisations, representatives of the interests of business and industry and such other persons as the Scottish Ministers consider appropriate,
    - (d) creates decent, fair and high-value work in a way which does not negatively affect the current workforce and overall economy,
    - (e) contributes to resource efficient and sustainable economic approaches which help to address inequality and poverty.<sup>10</sup>
51. For anyone working in the area of climate change policy or who has been following the developments and debates around the issue, the term "just transition" is likely to be a familiar one. But it is not necessarily familiar to everyone. Understandably, many people do not yet relate to the term; what it might mean for their jobs, places of work and communities, and importantly the opportunities that a well-planned transition to net zero could bring about.
52. Malcolm Bennie of Falkirk Council said—
- ” To be honest, if I were to walk through Grangemouth town centre right now and ask people what “just transition” means and what it means to them, I do not know whether the term would resonate with everyone ... the consultation and engagement that was done with the community during the past three to four years posed that question, and the feedback that we got was that the just transition was seemingly not overly relevant to it.<sup>11</sup>
53. The Scottish Futures Trust (SFT) suggested that to get communities more engaged, the concept of just transition must to be looked at from a community level. The SFT suggested that the International Labour Organisation's definition of "just transition" was clear—
- ” A Just Transition means greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind.<sup>12</sup>
54. Similarly, the Committee heard that the majority of small and medium-sized enterprises (SMEs), estimated to account for up to 50% of UK industrial emissions,<sup>13</sup> are unclear about what a just transition means for them and the ways in which

they can contribute to Scotland's targets. The Scottish Chambers of Commerce told the Committee that fewer than 21% of SMEs had set themselves any targets around the transition.<sup>14</sup>

55. **As the Scottish Government develops its "dedicated and focused Grangemouth just transition plan" to "chart a vision for the cluster to 2024" the Committee recommends that the Scottish Government establish a clear and concise definition of what is meant by "just transition" to inform this and future plans. This should include clear and measurable targets for success.**
56. **The plan and vision should also make clear what a just transition will look like in Grangemouth, in tangible terms, to enable local stakeholders to understand what it will mean for them and the part they can play. It must include meaningful engagement with the community and clearly evidence where co-design has taken place, will continue to take place, and the impact this engagement has had on the plan.**

## Strategies, policies and the Just Transition Commission

57. Scotland now has a wide array of national and local strategies, policies, plans, and agreements to support the transition to net zero. These include the Scottish Government's [National Strategy for Economic Transformation](#), the [draft Energy Strategy and Just Transition Plan](#), the [Hydrogen Action Plan](#) and the [Climate Emergency Skills Action Plan](#) (due to be refreshed this year). Details of the relevant strategies and policies are included at **Annexe A**.
58. In 2019, the Scottish Government established the first Just Transition Commission (JTC), as an independent body. Its role was to make recommendations to Scottish Ministers on how to transition to a net zero economy by 2045, in a way which maximised the economic and social opportunities, and built on Scotland's existing strengths and assets, whilst mitigating risks in relation to regional cohesion, equalities, poverty (including fuel poverty), and a sustainable and inclusive labour market.
59. Its [final report in 2020](#) made six high level recommendations for immediate action—
  - boost investment in warmer homes;
  - back buses and support the supply chain;
  - help the rural economy by helping Scotland's nature;
  - maintain and create new jobs for oil and gas workers;
  - align skills development for young and old people with the net zero transition; and
  - give a clear sense of direction and attach conditions for funding.<sup>15</sup>



60. In September 2021, [the Scottish Government published its response](#) to that report alongside its [Programme for Government](#). The response classified actions into four themes; planning for a managed transition; equipping people with the knowledge and skills they need; involving those who will be impacted; and spreading the benefits of the transition widely. <sup>16</sup>
61. A new Just Transition Commission convened in early 2022. It will sit for the duration of this Session of the Scottish Parliament and its remit is now to provide scrutiny and advice on the sectoral and regional just transition plans. The new JTC [published its first report in July 2022](#) setting out the strategic priorities for Scotland. This report noted that the Scottish Government had accepted all the findings of the first JTC, and made further recommendations to the Scottish Government including—
- An energy route map must be produced, including annual milestones and an associated investment plan.
  - There must be a rapid and substantial investment in the transmission and distribution infrastructure across the country.
  - Workforce planning must provide a clear picture of what the new energy economy will look like to identify opportunities and skills which will be in demand and where jobs will be located.
  - The Scottish Government should support clusters of test and demonstration sites to deliver supply chain diversification, with an updated industrial strategy providing the necessary clarity on this.
  - The retrofit industry needs to scale up to enable workforce planning, and the development of suitable financial products to support increased activity. <sup>17</sup>
62. In February, the [Commission published initial advice to the Scottish Government](#) on the [Draft Energy Strategy and Just Transition plan](#). Further advice was published in [April 2023](#). Key messages include—
- Each Just Transition Plan (JTP) should begin with an initial "assessment of the sector", including covering existing inequalities, identifying the key systemic factors which have contributed to these, and setting out 'realistic and achievable actions' which will deliver fairer outcomes.
  - JTPs need to map out where the costs and benefits from the transition will fall, which groups and regions are likely to be affected, who will pay more, and who will pay less.
  - Fair work must be "a central and explicit focus of all just transition plans". The Commission raised a concern that many of the new jobs created are likely to be in construction which may not benefit all communities. Plans should specify how many jobs are expected to be created and explain the assumptions which support these calculations and the key risks to achieving them.
  - JTPs must be accessible to allow wider communities and non-specialists to engage with them.
  - Each of the JTPs' structure should reflect the scale attached to different

elements of the strategy.

- Road maps must be detailed and thorough as these are a "critical tool in development of credible Just Transition Plans", showing not only actions but any interdependencies and a 'realistic assessment of capacity.
- There needs to be an investment prospectus, covering the role of private finance and community finance, as well as a clear role for public finance. <sup>18</sup>

63. The Commission advised that Scottish Government plans must include detailed and credible assessment of the key risks to strategic delivery and set out actions which mitigate these risks. For example, the JTC noted that the draft plan for the energy sector makes assumptions about export opportunities for hydrogen and supply chains. The JTC recommends that if considerable contributions are anticipated from new, as yet unproven, technologies, that contribution should be set out clearly with an assessment of key risks.

