



## Scottish Affairs Committee

### Oral evidence: [GB Energy and the net zero transition](#), HC 459

Wednesday 19 March 2025

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Members present: Patricia Ferguson (Chair); Harriet Cross; Mr Angus MacDonald; Douglas McAllister; Elaine Stewart; Kirsteen Sullivan.

Questions 73 - 105

#### Witnesses

I: Robert Deavy, Scotland Senior Organiser, GMB; Ian Perth, Negotiations Officer for Scotland and Northern Ireland, Prospect; and Derek Thomson, Scotland Regional Secretary, Unite the Union.



## Examination of witnesses

Witnesses: Robert Deavy, Ian Perth and Derek Thomson.

Q73 **Chair:** Good morning, and welcome to this meeting of the Scottish Affairs Committee. I am very grateful to the representatives of the trade unions for coming today. We are really looking forward to the evidence session that we have ahead. I am going to begin by asking a couple of questions. This is addressed to all of you: what is your view of the place of oil and gas in the UK's path to net zero? Is that something that you have a position on? I will start with Derek Thomson.

**Derek Thomson:** Obviously oil and gas is a major part of the economy. It is a major part of jobs, particularly in Scotland but right across the supply chain in the UK, including manufacturing. We still see a major role for oil and gas in energy and energy security, but also think about how we can transition those people who are currently in the oil and gas jobs right across the UK and supply chain into greener and more sustainable jobs.

The problem at this point is that the plan for greener and sustainable jobs is just not in place. You will hear the term "just transition", which was coined by the trade union movement, but we have seen the first test of a just transition at Grangemouth and unfortunately we have failed massively—400 direct jobs there are going. PricewaterhouseCoopers's report into that closure shows that 2,822 jobs will go as a direct result of that Grangemouth, and £403 million will be lost to the local Grangemouth economy. That is the first step of what we are seeing in a just transition process. If you were to multiply that across some of the areas, including Aberdeen and the north-east, you will see a catastrophic effect on the local economy and jobs.

Until the skills are in place, and until renewable fuels are there and in place, we must pace this properly to make sure that a just transition takes place. We still see oil and gas as part and parcel of the economy and building a sustainable future and we will look at how we can transition away. We have already produced several reports that show that you can create up to 36,000 jobs in renewable energy, but you cannot just do it overnight. It is not a flick of a switch that is needed here.

Also, with the current global crisis, we have the massive issue of energy security. Our view is that we must pace this properly and ensure that there is a just transition for workers and that the economy does not stumble due to fast-tracked eco policies, which seem to be driven through without due consideration to not just communities but workers and the economy.

**Chair:** We will come to Grangemouth later in the session so we will try not to go into that in too much detail at the beginning of the meeting. Ian, did you want to add anything?



**Ian Perth:** Yes—thanks, Chair. Good morning, Committee. Clearly renewable energy is the future of the UK’s energy supply. We know that is the right direction to go in, but it really would be catastrophic to exit from oil and gas too quickly. We know the devastation that that would cause. I think it has been well-articulated to this Committee and across the board the kind of devastation that would cause.

I would say that our members absolutely have a view that oil and gas must be part of the solution. Everybody knows—everyone is clearly aware—that it cannot go on for ever. We know that, but moving away from it too quickly will cause a level of devastation to local communities and the national economy that would be unsustainable. We believe there are solutions. There are ways of abating the impact of oil and gas, particularly gas, and I think occasionally there can be a lack of focus, for example, on carbon capture. We think that must be part of the mix to make progress.

To answer the question directly, oil and gas must be part of the future. There is no way to avoid that and we think it can be done positively; we think it can be done in a way that moves workers specialising in oil and gas to the renewable sector. We think it is absolutely doable. Oil and gas are interwoven into the communities all across Scotland and the UK, and a rush away from that would cause real devastation.

**Robert Deavy:** Good morning. The UK Government have committed to making the UK a clean superpower energy in the world, but less than a year since 2030 was pledged, it just looks unrealistic. Oil and gas still have a key role to play in the UK. Scotland is an oil-producing nation. We cannot move away from this too quickly. As my colleagues have said, yes, we know it is not going to be here forever, but to switch that off overnight and put all these jobs at risk—we have been out speaking to members over the past few months and many of these workers have seen this movie before. That is what they are telling us. They are very upset. They have been part of Ravenscraig when that closed down, and other major industries that have closed down. Oil and gas still have a major role to play in the UK.

Q74 **Chair:** What involvement had the trade unions had in the North sea transition deal?

**Ian Perth:** There has been a fair level of engagement at Scottish Government level. Our engagement through the Just Transition Commission has been really significant. There has been a certain degree of engagement. That engagement must be absolutely fundamental, though. We cannot be a tag on to the process at the end. For example, when we look at NESO reports, all three GB Governments are referred to. It also says it will engage with private enterprise. We would like the focus to say, “We will engage with the three Governments. We will engage with all unions involved and private enterprise”.



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To be fair to the various agencies involved, there has been an effort to reach out through the process, but we would say that workers have to be at the very centre of this. To do that, when the terms of reference are being put together, the trade union movement has to be in the room, otherwise we are concerned that we will not have buy-in as the process moves forward.

**Robert Deavy:** It was communicated with energy unions, ourselves, Unite, Prospect, that they want to set up a TUC energy council. I mean, that sounds great and the workers do really need to have their voice in this. The workers are the ones—not just in oil and gas, GB Energy and renewable energy, but all the supply chains that are involved in the delivering of energy into homes. They all need to have a voice and a say in how we move this forward.

**Derek Thomson:** The engagement with the North Sea Transition Authority is welcome and there have been a couple of meetings at a high level. We need to start to look at more focused areas of work. We have some concerns with the agency as it stands. They seem to be almost in a rush to end some of the exploration and some of the drilling.

I know there is a plan in place with the UK Government to do that, but we have specific examples, such as the Griffin field offshore, which they have just tried to shut down. I think it is in court and there is a judicial review. There seems to be an acceleration by the North Sea Transition Authority to move away from oil and gas a lot quicker than companies, unions and others.

Unite would say that we need further engagement at that level, and for the debate that takes place at these meetings to be more specified. We cannot just have a wide focus that oil is bad and green is good. We need to have a more focused debate around where the jobs are going to come from. I will keep coming back to that: the lack of planning for where jobs are going to be created across these new and emerging industries.

Q75 **Harriet Cross:** Thank you all for coming. My name is Harriet Cross, and I am MP for Gordon and Buchan, which is in Aberdeenshire, so obviously there will be a huge impact on my area if this goes wrong.

Have any of you looked at what the difference may be in job losses if the North sea basin was allowed to decline naturally and managed versus, for example, not permitting new licences and expediting the decline that way? Has there been any analysis in the breakdown of job losses in situation A versus situation B?

**Derek Thomson:** We have done an analysis across the North sea. We produced a report that shows where we can create jobs. What has happened in the North sea is that there is a lack of confidence by the oil and gas operators that the UK Government are going to support them through this transition process. What that is leading to is companies expediting their exit. Total, as I mentioned, are shutting down the



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Griffin field, and we also have TAQA, who are starting to look at a decommissioning programme right across the North sea.

Whereas you will see a large hit in places such as Grangemouth, as I mentioned earlier, the TAQA decommissioning programme is going to lose 2,000 jobs over the next five years, but you will not see a big hit. It will be 500 or 200 here and then in three months' time another redundancy and then in six months' time another redundancy. That has been echoed right through the North sea operators. This is almost what I would say is death by a thousand cuts, Chair. As I keep coming back to, we do not have the plan to get those new jobs back in the places where they go.

What we will see in Scotland, unfortunately, is a skills exodus as people start to leave the country looking for work. There is plenty of work for scaffolders who work offshore to go to Hinkley Point C. We see that skills exodus at a time when we need skills to rebuild or to start to build a green economy. We are in a Catch-22, and we need to get it right. A lot of jobs are going to be lost. Of course, in your area there will be a knock-on effect to businesses, hotels, restaurants—that whole thing.

If you have ever been to Aberdeen airport, which I am sure you have, you will know that it is dominated by hotels in the oil and gas industry. If that is not there, it will have a devastating effect. As for the jobs that are going to be replacing it, we have just not seen how they are going to be done at this point in time.

**Ian Perth:** That is well-articulated. Various research has shown that it will be catastrophic if not managed properly. Professor de Leeuw from Robert Gordon University speaks very well on this. It is not only direct jobs as you will be well aware and as referred to by Derek; there will be a massive impact on local communities, which are unseen and support these industries. If 1,000 oil and gas jobs were lost, it would probably mean a multiple of that in terms of other job losses and the knock-on effects across the community.

Again, we emphasise that this will be a Westminster or a UK problem to resolve but it is going to be a catastrophic problem for local constituents to live. That is why a joined-up approach with the UK and Scottish Governments and the various agencies is essential, and we emphasise that the workers' voice has to be absolutely central.

**Robert Deavy:** I would also say this has been perfectly articulated. Just last month the GB Energy chair stated that it was going to take at least 20 years just to create 1,000 jobs. We do not want to think how many jobs will be lost in that 20 years due to no new drilling projects and licences not being produced. It is a worrying time.

We visited the Sullom Voe platform only last week to meet workers there. What that does for the local community in Shetland is massive. If that was to go, we would not be able to recover from the damage.



Q76 **Mr MacDonald:** I must disclose that I have a stake in a parts business for wind farms. In my honest opinion, there will only be a fraction of the number of jobs in renewables that there is in the oil industry because, from my experience—and it is quite substantial experience—they employ very few people.

**Chair:** What is your question, Angus?

**Mr MacDonald:** Do you agree?

**Ian Perth:** It is a real problem. Of course, wind farms are staffed in a different way, and it is not as labour-intensive. Where policymakers can assist massively is in ensuring that the supply chain is focused on creating jobs in Britain that are sustained and maintained. In the world that we currently live in, capital investment is very important to the process, but that investment must come with strings and those strings must be attached by policymakers to say, “Local communities have to benefit.”

A key way for local communities to benefit is for local jobs to be created. If that means a wind turbine being created, designed, or its components made in Newcastle, the Humber or wherever, that still has a knock-on and positive effect to the north-east of Scotland and Scotland more broadly. We risk making a massive mistake in not ensuring that our supply chains benefit GB properly.

Many companies are socially responsible, but clearly profit is a main driver, and we must ensure that they are purchasing in a way that benefits the British supply chain and has a positive effect. You are absolutely right that on the face of it and on the ground there are less staff around, but there is a way, with policy levers, to ensure that the supply chain is invested in, and the benefits are in Britain.