64. The Commission also observed—

- There needs to be engagement with industry, the workforce, and also with the local community, and that this had not been an area where past performance had been particularly strong.
- Communication needs to be two-way, not just telling local people what is happening but seeking their views and being clear as to how this input has an impact on plans and proposals.
- Engagement needs to be an ongoing part of the process. Once the JTP for the energy sector is finalised, the Scottish Government should undertake gap analysis to identify stakeholders who have not been engaged and ensure they address these gaps in future plans. <sup>18</sup>

65. Professor Jim Skea, the Chair of the JTC, expressed some frustration that the JTC had not been given sufficient opportunity to feed into the Scottish Government's draft Energy Strategy at an earlier stage. He explained—

” The issue for some of our commission members was about how early we saw some of the items. We felt that we were getting high-level aspirational documents on more than one occasion, and that there had not been an awful lot of development from one stage to the next. That is the key point ... If we are consulted and brought into the process a little earlier, we think that that will help to forge consensus and move things forward more quickly. <sup>19</sup>

66. The Committee is pleased that a [Memorandum of Understanding](#) (MOU) between the Scottish Government and the Commission has now been agreed. The MOU sets out a broad framework within which the Commission will operate and the roles and responsibilities which underpin its relationship with the Scottish Government.

67. Importantly, the MOU should ensure that the Commission sees future draft plans at an earlier stage and is able to meaningfully input to their development with expert and specialist advice. The Cabinet Secretary for Net Zero and Just Transition confirmed that the MOU—

” speaks to an agreed work plan; it ensures that the commission can see drafts at an earlier stage—earlier, I would admit, than it felt it had done to date; and it involves the appointment of a series of commissioners who can give specialist advice on different sectors. I welcome the MOU.<sup>20</sup>

68. **The Committee welcomes the Memorandum of Understanding between the Scottish Government and the Just Transition Commission, and hopes this will ensure the Commission receives an advance copy of the updated Energy Strategy and Just Transition Plan, and other relevant plans, in sufficient time to enable in-depth analysis and the provision of comprehensive feedback if necessary. We believe this is essential for the JTC to fulfil its role and will help enhance draft plans produced by the Scottish Government. The Committee requests that after either the next update to the Energy Strategy and Just Transition Plan, or publication of the next sectoral just transition plan, both parties provide an update on how the new working relationship is bedding-in.**
69. **The Committee asks the Scottish Government to publish engagement plans with industry, the workforce and local communities for each of the Just Transition Plans and to provide details of how it will implement the advice of the JTC published in April 2023.**
70. **The Committee notes that the Commission does not intend to undertake any work specific to the Just Transition Plan for Grangemouth, but is pleased that the Commission will, in the Autumn, review the approach taken by the Scottish Government to regional plans.**

# Who should be involved?

71. Numerous organisations, bodies and groups already recognise their interest in securing a just transition. Given the many interests, there is potential for duplication and a lack of clarity on next steps.
72. The main ones with an interest in the transition in Grangemouth are as follows, further information on each can be found at **Annexe B** and details of the organisations that gave evidence to the inquiry can be found at **Annexe C**—
- INEOS
  - Forth Ports and Forth Green Free Port
  - Falkirk Growth Deal (Falkirk Council)
  - Scottish Enterprise
  - Skills Development Scotland
  - Scottish National Investment Bank
  - Greener Grangemouth (Scottish Futures Trust)
  - Grangemouth (including Skinflats) Community Council
  - Small and Medium Enterprises (SMEs)
  - Workers and trade unions

## Grangemouth Future Industry Board

73. Given the public sector interest, the Scottish Government established the [Grangemouth Future Industry Board](#) (GFIB) in September 2020. The Board was established to—
- ” facilitate collaboration across the entire Scottish public sector, to streamline actions and decisions in pursuit of long-term sustainable economic success, and future-proof the complex. <sup>7</sup>
74. GFIB is co-chaired by the Scottish Government and Scottish Enterprise, and is comprised of representatives across Scottish Government directorates, Falkirk Council, Scottish Enterprise, Transport Scotland, the Scottish Environmental Protection Agency, Scottish Futures Trust, Skills Development Scotland, and Forth Valley College.
75. GFIB stated that its work complements that of the bodies implementing the Falkirk Growth Deal and other wider development initiatives, but with more of a focus on the industrial cluster. <sup>7</sup>
76. GFIB noted its work so far—
- **Phase one (November 2020 – February 2021):** established the structure and

functionality of the GFIB forum and culminated in the creation of key governance instruments.

- **Phase two (April 2021 – December 2022):** delivered its workstream priorities. GFIB then agreed that these workstreams should be repurposed to have a greater emphasis on net zero delivery. To do this, it was agreed that the GFIB would act as the conduit, leading on engagement with partners specifically to plan, prioritise and coordinate cross cutting decarbonisation opportunities, decisions and projects at the cluster.
- **Phase three (current):** will involve (i) the active participation of industry in supporting and informing this planning for net zero, eliciting business-focussed contributions on strategic issues facing the cluster, and (ii) delivery of the Just Transition Plan.<sup>7</sup>

77. The Scottish National Investment Bank (SNIB) is not represented on GFIB. The Federation of Small Businesses Scotland (FSB) noted that there was also no business or community representation. The Scottish Government has stated that GFIB is looking to bring business into the forum.<sup>20</sup>

78. **The Committee notes the establishment of GFIB to align public policy across the devolved public sector. However, the Committee calls for more clarity on the role and purpose of GFIB and what it is intended to achieve. At present it is operating more as a forum with limited output to date. The Committee believes that GFIB could play an important role with a clear, collective purpose. The Scottish Government is asked to set out in more detail what GFIB is to be responsible for and how it will shape progress.**