**Robert Deavy:** We have a site at Methil—the former BiFab yard, as well as Harland and Wolff. It is now Navantia. They are workforce-ready and waiting to build wind turbines but there are no jobs coming and these turbines are coming in from abroad.

**Derek Thomson:** Angus, you are right that the jobs gap that could be created on this is massive. However, as my colleagues have articulated well, with the proper investment and building in the UK in particular, we could get jobs created. Our reports are showing us that if you were to use UK steel, for instance, and not import—given what is going on globally, that may be the best action—you could create 12,500 jobs through offshore wind manufacturing, if it was here in the UK, 12,100 for wind power operations, and 6,500 jobs in decommissioning. We may be in a position where we are dragging these installations miles away to decommission them somewhere else when we have massive ports available to us. We have the green ports currently, at Cromarty Firth—the biggest deepwater port in Europe, which is going to need to be utilised.



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We have the Forth ports as well. We have got areas that have been mentioned in carbon capture.

Under the Acorn Project Scotland has unfortunately missed out. We are hopeful that in tranche 2 some carbon capture work could come to Scotland. There are options for the Scottish workforce to take but it is going to need a bit of bold investment from the UK, both in regulatory terms and investment terms.

I do not think anybody is saying, “British jobs for British workers”, but let’s start manufacturing in this country. If you look at what we do currently, the manufacturing base has been ripped apart. There will be no manufacturing in the central belt of Scotland come 2026 unless we start to get some movement in terms of some of the things that will be coming out of Project Willow. We believe there are options on the table. It is about how the UK and Scottish Governments want to take those issues forward.

Manufacturing in the UK would lead to substantial job increases and we would be able to replace a number of those jobs that may go, which is obviously a concern for this Committee and for the UK and Scottish Governments.

**Q77** **Kirsteen Sullivan:** You have touched on some of the points, but I would like to ask you all what key elements you would like to see included in the UK Government’s plan for the future of the North sea.

**Ian Perth:** Apologies, but I will reiterate this: it must involve the workers and a community voice. That has to be at the absolute centre of it. In a way that is just words and in a way people will always say, “Yes, we will consult with communities and workers” but we would ask—and it is fundamentally important—that workers are at the centre of it, at the formation and at the table. We are invited here today and we really appreciate it, so that is not lost on us, but that has to be important.

Similar positive changes have been made; people speak about what happened in northern France and a number of other areas. When those countries were going through such a change, they have ensured that they would refer to unions as social partners. When companies and private investment, alongside that there is mention of “social partners”—we are referring to the unions. It is vital that we are there from day one.

One really important thing is getting clarity to people as soon as possible. Members will regularly say, “I am in the energy industry, and I live in Scotland but realistically I might have to look at other options”. Even creating that doubt in people’s minds has a knock-on effect. In the same way that capital investment will be afraid of having stranded assets—or whatever they describe it as—when they make massive investments, individuals make real investments in their career, in their knowledge base and in terms of settling roots and families in constituencies across



Scotland. Giving certainty to people is really important. We know how hard that is.

I would say we need a long-term solution that is not going to move with the changes in wind direction—excuse the reference to wind direction—so that we have something that people can rely on, and so that apprentices and people who are studying energy can say, “You know what? This is a career that I can be in”, as opposed to, “You know what? We might get a different flavour of government, or we might get a different flavour of policy or something new that is going to knock this off”. A real picture and a real vision for energy and for people to be able to build careers in is absolutely essential. That is what we would ask for.

**Q78 Kirsteen Sullivan:** Before anyone else answers, can I just pick up on one of your points, Ian? I understand the point you are making around the need for clarity and certainty to allow people to plan for the future for themselves, their families, and their communities. Do you think, to have that long-term view, there needs to be more consensus within the political landscape as to what the future looks like so that we do not have changes in direction?

**Ian Perth:** That would be welcome—there is no doubt about it. The more consensus there is around that, the more stability there is. There are also knock-on effects when there is a change in the next energy that is in vogue: “Are we talking hydrogen this week and less about wind? You should be a bit nervous if you are in wind. Hydrogen is exciting, now we are on to carbon capture and then we are on to nuclear”. It needs to be less about what is in vogue. Our members need to have confidence that Governments of all colours and across all parties are moving in that direction.

To the point of: what would give that level of stability? For somebody just graduating and becoming an apprentice, communication is key. What is said by central Government about long-term strategies and plans is key.

I am sorry to harp on about it but one thing that is fundamentally important is confidence in knowing that community engagement and worker engagement is going to happen at every level—that that just transition is not something niche in Scotland, Northern Ireland and Wales, but that there is a UK approach and a just transition is going to be at the centre of it. That would give people real confidence as opposed to feeling at the mercy of the next popular technology.

**Derek Thomson:** In any plan there are a couple of things that need to be explored. It is fine for the UK Government to be aspirational with their policies in green and renewable energy, but there are a number of key questions that I do not think have been asked. One is around security of supply for oil and gas in the current global economic crisis, security of jobs and the security of the economy. Those must be the three critical things that the UK Government asks itself. The North sea does not have a lifespan of 150 years; it has a life span of 30 to 40 years. Some of those





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basins that are currently being extracted from are being turned off while there is still oil that we could take out of them.

There seems to be almost a rush at the Department for Energy Security and Net Zero to push through a number of aspirational ideas—that's what I'll call them—in terms of green policies. The plan has not been very well thought out and we need to go back to basics. There is a danger in Governments setting policies for five years or for the term of their Government. They need to be bolder than that and start to set longer-term targets that everyone is signing up to.

In the Scottish Government and the Scottish Parliament, I have never seen consensus like it ever, in terms of trying to ensure that Grangemouth and the renewables sector was being rebuilt. We had everybody, including the Greens—maybe the Liberal Democrats weren't—backing up to that. We need widespread political consensus across the UK Government as well to make policy that is going to last.

The policy cannot just be that we are just going to turn off the taps in the North sea and hope that something new is going to come across the horizon. When you see the outcomes of Project Willow—which I know you will not have seen because it has just been published—you will see there are some longer-term, really high ambitious stuff in that. They are really ambitious, are going to take time and will need a lot of cost analysis to see if they are going to be viable when we currently have other things ongoing.

For us, it is really a case of getting the Governments to sit down and talk to us more about the plans for where the jobs are going to be created. If you turn off one source—my general secretary says, "You can't let go of one rope until you've got hold of the other." That is absolutely correct. We want to see things moving forward. We want to see progression—but, again, we do not want to see it at the expense of jobs and communities.

**Robert Deavy:** The Government originally pledged £8.3 billion over the lifetime of this Parliament for GB Energy. So far, in the October Budget, only £100 million materialised. Obviously, defence spending had to increase due to the geopolitical situation in the world. Because of the geopolitical situation in the world, this is a time to protect our natural oil and gas energy. Derek, my colleague from Unite, said about turning off Apache Oil—the closure of a facility that was producing 14,000 barrels a day. We just closed that down and now we are importing oil. That makes no sense. In this time of uncertainty in the world—from a lot of these countries that are producing the oil that we are importing—we need to keep investing in our own.

Q79 **Kirsteen Sullivan:** Derek, you spoke earlier about Unite having a plan to create 35,000 new energy transition jobs by 2030. Can I ask what that plan involves? I think all Members of the Committee would be quite interested in seeing that plan—having a copy—to better understand. Could that be supplied?



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**Derek Thomson:** Yes. I will speak to our general secretary this afternoon when I get back to the office. There has been a full skills analysis matrix that shows where comparable jobs are and what skills are needed. It is almost a matrix. I do not think that has been done by the UK Government, looking at, for example, someone who works in the North sea on a platform as a scaffolder—they do scaffolding on oil rigs in the North sea—and analysing what their transferable jobs are and how they can move forward.

Of course, we had the announcement of a trial of the skills passport, which is welcome, but I don't think it goes far enough yet. Our plan has looked at where we have existing infrastructure and then at what we can do with transferring those jobs over. More importantly—in reference to Angus's point earlier—this is about bringing manufacturing back into the UK so that we are not reliant on those overseas, and so we are not having a wind turbine pulled across the sea causing more emissions than a lot of places would, if you want to talk about energy emissions and how that affects it.

It is very detailed in terms of where the jobs would be available should investment come in. Our report talks about costs of £5.5 billion to create investment. That would be things like looking at areas like Ravenscraig. Could that be a place that could be repurposed or converted, and reopened back up to create steel in Scotland that could push the manufacturing forward? It is about just across the whole supply chain of how things are moved and what jobs could be created there.

It also looked at whether carbon capture should be accelerated. That would obviously create jobs in Scotland. We think those are things that the Government should have been looking at from the start, rather than just making policy announcements on green energy emissions—no new build of petrol and diesel cars—because that demand is still going to be there. I will speak to my general secretary about getting details of that to you at some point.

On Robert's point, there is something really important here—and I did reference it—which is around energy and job security. We have just seen the defence budget increase in spend quite significantly. Part and parcel of that has to be energy security. We talk about Grangemouth. If we are going to be talking about a massive import of oil potentially coming from China into this country, then we have our own energy fuel security issues to look at. All those things come into it, but the jobs and manufacturing would be created in this country. That would generate a green economy and create jobs that people could transfer over with the skills that match them. That is going to need regulatory change as well to ensure that people can be covered.

There are issues around energy security but some of these countries that we are importing from have terrible human rights and environmental records, and all those things are being pushed. That is what we are going



to bring in. By the way, I know they seem to do it, but we cannot just pass our environmental climate targets around the world. That is effectively what we will be doing if we do not get our energy security and policies in place.

**Q80 Elaine Stewart:** Good morning. You have answered quite a few of my questions but we will just tease them out a wee bit more. When the North sea ceases producing oil and gas, will there be enough clean energy jobs in the sector?

**Ian Perth:** Thanks. Briefly on that, we have to aspire to have the same number of jobs that we have now. We absolutely have to aspire to have that and probably more, because there is going to be year-on-year growth. That must be the ambition. People have set up their lifestyles; societies and communities exist to service those jobs. It should be approached in a way that there is no tolerance for fewer jobs and less income for people. We think that is achievable with the right imagination, the right focus, and the right Government focus.

We have mentioned a few times things like carbon capture and the plant at Peterhead. There was real disappointment about some noises that were coming from various sources about doubts on carbon capture. It is a complex topic, but it is really unhelpful to hear those doubts in that direction. Understandably, the Public Accounts Committee has questions about whether we are going to get value and if we are taking a risk, but we are absolutely forthright that the Government do need to take some risks sometimes, and sometimes need to invest in technologies that are not 100% guaranteed. Even if there is criticism, the outcomes are clearly of benefit.