79. **The Committee welcomes assurances from the Scottish Government that the next phase of GFIB's work will have involvement from the private sector, but also observes that neither SNIB nor the local community have representation. The Committee asks for clarification of how the private sector is to be brought on board, whether there are plans to include SNIB and community representation, and if not, how these interests will be incorporated.**

80. **The Committee asks the Scottish Government to set out how GFIB intends to work with relevant UK public sector bodies.**

# How will a just transition for the Grangemouth area be achieved?

## Lessons learned from previous transitions

81. Grangemouth has gone through several transitions over the past decades. There was a feeling that much was promised, but little delivered by way of benefits to the local community. Adam Gillies of the Grangemouth Community Council said—
- ” Historically, Grangemouth has seen what is probably an unjust transition. It has moved from being one of the most prosperous towns in Europe to—if you look outside of the industry—a town that looks like industry has left. That is probably the best way to explain it. Our community has had a lot of false dawns. <sup>11</sup>
82. Despite Grangemouth hosting Scotland's largest industrial site, accounting for around 4% of Scottish GDP, it also has five areas amongst the 10% most deprived in the country. <sup>21</sup> Malcolm Bennie of Falkirk Council noted that—
- ” there is a tension between it being a place that is doing incredible commercially successful things and it having a community that is not benefiting from that. <sup>11</sup>
83. Despite the perceived lack of community benefit, the Committee heard that the community has been extensively consulted over the years. Friends of Inchyra Park stated that Grangemouth is "the most consulted community in Scotland" on such things as the Grangemouth Flood Protection Scheme, investment zones, and community action planning. But they added—
- ” Unfortunately, these engagements/consultations over a number of years are followed by decision making without community representation and has so far seen no local benefit to date. Which year on year makes it more difficult for the community to buy into the benefits of net zero with a real commitment to making Grangemouth better. <sup>4</sup>
84. The Committee discussed this point with the Cabinet Secretary and made particular reference to Longannet and the community in the Kincardine area. The Cabinet Secretary assured the Committee that lessons had been learned—
- ” There are many lessons to be drawn from that ... early and meaningful engagement with communities, workers and their trade unions has been so important. <sup>20</sup>

## Communication

85. The Just Transition Commission stressed the importance of plans being genuinely co-designed, noting that the current draft Energy Strategy and Just Transition Plan had not been, and that—

” a clear and pragmatic approach is needed regarding the extent to which sectoral plans, or elements of these, can be co-designed, given urgent timescales for development of plans in 2023. <sup>18</sup>

86. Witnesses spoke of the limited capacity many in the community now have to meaningfully engage. The Community Council acknowledged these capacity limits, pointing out that members often have full time jobs in addition to their community role, but also that some forums (particularly those where decisions are made) are generally not open to the community. <sup>11</sup>
87. Similarly, the Committee heard that many small businesses also lack the capacity to engage with the public sector around the transition, or indeed to consider what the transition means for them. FSB Scotland noted however that the transition to net zero cannot be achieved without getting small businesses involved. <sup>14</sup> Commenting on the role SMEs can play, Hisashi Kuboyama told the Committee that—
- ” small businesses make up around 98 per cent of the entire business community—the contribution of each is significantly smaller than that, but the total is still a significant chunk of emissions, so it is important to get small businesses involved rather than leave them behind. It is important for us to see them as part of the solution, rather than as the problem. <sup>14</sup>
88. The Cabinet Secretary told the Committee that the Scottish Government is funding a Grangemouth Community Engagement Officer to be a liaison between the community, the cluster and the Scottish Government to "make sure that the voices of people who live in the area...are heard really loudly." <sup>20</sup>

89. **Local people and business should be at the heart of the Scottish Government's just transition plans. We ask the Scottish Government to set out how its stated commitment to meaningful engagement, and the results of previous consultations, are being reflected in the just transition plans and the "vision" being developed for the Grangemouth area, and how these will contribute to a place based approach.**
90. **The Committee also asks that the Scottish Government outline how it proposes to engage with SMEs, and how SMEs will be supported to take advantage of the benefits of the transition. One way could be to create a central resource of expertise for businesses.**
91. **The Committee welcomes the recent announcement of a funded Grangemouth Community Engagement Officer to act as a liaison between the community and the Scottish Government. The Scottish Government is asked to set out how this appointment will shape future just transition plans.**

## Infrastructure and community benefits

92. There are a number of specific issues that the community is looking to have considered as part of the Grangemouth-area plan.
93. Public transport is seen as a major problem. Members witnessed this during our visit. Many of the current workforce at the INEOS site live in the wider area, creating a “DIDO economy”—drive in, drive out. Better public transport links to the town centre would encourage commuting workers to spend time in the area, support local businesses, and reduce car traffic. The Committee heard that the addition of a rail link would be a major benefit for the town and could mitigate any increase in traffic as a result of new jobs created and brought to the area. Free public transport and a parking levy were also suggested.
94. The Community Council noted that although the positive contribution of the economic activity in Grangemouth was centralised and distributed across Scotland, the negative environmental outcomes associated with this activity (such as HGV congestion) were largely borne by the local community alone. An HGV park was suggested to provide a designated area for vehicles to wait before making deliveries, reducing congestion and emissions.
95. On housing, it was noted that Grangemouth has a disproportionate number of flats and lacks other types of housing stock. Witnesses suggested this contributes to the community being perceived as short-term.<sup>11</sup> A greater diversity of housing stock would encourage people to stay for longer and provide the mix of housing required when looking to attract skilled workers, which in turn will lead to a more sustainable local economy.
96. The Grangemouth Flood Protection Scheme was highlighted as an integral part of the town's transition. The Scheme will protect 5,800 people, 2,650 homes, 330 businesses, and the community's road and rail infrastructure from flooding. Given the scale of the scheme (estimated to cost around £600 million), and the risk that rising sea levels pose for the industrial site and the town itself, Falkirk Council called for the scheme to be progressed through Scottish Government funding, noting that—
- ” The funding model for normal flood schemes would be that a council provides 20 per cent of the capital investment and the Scottish Government provides 80 per cent, but with a cost of £600 million there is no way that we can do that.<sup>11</sup>
97. The Community Council noted that, across Scotland, renewable developments come with community benefits, but there appears to be no equivalent for communities in close proximity to industrial clusters like Grangemouth. It was suggested that the Scottish Government should include some form of community development clause as part of the just transition plan for the area.
- 98. The Committee heard a number of suggestions from witnesses, including improved public transport links (including rail), subsidised public transport within the town, improved HGV facilities, diverse good quality housing stock, and community benefit clauses. The Committee recommends that the Scottish Government engages with the community to determine their**