We think with enough imagination and investment, we can ensure that there is no loss of jobs in the energy market. Scotland is positioned well in terms of ensuring that it can lead the world in wind technologies and the geographical advantages of it. We should approach it with a net zero tolerance for net job losses. That is how we should approach it.

**Q81 Elaine Stewart:** What barriers might stop oil and gas workers moving over to the clean energy sector?

**Ian Perth:** When it comes to specialist engineers and staff, generally speaking around 80% of people should find it fairly easy to move from one job to the other. As Derek said earlier, the skills passport is definitely a positive. There is a challenge, and the Government and agencies need to be mindful of it. Sometimes a geographical move can be really important to companies. Companies will say, "This is not viable if we set it up in X location; it has to be in Y location". We think it is important that there is Government and agency pressure to say, "Well, no, the societal and community benefit is for you to stay where you currently do it". You might have someone in the north-east of Scotland and you might say, "Well, you can now work in Newcastle—you can now work in the east coast". We think that a company should be incentivised not just to keep



jobs in Scotland or in the UK, but to keep them in the local communities they are currently in, and that there should be a premium for the employers to do that. If they do not do that, you are still carrying the risk of decimating those communities.

**Q82 Elaine Stewart:** What type of jobs would not transition?

**Ian Perth:** Briefly, as in percentage terms, generally speaking the more specialised roles can transfer from oil and gas to renewables, and it is thought that less specialised roles do not transfer. Derek mentioned scaffolders. That is very straightforward in terms of transferring them into the economy. There are specific roles that cannot move across on paper but there are also roles where employers will say, "You know what? We do not want to spend any of our capital moving those employees. We could spend a year retraining them, but we do not want to spend that".

It is often said that a worker cannot move across, and we are experiencing that daily. Where an employer says, "Well, employee X cannot possibly do role Y", we speak to them and analyse this and say, "All they need is a six-month retraining course". I am not saying it is as simple as that, but there must be real scrutiny when companies say that. People can transfer from one role to another.

**Q83 Elaine Stewart:** To what extent do you agree with the Climate Change Committee's chief executive's statement that there will be a failure in communication by the Government to oil and gas workers about the forthcoming transition?

**Ian Perth:** To be fair to everybody, it is a very difficult message to land. There are a lot of people who do not want to see it. A lot of people will think, "Well, I am in the industry for the next 20 years, so I am okay". It is a very difficult message to land. I do think that at a UK level and a Scottish Government level, both Governments and various agencies could do more to ensure that people know that this is an urgent problem that needs to be resolved.

There is a communication gap there and some of that is because there is a lot of instability in the background. People are perhaps afraid to communicate how stark this will be but when the plan is in place and solidified, it is going to be easier to communicate. There is legitimate criticism, but it is a difficult message to communicate.

**Derek Thomson:** There are a number of factors in this. Jobs have went in the North sea. Data gathered from Offshore Energies UK and Experian show that jobs have waned in the North sea. The number of jobs directly employed in Scotland's oil and gas sectors has slumped from 117,900 in 2013 to just 74,100 in 2022. I had the same conversation with a Cabinet Secretary for Energy in Scotland and the Deputy First Minister when we were talking about jobs. They were saying, "Well, we have not seen a great fall-off of jobs yet. We have not seen a massive amount of unemployment in Scotland even though we have this massive drop-off in



jobs". What I was trying to say to them is that this is a tipping point. We are going to get to a point where these jobs are not going to be there at all. At some point, there will be people who do not have a job to transfer over to.

There is a further 61% fall in the estimated number induced jobs in Scotland that are only viable in the wider economy because of the oil and gas industry—like in restaurants and grocery stores. The fall was from 50,600 in 2013 to 19,500 in 2022—you can see that scale of drop-off. What alarmed me about the Scottish Government Minister's view, "Well, we have not seen any high levels of unemployment yet so why should we be worried about it?" is that we are going to get to a tipping point in some areas unless we go down the route of investment and creating jobs. I referenced earlier the need to think about how we bring manufacturing back to Scotland, and how we start to do things in-house and not to outsource as much, and to look at credible energy security policies that mean we are building, manufacturing and producing in the UK.

**Q84 Mr MacDonald:** I am going to ask about training. Clearly there is a big issue—the transition and the different skillsets—and we are not going to have a match like this. The real issue is: what can we do to help that transition better from the perspective of training?

**Robert Deavy:** We were out meeting the workers out in Methil, who work for Navantia now. At the time it was Harland and Wolff, and it was being bought. They had plans to build up a training academy within their grounds or site to bring through apprentices, rather than move them about all over the place. But with the uncertainty of contracts and jobs they cannot push funding towards that.

There needs to be more focus on giving these companies certainty on contracts so that they can bring them in, know the jobs are there and secure, and then they can push on investing in training the younger workforce, so that the ageing workforce can be replaced in the future.

**Ian Perth:** That is a really good point. Going back to something I mentioned earlier, the onus and responsibility of this needs to be on those who will be making significant profits from their investment. As that investment comes in, it is incredibly important that a percentage is put aside for retraining. Again, at a local level or when a local decision is made about allocating capital, naturally investors will want to hire people who are trained, but there should be strings attached for community benefit, worker benefit and for training benefit to ensure that that is covered.

It can sometimes be a default of an employer to say, "These people don't have the skills", and then end their employment and go and look for somebody else. With new entrants into the market who are probably going to benefit significantly, otherwise they would not be making such investment, they have to take some significant amount of responsibility for paying for the retraining of those individuals.



**Derek Thomson:** We have to start thinking about the way we accept bids. If a company is coming in and making a significant bid for a piece of work, there must be some kind of strings attached in terms of how they train people and what sort of input they are going to have to that. There are also things such as what we are trying to work through with the Scottish Government. If there are large numbers of redundancies in an area, the company that is coming in to create work must look at the people who have been made redundant to try to make sure there is a skills match. The skills matching is going to be absolutely critical.

We are working with Forth Valley College to try to make sure that the people who will potentially be made redundant in Grangemouth are going to be given skills that are transferable so that they can go to do other work in the area until something new comes online. It is going to be vital.

The part that Robert or Ian mentioned is the increase in the age of the workforce and what we are doing with apprentices. The apprentice scheme needs to be looked at to make sure it is fit for purpose and that young people coming through in the future are given proper apprenticeships with proper training.

We need to start being more critical in looking at the Government's procurement policies and what we are doing inside procurement both at UK and Scottish Government levels to ensure that there is a proper, fair and social and economic system inside those procurement policies. That means that when companies have been awarded contracts, or given help by the UK or the Scottish Government to fund such contracts, that they look at the local economy, look at the local people and ensure that the skills base is there to do the job and people are not just thrown on the scrap heap because they have worked as a scaffolder or a technician offshore. There must be a way that we can bring them over into renewables jobs. I go back to my main point again: if you invest and you look at bringing a manufacturing base to Scotland, you do not need a whole lot of retraining for a lot of these people who are currently in these jobs.

Q85 **Mr MacDonald:** We went to see Babcock and there was a lot of conversation about the apprentice system with Forth Valley, which was really impressive. I was absolutely blown away by that. When you look at the demands of the renewable world, they are quite engineering-based, computer-based and mathematical-based. Do you think we have the right educational resource to satisfy the demands of this sector?

**Derek Thomson:** A lot of the things coming online in terms of renewables is very high level. I always make the comparison that, until the technologies and the knowledge start to become more online and become cheaper, those things are going to be too expensive for a lot of companies to invest in. A lot of people will say, "Do you know what? If I invest, that is going to cost me £5 billion just now, but if I wait 10 or 15 years it is going to come down in price". That is just the way technology works if you think about it in that form.



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The theory and what you are talking about—those technical synergy areas of expertise that are needed—are still there but when we come to the building of these green and renewable energy, there are still going to need to be electricians, construction workers, and a whole range of things that drive the economy.

I will give you an example. Highland council, with the Cromarty Firth, are trying to bring people from all over Scotland to start working in the Inverness and highlands area. They are calling it a reverse highland clearances type of thing, where they are trying to bring everything into the highlands. They believe that because they are going to be generating work, they will be able to create new apprenticeships and bring people over from the Aberdeen area—that kind of thing.

They are looking at a range of different skills packages, which is great for them, but that creates a shortage in skills elsewhere. That is why the retraining, and the skills packages, needs to be looked at right across the country. There is some excellent work being done but it is being done in isolation, and it probably needs a bit more of a central push and a central steer to bring together a national skills service, a national skills database or a national skills match and matrix, where you can put people and skills together and it would give you an available job.

On some of your points earlier, on the education system—I have experience of this—if you have a young kid and you go to their teacher and say to them, “What will I tell my son or daughter to study to be in the green industry?”, they will say, “I don’t know”.

This is why the pacing of a just transition is so important. If we rush it too far ahead—I have spoken about the tipping point in jobs—you are going to have this gap where investors will look at it and say, “Well, Scotland is not really a good place to invest” or “The UK is not a good place to invest at this point in time”, because we do not have that package of overall skills. Until we get that up and running and implement those areas, we could get left behind. That is why a lot of the options that people are looking at are to try to import and not to take a grip of it and start manufacturing again in the UK.

**Ian Perth:** That point is very well made by Derek. You mentioned Babcock, for example. The likes of SSE, Scottish Power and Ørsted tend to have a real stake in their local communities. Of course, they are profit-making organisations, and we have a long list of complaints and disagreements with them, but it is clear that those organisations really care about what the industry is going to look like 20 years from now. Those are some of the reasons why they have these training programmes and why some of the companies I just mentioned are investing in training centres—that is really positive.

There is a concern in the renewables sector that we have different types of companies who, for example, will do everything in their power to avoid collective bargaining, so you have an engineer who will go from



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transmission to distribution and then will go across to work for a renewables company—with no access to collective bargaining. I know that, as a trade union official, naturally I will be advocating for collective bargaining, but not having collective bargaining in place is a real indicator, in my view, of what kind of long-term approach an organisation is going to have. I am talking about junior engineers not having access to collective bargaining. That is not acceptable.

There is a real concern. Obviously, new start-up organisations are brilliant and small, nimble investors in renewables. That can all be very positive, but I do think that we have very large companies who we have a long list of criticisms of, no doubt about it, but who do have a stake in the future of the Scottish energy industry. They should be listened to. As they invest in their own existing staff, they must be part of the solution and the changeover, whereas it will be tempting to say, “Look at this fancy new organisation who wants to spend billions.” We must ensure that we appropriately value what the existing suppliers are doing, and the existing companies do.