**priorities and to inform the Just Transition Plan for Grangemouth.**

99. **The Committee notes that the potential for job creation is not confined to the town but also surrounding areas. Given current infrastructure pressures, the Committee asks the Scottish Government to undertake and publish an assessment of the proportion of new jobs that will be local and the proportion that may increase commuters.**
100. **The Committee asks the Scottish Government to set out how the Grangemouth Flood Protection Scheme will be funded, given the scale of the project (£600 million) and doubt expressed by the council about its ability to contribute the usual 20%.**

## Workforce and skills

101. Unite the Union highlighted that around 21% of workers in the UK currently have skills for which demand could grow in a green economy or could re-skill. This equates to around six million people. It is estimated that over three million jobs in the UK require reskilling to support the transition. <sup>22</sup>
102. The Just Transition Partnership, formed by Friends of the Earth Scotland and the Scottish Trade Union Congress to advocate for action to meet climate change targets, stated that—
- ” The skills required to deliver the transition are not being invested in at the necessary pace or scale. There is too little work being done on upskilling workers to enable them to move to new industries when they come on-line. Plans for investment in skills training should respond to assessments of labour demand developed within the plan. Funding for training of the existing workforce should be expected from employers while colleges should commit sufficient budget to training of new recruits into the relevant local sectors. <sup>23</sup>
103. Trade unions cautioned that there will be a need to instil confidence in the existing workforce, that sufficient new opportunities be made available during the process of transitioning to newer technologies, and that existing skills will be valued. It was also stressed that the opportunities should be available for all workers, not just the young, or those entering the labour market. Older workers who still have many years of work ahead of them must also be supported appropriately to re-skill. <sup>24</sup>
104. We know there are significant transferable skills amongst the workforce currently at the Grangemouth industrial site and we were pleased to hear that industrial relations there are good. The Committee was told that the move to more sustainable fuel production will not require extensive retraining of the existing workforce and can be achieved without cost being a barrier. Unite suggested that retraining for around 3-6 months could be sufficient in many cases to train a skilled worker to handle new technologies. <sup>24</sup>
105. Many working on site are employed on a short-term basis, or via contractors. Witnesses stated that this can act as a disincentive to employers investing in

training, and that, as with North Sea workers, employees themselves often have to fund their ongoing training requirements. The importance of the terms and conditions of the new re-skilled roles was also stressed, with Unions noting that they must be comparable with those of pre-transition roles. <sup>24</sup>

106. Liz McAreavey, representing the Scottish Chambers of Commerce Network, highlighted the importance of SMEs involved in the wider supply chain being able to invest in skills provision for their staff. <sup>14</sup>

107. It was suggested that more should be done to ensure employment opportunities are promoted more to people living in the FK3 postcode area, that there should also be an emphasis on training for local residents, and stronger links with local schools to ensure a focus on anticipated skill sets. <sup>11</sup> Forth Valley College noted that by—

” investing in training and development programs for the local workforce, policy makers can ensure that local residents have the skills and knowledge needed to take advantage of new job opportunities in the renewable energy sector. <sup>25</sup>

108. The trade unions, FSB Scotland, Skills Development Scotland and Forth Ports all spoke of the importance of engaging with local schools, to promote careers working within the exciting new renewables space. Liz McAreavey stated this is particularly relevant for girls, given that—

” something like only 25 per cent of these jobs are filled by women at the moment. That is something that we need to address. We need to encourage more women into the sector, because they have a lot to contribute. <sup>14</sup>

109. To aid planning and the promotion of careers, it is important to have clarity around what Scotland's new energy economy will look like to identify the opportunities and the skills that will be in demand. The visibility of project pipelines was also raised as an issue. Companies need to be able to see the direction of travel the Scottish and UK Governments are taking with regards to the transition and the major infrastructure projects required, to properly plan and have the appropriately trained staff in place.

110. Unite urged the Scottish Government to look at the development of a Skills Hub at Grangemouth which would link in with local colleges and universities to ensure synergies between job requirements and skills necessary to transition (which is a feature of the Green Freeport prospectus). <sup>22</sup>

111. Skills Development Scotland praised Forth Valley College's efforts working with industry to plan for demand, saying with some certainty, that there is strong skills provision in place for the next five years of the transition. Beyond this however, the picture is less clear as the technology evolves. <sup>24</sup>

**112. It is vital that Scotland's skills delivery landscape is ready and able to deliver the support needed to reach our net zero ambitions. The Committee notes that the independent review of the skills delivery landscape, led by James Withers, has now reported.**

113. **The Committee welcomes the work undertaken by Forth Valley College, Skills Development Scotland, and industry around skills provision for the plant and draws the Scottish Government's attention to Unite's call for a Skills Hub. We heard that there was confidence in the plant for the next five years and that the current workforce is well placed to re-skill and re-train as part of the transition.**
114. **However, we remain concerned regarding wider skills to enable a just transition for the broader community and supply chain in order that there is a fair and just transition for everyone. We expect the Scottish Government to set out clearly how it will deliver a skills agenda that meets these challenges.**