**Robert Deavy:** I think we have been here before. I touched on this earlier when speaking to some of our members who had been through this transition from steel and from coal. That is a worry. Generations were lost then because we did not have plans in place for retraining workforces, ensuring that they can transition into new areas. We heard oil and gas then was the way forward when we were closing down the coalmines.

Now we are getting told that green energy is the new way forward and we are closing down drilling, we are not licensing for drilling, we are closing down wells and we are leaving these people on the scrap heap. We need to make sure there are plans in place. We all have an important part in that. As my colleague from Prospect said, too many times we are dealing with companies taking people on that will not deal with or speak to trade unions. We are getting the door closed in our face.

**Ian Perth:** It is not just because we are trade unions, and we want members; where there is recognised workplaces, those workplaces have proven to be safer. These are safety-critical industries and there have been very well-publicised, horrific accidents over the years. That is an issue as well. Again, we will obviously advocate for collective bargaining—of course we will. It speaks to their community concern and their social responsibility if they are against collective bargaining.

**Q86 Chair:** To take up Robert’s point there, the Committee is going to have a look at industrial communities and the effect of previous transitions so that we can highlight what lessons need to be learned going forward. That is something that you might want to watch out for.

What role do the UK Government’s Office for Clean Energy Jobs and Great British Energy play in retraining North sea workers to allow them to move into other industries, particularly in renewables?





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**Ian Perth:** They can play a crucial role. The previous OGA, now the North Sea Transition Authority, again does incredibly good work, but the way that it has been mooted that GB Energy will come in means that there are potentially real positives there. It is a real opportunity to have a focus on the national benefit of these investments. It is going to be a good way to regulate investment and ensure that it attracts appropriate investment, but more importantly that that investment is allocated appropriately and there is enough community benefit and worker benefit.

Again, with Great British Energy—and I know it is in its infancy and there is a lot of expectation from it—I would underline that it is really important that there is a worker voice around the table, obviously at chair level, which to be fair I think is loud and clear, but on decision making as well to ensure that there is a worker voice through that. That is a community voice, and it is going to be really important to GB Energy.

Broadly speaking, it appears to be a good way of ensuring that Government resources will be allocated appropriately, and that investment is going to be directed appropriately. It is important that it does not take a hands-off approach. It has to have significant expertise. There is a risk, though, when setting up a new agency like this. It is going to need to attract very well-rounded, knowledgeable and experienced experts.

Those experts perhaps at the moment work for large oil companies. They might be geologists and might have various skills, but it is important that an organisation like that will be nimble enough to ensure it can attract the best subject matter experts. That can sometimes be a challenge when it is an agency, but that is going to be important. Broadly speaking, we welcome its introduction.

**Derek Thomson:** In terms of GB Energy, we are still waiting to see what its direction of travel is going to look like. Ian referenced a number of good points of what it can achieve but we have not seen the detail. It was launched with a fanfare. It was used as a lot of things pre-general election, and there was a bit of a disappointment across the board with the admittance of the chairman that nothing was going to be happening over the next couple of years until they had things in place.

I think we had all hoped that there would be an accelerated piece of work to try to bring the investment in that was needed. For Unite, it is a wait and see on GB Energy. We will of course engage with it where we can. I do not think it should be sold as some kind of saviour to the oil and gas industry, which is how it has been portrayed in some areas. I know your colleague from Aberdeen is not here at the moment, but I do not think it is going to come in and create the number of jobs in Aberdeen to replace the number of oil and gas jobs that are potentially going to go.

I do not want it to be seen as some kind of saviour to the oil and gas industry and the UK energy supply chain, because until we see how it is going to deal with potential investors, what kind of regulatory powers it is



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going to have, and whether we can bring in fair work principles in every single investment that comes in—all those things we would happily sit down and discuss with those officials in GB Energy—at this stage for us it is a wait and see if it can deliver.

**Chair:** Just a wee reminder that I am specifically asking about retraining workers in this regard. Robert.

**Robert Deavy:** I said earlier that there was £8.3 billion pledged for it. That has already been reduced significantly. It is less than a year since there was the fanfare for this. It is not looking promising. Of course we will engage with it—we will support it and we want it to work. We want it to create clean jobs. Going forward, we want the training and the transition coming over, but at this moment in time it is not looking promising.

Q87 **Chair:** I am going to move on to a slightly different subject now but one that you have all mentioned. Which parts of the supply chain do you think are going to be badly affected and potentially have job losses as we move on?

**Derek Thomson:** Clearly there are those in the logistics side and the support services that work offshore. For every person who works offshore I believe there are two people who support that onshore, and you have the massive headquarters of all the major companies—Aberdeen is the oil capital of Europe. You also have those areas around that. You have St Fergus, Peterhead—a whole range of different areas where potentially jobs will be lost.

You also have the issue around tanker drivers, delivery drivers and movement of parts. There are a range of different industries. There are also areas in the offshore industry that seem to get ignored. We have a high number of caterers offshore—people who do cleaning, who cater, who make food, medics and so on. When those oil rigs go, those skills need to be transferred over as well. There are a range of different areas but for us it is the logistics side, in terms of what is happening in Aberdeen. Look at the size of the buildings up there—Shell in particular and the BP building. Those will potentially go in terms of support there. It is the building works, the fabric maintenance and a whole range of building supplies—building and construction and manufacturing—that goes into pushing things offshore.