## Financing the transition

115. Forth Ports suggested the necessary investment in ports to allow Scottish firms to capitalise on economic opportunities in renewable energy has either already happened, or is currently taking place. Similarly, the necessary finance is already planned for and committed by INEOS to proceed with its plans to achieve its net zero goals. This however is dependent on policy and other decisions and drivers in relation to developing technologies. While Forth Ports suggested their own business has sufficient long-term investors to provide certainty, primarily through pension funds, the Scottish Chambers of Commerce noted that for other investors, there is a challenge in modelling and having confidence in likely returns from investing in the transition, especially when considering investments in SMEs.<sup>14</sup>
116. A key aim of the just transition is to spread opportunities and associated economic benefits, so it is essential that a range of businesses are able to access finance to support their transition. Many SMEs lack the time, expertise, and funding to properly realise the benefits of the transition and the opportunities open to them. To avoid an "unjust transition" it is vital that the transition extends beyond the main industrial site. This would allow local businesses, and the wider community, to take advantage of the opportunities available. Public and private finance will be vital in achieving this.
117. Scottish Enterprise suggested a barrier to investment was the long-term nature of some emerging technologies and companies, which would not appeal to all investors as many will seek a shorter-term return.<sup>26</sup>
118. Another barrier to investment is the degree of ambiguity around the specific technological solutions which will be deployed. NatWest Group, the Association of British Insurers (ABI) and Bankers for Net Zero contrasted this ambiguity with the roll-out of electric vehicles, where there has been a clear policy to phase out petrol/hybrid engines with a clearly articulated end date. As a result, there is a clearer business case for investment in supporting projects such as charging networks.
119. Conversely, the same witnesses noted that, in 2015, there was an agreement to require net zero standards in new build housing, but this has still not been fully

implemented. Witnesses suggested this was sending a weak signal to the market, undermining investor confidence and making it less attractive.

120. James Close of the NatWest Group emphasised the importance of "good, strong policy signals, saying—

” there is a pretty big revenue opportunity in sustainable transition in the UK for SMEs that is worth £175 billion in the United Kingdom and £22 billion in Scotland. We have an opportunity to unlock that through policy signals that will get the large-scale enterprises focusing on the transition, and then pushing that through the supply chain to SMEs.<sup>27</sup>

121. ABI observed that private sector investors had made a series of pledges ahead of COP26 but found there were not enough investable propositions at the necessary scale, due to their being in the early stages of development.<sup>27</sup> The Committee recognises the challenge of ensuring demand for suitable investments is met by adequate supply.

122. This was also highlighted by the Just Transition Commission. It said that the Scottish Government's draft Energy Strategy and Just Transition Plan showed a lack of strategic public investment in delivery. It recommended an investment prospectus covering the role of private and community finance, as well as a clear role for the public sector.<sup>18</sup>

123. Witnesses suggested a role for public bodies such as SNIB to de-risk propositions for the private sector, or take first-loss positions to encourage private finance to invest.<sup>27</sup> Similarly, Scottish Enterprise told the Committee that public sector investment must play a key role in helping these emerging companies and technologies to scale up and get closer to the market.<sup>26</sup>

124. Longer term policy certainty is needed to reduce perceived investment risks. James Close called for—

” derisking some of the novel technologies through Government intervention or through the support of the UK Infrastructure Bank or its Scottish equivalent, so that there are some first-loss or credit guarantees.<sup>27</sup>

125. SNIB explained that it considers all potential investments through the lens of its missions, but that there were also commercial considerations; it needs to be satisfied that investments have a potentially sustainable business model.<sup>26</sup>

126. SNIB pointed out that in recent years, there had been less finance available for companies operating in the oil and gas sector and other carbon intensive industries. Those companies may still require financial support to be able to pivot into more sustainable and greener activities. The Committee agrees that it is not simply a question of financing new technologies and new companies but also ensuring that the existing business base has access to the expertise and finance required to support the transition.

127. Friends of the Earth Scotland said lessons must be learned from the recent ScotWind leasing round which they say failed to maximise opportunities for supply chain and local ownership. Friends of the Earth called for conditions to be attached

to public funding with clear obligations on those receiving funding to engage with government agencies on emissions reduction, local job creation, job quality and participation in sectoral transitional changes.<sup>28</sup>

128. In 2022, the [Scottish Taskforce for Green and Sustainable Financial Services](#) was launched by the Scottish Government and the Global Ethical Finance Initiative, with support from Scottish Financial Enterprise. It will operate for three years and aims to—

” bring together the Scottish financial sector, professional services firms and regulatory bodies to build on the legacy of COP26, by working together to implement the Glasgow Financial Alliance for Net-Zero roadmaps and drive Scotland's future as a progressive financial centre.<sup>29</sup>

129. **The Committee reiterates the importance of the Scottish Government setting out a clear vision in just transition plans, supported by consistent policy signals and drivers as to the technologies that will be the focus to avoid an "unjust transition".**
130. **The Committee welcomes the investments made by Scottish Enterprise, and the preliminary work conducted by SNIB, to help local business to scale up, making them a more attractive investment opportunity for private sector investments.**
131. **The Committee asks that the use of local supply chains in public procurement be emphasised in the next iteration of the draft Energy Strategy and Just Transition Plan, and that conditionality around this be built in to procurement contracts relating to the transition of the area. The Committee intends to commence post-legislative scrutiny of the Procurement Reform (Scotland) Act 2014 later in the year and may consider this issue as part of that work.**
132. **The Committee welcomes the establishment of the Scottish Taskforce for Green and Sustainable Financial Services. The Committee asks that the Scottish Government provide an overview of taskforce work to date and its future plans.**

## Emerging technologies

### Hydrogen

133. The Scottish Government's [Hydrogen Action Plan](#) was published in December 2022. It commits the Scottish Government to £100m of support to renewable hydrogen projects. The plan also highlights the export potential of hydrogen, based on projected global demand and ambitions for annual exports from Scotland by 2045. The potential GVA ([Gross Value Added](#)) of the hydrogen economy in Scotland is estimated to be between £5bn and £25bn annually by 2045.
134. The Scottish Government says its key hydrogen focus, in this Parliamentary term, is

renewable hydrogen (green hydrogen, produced from renewable electricity), in particular from onshore wind generation. In correspondence to the Net Zero, Energy and Transport (NZET) Committee in December, the [Scottish Government said](#)—

” We will make available up to £100 million to support renewable hydrogen projects in line with our Hydrogen Policy Statement. In the period up to 2025-26, the Scottish Government will invest in the emerging hydrogen sector through its capital funding programme focusing on the following types of activity—

- Regional renewable hydrogen production hubs
- Renewable hydrogen production linked to demand case
- Innovation<sup>30</sup>

135. In an evidence session with the then [Cabinet Secretary for Net Zero, Energy and Transport](#), the NZET Committee sought more detail. The then Cabinet Secretary for Net Zero, Energy and Transport explained—

” Companies that previously focused on blue hydrogen are now looking at going straight to green hydrogen, because the cost base has dropped sufficiently.

Blue hydrogen will continue to play a role in the energy transition in some of our big energy intensive sectors—for example, grey hydrogen is used in Grangemouth, but INEOS has plans to move towards blue hydrogen, which is aligned with the Acorn Scottish cluster project. For some companies, blue hydrogen will be a bridging technology before they move to green hydrogen.

136. The then Cabinet Secretary also pointed to Scotland having a head start in the production of green hydrogen, compared to many countries in Europe—

” They are quite a bit behind us, which is why, in some ways, we have an advantage. There are European countries that are in a good place but, for example, the ScotWind leasing round has already been completed, and we are one of the few countries that have got to that point. Norway, which also wants to go into green hydrogen production in a big way, has still to do that leasing round, so it is probably about two years behind us in that process.<sup>31</sup>

137. GMB Scotland told us that hydrogen offers the potential for jobs growth, but does not guarantee retention of current levels of skilled jobs. It observed there had been the promise of renewable jobs for many years but targets for those had not typically been met.<sup>32</sup>

138. The Just Transition Commission noted that half of the projected new jobs in the Scottish Government's draft Energy Strategy and Just Transition Plan are associated with hydrogen and therefore heavily dependent on the export market and Scotland's ability to capitalise on that. It warned—

” Without contingency plans and alternative pathways, this could represent a single point of failure for a just transition in energy.<sup>18</sup>

139. The Scottish National Investment Bank, discussing the hopes for a hydrogen

economy, noted that at present there are challenges to identify credible business models of sufficient scale to invest into—

” At the moment, there is no identified sustainable business model in place that allows the hydrogen industry to develop at scale. One of the key things that we are keen to see and support is the identification of projects that help to prove that business model. We are looking to agitate around that and help to create it, but it is not there at the moment.<sup>33</sup>

140. **The Committee notes the role hydrogen is expected to play in the transition to net zero, perhaps especially in hard to abate sectors and industries, and the potential economic benefits and jobs it is hoped it will secure. The Committee, however, agrees with the Just Transition Commission that, alongside the potential development of new technologies, contingency plans must be included. The risks involved are not just to climate targets, but also to communities who are being promised a future industry.**
141. **While there are different views on the viability of hydrogen, the Committee encourages the public and private sectors to work collaboratively to identify, develop, and clearly articulate the business and community opportunities, and risks, around this emerging technology; ensure funding is in place at the right time to take advantage of opportunities to maximise the economic and community benefit; and to develop contingency plans should the expected benefits from this technology not be as hoped.**

### Carbon capture, utilisation and storage (CCUS)

142. As noted earlier in this report, the Scottish CCUS Cluster (also known as the Acorn project) was not selected for funding by the UK Government but placed on a reserve list. [INEOS and Petroineos signed a memorandum of understanding with the Scottish Cluster](#) in July 2021. This proposed operating from Grangemouth and capturing and storing up to one million tonnes of CO<sub>2</sub> by 2027. In January 2022 the Scottish Government announced that £80 million in funding was available to support the project, should the UK Government come forward to support it.
143. Graham Stuart MP, Minister of State (Minister for Energy Security and Net Zero) acknowledged the importance of CCUS to achieving net zero goals but made no clear funding commitment—
- ” Acorn is in pole position, it has met the track 2 criteria and further announcements will be made in due course. I do not think that I can give you any more than that. We have to do it, Acorn is in pole position and it has met the criteria—it is looking pretty good, is it not?
144. Skills Development Scotland have assumed a workforce of around 18,000 could be supported by CCUS, but this is dependent on the project being supported by the UK Government.
145. However GMB Scotland cautioned that, while CCUS offers the potential for jobs growth, it would not guarantee retention of the current levels of skilled jobs. It pointed out that carbon capture is expected to be largely mechanised and should not be viewed as a direct replacement for the workforce currently at Grangemouth

and other sites.<sup>32</sup>

146. The Cabinet Secretary emphasised the importance of CCUS—

” the Scottish Government considers carbon capture and storage to be absolutely vital to our net zero plans. That is backed up by our statutory advisers on climate change, the Climate Change Committee, whose advice is that it is a necessity and not an option. Coupled with that is the fact that Scotland is exceptionally well placed to have carbon capture, utilisation and storage functioning across the country and, in particular, feeding into Acorn at St Fergus.

The UK Government's decision not to include Acorn in the track 1 process was inexplicable, and my view on that is shared by people across the political spectrum and, importantly, outside it. However, we welcome the UK Government's confirmation that Acorn will form part of track 2.<sup>20</sup>

147. **UK Government approval and wider funding for the Scottish Cluster is vital to achieving Scotland's net zero goals. The Committee notes the UK Government Minister's statement that the Acorn project is now in "pole position" for support and that he is looking forward to an announcement in the near future.**<sup>vii</sup>

148. **The Committee reiterates the importance of the Acorn project to achieving not just Grangemouth's, but Scotland's net zero ambitions. The Acorn project is a critical enabler for the Grangemouth area's contribution to the transition. It is vital that the UK Government now approves the Acorn project to enable wider funding and the delivery of the Scottish Cluster.**<sup>viii</sup>

## Sustainable Aviation Fuel

149. Grangemouth has the potential to develop sustainable aviation fuel (SAF). The UK Government launched its [Jet Zero Strategy](#) in 2022. This aims to achieve net zero aviation by 2050 through, amongst other things, SAF. The Minister of State for Energy Security and Net Zero told the Committee that the UK Government's aim—

” is to unlock further private investment to develop our very own SAF plants with a commitment to have at least five plants under construction by 2025.<sup>34</sup>

150. The Committee notes that to date none of the projects announced for funding are in Scotland. SAF could be produced in Scotland, and could play a major role in the transition from carbon intensive oil and gas. Government support for sites such as Grangemouth could de-risk this form of investment.

151. **The Committee considers that the production of SAF should happen in Scotland. Legislating for a price support for SAF to accompany the**

vii Maggie Chapman dissented.

viii Maggie Chapman dissented.



**mandate may be required to incentivise private sector investment in UK and Scottish SAF production and enable the development of an initial five UK SAF plants under construction by 2025.<sup>ix</sup>**

- 152. The Committee encourages the UK Government to bring forward detailed proposals to create a successful SAF industry and stimulate production at Grangemouth.<sup>x</sup>**

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**ix Maggie Chapman dissented.**

**x Maggie Chapman dissented.**

# Annexe A - List of relevant strategies and policies

## List of relevant strategies and policies—

Strategy/Policy	Purpose
<b>National Strategy for Economic Transformation (NSET)</b>	NSET is the Scottish Government's 10-year economic strategy. This strategy outlines the Government's priorities for the Scottish economy and is accompanied by six delivery plans.
<b>Draft Energy Strategy and Just Transition Plan</b>	Published in January 2023, this is the first draft Just Transition Plan to be published. The Scottish Government has committed to producing draft plans covering agriculture and land use, transport, buildings and construction, as well as a place-based plan for Grangemouth during the first half of 2023.
<b>Hydrogen Action Plan</b>	Published in December 2022, this plan sets out the actions the Scottish Government will take over the next five years to support the development of a hydrogen economy as part of a just transition.
<b>The Climate Emergency Skills Action Plan 2020-2025</b>	Produced by Skills Development Scotland, this plan focuses on the skills needed to facilitate the transition. A refreshed Action Plan is expected in 2023.
<b>National Planning Framework 4 (NPF 4)</b>	NPF4 is the Scottish Government's long term plan planning framework that sets out where development and infrastructure is needed. NPF4 looks to 2045 and guides development, sets out national planning policies, designates national developments and highlights regional spatial priorities.
<b>Grangemouth Community Action Plan</b>	The Community Empowerment (Scotland) Act in 2015 requires all Community Planning Partnerships to develop an improvement plan for areas where there are higher levels of deprivation or disadvantage. Following consultation work with the local community in 2018/19, the draft plan was produced in 2019.
<b>Grangemouth Flood Protection Scheme</b>	Led by Falkirk Council and backed by the Scottish Government and the Scottish Environment Protection Agency (SEPA), the scheme aims to protect 5,800 people, 2,650 homes, 330 businesses and the community's road and rail infrastructure from flooding.
<b>Supply Chain Development Programme</b>	This Scottish Government programme aims to improve the capacity, capability and development of Scottish supply chains, to build a more resilient and sustainable economy.
<b>Inward Investment Plan</b>	This plan sets out how the Scottish Government will deliver on its ambition for Scotland to be a leading destination for inward investment.
<b>Global Capital Investment Plan</b>	This plan sets out how the Scottish Government will attract private capital investment to Scotland.
<b>Green Free Ports</b>	The Scottish Government has worked with the UK Government to develop Green Free Ports, adapted from the UK Government's Free Ports model. There were two successful bids for Green Free Port status in Scotland: Inverness & Cromarty Firth; and the Firth of Forth.
<b>Regional Growth Deals</b>	Regional Growth Deals are agreements between the Scottish, UK and Local Governments, designed to bring about long-term strategic approaches to improving regional economies. There are currently six Regional Growth Deals in place in Scotland, <a href="#">including one covering the Falkirk area</a> .

# Annexe B - List of relevant organisations and bodies

Organisation	Remit
<b>INEOS</b>	INEOS is the largest employer in the area and is part of the consortium that led the <a href="#">Forth Green Free Port</a> bid, recently selected by the UK and Scottish Governments as one of the two successful bids in Scotland.
<b>Forth Ports and Forth Green Free Port</b>	<a href="#">Forth Ports</a> owns the Port of Grangemouth and led the private sector consortium behind the <a href="#">Forth Green Free Port</a> bid recently selected by the UK and Scottish Governments as one of the two successful bids in Scotland.
<b>Falkirk Growth Deal (Falkirk Council)</b>	The <a href="#">Falkirk Growth Deal</a> was signed in 2021 and includes an £80 million investment from Scottish and UK Governments with the aim of attracting £1 billion worth of private investment and to create up to 2,000 jobs. Falkirk Council is the accountable body for the Falkirk Growth Deal.
<b>Scottish Enterprise</b>	<a href="#">Scottish Enterprise</a> is Scotland's national economic development agency. It works with nine local companies, is a partner in the development and delivery of the Falkirk Growth Deal, and co-chairs the Grangemouth Future Industry Board.
<b>Skills Development Scotland</b>	<a href="#">Skills Development Scotland</a> (SDS) is the national skills agency of Scotland. It is an executive non-departmental public body of the Scottish Government. SDS is represented on the Grangemouth Future Industry Board.
<b>Greener Grangemouth (Scottish Futures Trust)</b>	The Greener Grangemouth Project, led by the <a href="#">Scottish Futures Trust</a> (SFT), is a local place programme designed to build a community led just transition by addressing local need. The project is part of the Falkirk Growth Deal.
<b>Scottish National Investment Bank</b>	The <a href="#">Scottish National Investment Bank</a> (SNIB) is a state-owned investment and national development bank.
<b>Grangemouth (including Skinflats) Community Council</b>	The <a href="#">Grangemouth (including Skinflats) Community Council</a> is a voluntary organisation set up by statute by the Local Authority and run by local residents to act on behalf of the local area.
<b>Small and medium-sized enterprises (SMEs)</b>	Although INEOS is the biggest employer in the area, SMEs represent a significant part of the wider supply chain for the industrial site and make up most of the businesses operating in the town itself.
<b>Workers and trade unions</b>	The two main trade union organisations representing workers at the INEOS site are <a href="#">Unite the Union</a> and <a href="#">GMB Scotland</a> .

# Annexe C - Extracts from minutes of Committee meetings

## [28th meeting, 2022 \(Session 6\) Wednesday 30 November 2022](#)

**Work programme (In Private):** The Committee considered its work programme, agreed that the focus of its next inquiry will be incentivising and de-risking the transition to net zero for business and to consider an approach paper at a future meeting.

## [30th meeting, 2022 \(Session 6\) Wednesday 14 December 2022](#)

**Work programme (In Private):** The Committee considered approach papers. It agreed (1) to launch an inquiry exploring policy to support a Just Transition with an initial focus on the Grangemouth area, the terms of reference and the call for written views, (2) that the Committee's future scrutiny workstreams in this policy area will focus on the North East and Moray and the Scottish Government's Just Transition Fund, and (3) to undertake preliminary scrutiny work to consider the disability employment gap and seek views.

## [5th meeting, 2023 \(Session 6\) Wednesday 22 February 2023](#)

**Just Transition for the Grangemouth area:** The Committee took evidence from—

- Hisashi Kuboyama, Development Manager for the West, Federation of Small Businesses;
- Liz McAreavey, Chief Executive of Edinburgh Chambers of Commerce, Scottish Chambers of Commerce Network;
- Michelle Primrose, Group HR Manager; and
- Stuart Wallace, Chief Operating Officer, Forth Ports .

**Just Transition for the Grangemouth area (In Private):** The Committee considered the evidence heard earlier and agreed a proposed visit to the INEOS site in Grangemouth.

## [6th meeting, 2023 \(Session 6\) Wednesday 1 March 2023](#)

**Just Transition for the Grangemouth area:** Claire Baker indicated that she is a member of Unite the Union, Maggie Chapman indicated that she is a member of Unite the Union, Colin Smyth indicated that he is a member of GMB Scotland and Unite the Union.

The Committee took evidence from—

- Cliff Bowen, Executive Councillor and Pat Rafferty, Regional Secretary, Unite the Union;
- Gordon McGuinness, Director of Industry & Enterprise Networks and Ronnie Palin, Regional Skills Planning Lead for Central Scotland, Skills Development Scotland; and
- Dominic Pritchard , National Organiser, GMB Scotland.

**Just Transition for the Grangemouth area (In Private):** The Committee considered the

evidence heard earlier and agreed to write to Skills Development Scotland to seek further information.

### [7th meeting, 2023 \(Session 6\) Wednesday 6 March 2023](#)

**Just Transition for the Grangemouth area:** The Committee took evidence from—

- Malcolm Bennie, Director of Place Services, Falkirk Council;
- Adam Gillies, Community Councillor, Grangemouth Community Council; and
- Diarmaid Lawlor, Associate Director, Place, Scottish Futures Trust.

**Just Transition for the Grangemouth area (In Private):** The Committee considered the evidence heard earlier.

### [8th meeting, 2023 \(Session 6\) Wednesday 15 March 2023](#)

**Just Transition for the Grangemouth area:** The Committee took evidence from—

- Derek Shaw, Director of Innovation and Place, Scottish Enterprise;
- Mark Munro, Interim Head of Investment Origination; and
- David Ritchie, Executive Director for Partnerships and Engagement, Scottish National Investment Bank.

**Just Transition for the Grangemouth area (In Private):** The Committee considered the evidence heard earlier in the meeting.

### [9th meeting, 2023 \(Session 6\) Wednesday 22 March 2023](#)

**Just Transition for the Grangemouth area:** Michelle Thomson indicated that she is an ambassador of the All Party Parliamentary Group on Fair Business Banking.

The Committee took evidence from—

- Heather Buchanan, Co-founder, Bankers for Net Zero;
- James Close, Head of Climate Change, NatWest Group; and
- Ben Howarth, Chief Sustainability Officer, Association of British Insurers.

**Just Transition for the Grangemouth area (In Private):** The Committee considered the evidence heard earlier in the meeting.

### [11th meeting, 2023 \(Session 6\) Wednesday 19 April 2023](#)

**Just Transition for the Grangemouth area:** The Committee took evidence from—

- Professor Jim Skea, Chair; and Lang Banks, Commissioner, Just Transition Commission; and
- Elliot Ross, Head of Just Transition Commission Secretariat, Scottish Government.

**Just Transition for the Grangemouth area (In Private):** The Committee considered the

evidence heard earlier in the meeting.

### [12th meeting, 2023 \(Session 6\) Wednesday 26 April 2023](#)

**Just Transition for the Grangemouth area:** The Committee took evidence from—

- Màiri McAllan, Cabinet Secretary for Net Zero and Just Transition;
- Chris Bryceland, Energy Infrastructure Team Leader;
- Catriona Laing, Deputy Director for Climate Change Division;
- Andy McCall, Industrial Just Transition Planning Team Leader; and
- Liam Middleton, Head of Critical Energy Infrastructure & Commercial Projects, Scottish Government.

**Just Transition for the Grangemouth area (In Private):** The Committee considered the evidence heard earlier in the meeting and agreed to write to INEOS.

### [13th meeting, 2023 \(Session 6\) Wednesday 3 May 2023](#)

**Just Transition for the Grangemouth area (In Private):** The Committee considered the main themes arising from evidence and agreed to consider a draft report at a future meeting.

### [14th meeting, 2023 \(Session 6\) Wednesday 10 May 2023](#)

**Just Transition for the Grangemouth area:** The Committee took evidence from—

- Graham Stuart MP, Minister of State (Minister for Energy Security and Net Zero); and
- Jonathan Hoare, Deputy Director - Clean Growth Directorate, UK Government.

**Just Transition for the Grangemouth area (In Private):** The Committee considered the evidence heard earlier under agenda item 3.

### [17th meeting, 2023 \(Session 6\) Wednesday 31 May 2023](#)

**Just Transition for the Grangemouth area (In Private):** The Committee considered a draft report, various changes were agreed to and a revised draft will be consider at its next meeting.

### [18th meeting, 2023 \(Session 6\) Wednesday 7 June 2023](#)

**Just Transition for the Grangemouth area (In Private):** The Committee considered a revised draft report. Several changes were agreed to and the report was agreed for publication.

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