In terms of other wider areas—I know I keep referencing Grangemouth, but oil and stuff comes in there and gets transported out as well. If that starts to cease, we will have transport workers go as well. There is a whole range of other things that needs to be involved, and the big headline news is always going to be about the oil and gas workers and those people who work in those offshore installations, but there is a whole range of support behind those things to make it happen. The ballpark estimate is that there are 210,000 people in the supply chain in



Scotland. That could have a devastating impact if those jobs are not brought back into whatever the renewables are going to be.

**Q88 Chair:** Is there a place for the UK Government in encouraging greater investment in the domestic supply chain?

**Ian Perth:** There absolutely is, but it is not just a trade union call for more cash. There absolutely is and it will benefit everybody across the board. There are elements of the existing supply chains that probably have been allowed over decades to not be based in Britain, and the GMB spoke very well on that. There is a huge benefit to it in general. As we know, there are knock-on benefits in terms of industry, but given the just transition that we face, it is doubly or triply more important because of the potential consequences and job losses that we face. Generally speaking, it is good practice to ensure that our supply chain benefits local economies and the British economy, but I think that is far more important.

At the moment maybe some people would say, "Wouldn't it be nice if we built that infrastructure here or if that supply chain was here, but not to worry; we have to bring it in." Now, as we move into renewables being the focus to a just transition, it is not a nice-to-have. It is absolutely essential that that infrastructure and those supply chains benefit the British economy.

**Robert Deavy:** My two colleagues have covered it pretty well. It is hard to put an exact figure on it, but as Derek from Unite said, just look at the headquarters that are based in Aberdeen—all the office staff, the catering and cleaning teams, and the people who maintain those buildings, including the contractors. Every one of them would be impacted should the sector go. It is hard to put an exact figure on it, but as Derek said, the ballpark is around 210,000. I would not be surprised if the number of jobs that could be impacted is close to that figure.

**Q89 Kirsteen Sullivan:** You have mentioned community a few times, particularly Ian. I would like to ask all of you: how might community-owned energy and community benefits play a role in a just transition for workers and communities?

**Ian Perth:** It is about having a stake in the change. I think that will be all important. We mentioned communication earlier. When people feel that they have a stake in community ownership, it helps that massively. We need to be careful not to benefit any group of people because they are geographically lucky to live next to a wind farm and so on, but I do think community ownership should be looked at and, where that is feasible, engaged.

Again, community benefit is essential, and it would be right to ensure that any investment that comes in has a minimum amount of community benefit. It is important that it is not something that is later in the process



as a box-ticking exercise. It has to be important that the community are involved from early on.

We see the existing companies that have a real stake in Scottish society flourishing. We see them engaging well with communities as part of the T3 transmission plan. Companies like SSE are building houses locally for people and there is going to be a massive legacy around that. That is really positive. It has to be something that is not even seen as or felt as a tick box at the end of the process; that community have to be brought in early and be part of the decision making. Community ownership can be really positive. There are models that we have seen around the world where it works well, but as an absolute minimum there must be very significant community benefit.

One way of guaranteeing community benefit is ensuring that the people in those communities have good, sustainable jobs with collective bargaining. The community centre of course is important. Good schools, good facilities, astroturf pitches—that is all incredibly beneficial. But good, sustainable jobs where people know that they can reliably have an income for the next decade to support their family is a massive community benefit that we would see.

**Derek Thomson:** I agree with Ian on those points. It has to be based on the jobs that could be brought to that community, and it has to be that circle of apprenticeships and all that kind of stuff. From our point of view, we have been calling for this around Grangemouth, where we are looking to make sure that there is a just transition. With the Grangemouth board, the community sits on that right from the beginning, and everybody is discussing that. That can probably be replicated around some of the major cities and towns that are facing those elements.

There are some good models out there where people are building sustainable housing, where there are things going on and they are bringing good wealth opportunities to the community, but it is a bit piecemeal at the moment. It will probably need a bit more of a focus when it comes to some of those areas.

The economic impact assessment that will be needed across UK cities on what will happen has to be done very, very quickly. I will not reference it again, but the PricewaterhouseCoopers economic impact assessment quite clearly shows that the redundancy situation at Grangemouth is going to have a £403 million deficit yearly to that local economy. That will impact the community. It is going to impact every single shop and every single restaurant. That is a community that already has a higher unemployment rate, believe it or not, and a higher poverty rate than most areas. That shows that if some of the more rural areas that may have a foot in the door of the oil and gas industry go without jobs that will pay the same, you are looking at an increase in poverty levels right across some areas of the country.

Q90 **Kirsteen Sullivan:** On the point that was made about it looking



piecemeal or patchy at the moment, do you think that Great British Energy has a role to play in community-owned energy and benefits, and what should that role be?

**Derek Thomson:** Hopefully it will. I will reiterate my points at the beginning that until we are involved in those discussions, see the terms of reference and understand what the role is, there is still a lack of detail. Everybody understands its general role but when you start breaking that down into its component parts, what are we actually expecting it to do and will it have the powers to do it? We hope that would be a role for GB Energy, but again we will try to influence that when we have those discussions with appropriate people to make sure that that happens. That being raised through appropriate channels through this Committee would probably be helpful and welcome.

**Robert Deavy:** We are seeing it just now. The workers and community in Grangemouth—and we have had it in Methil—are not seeing a transition into good jobs. What they are seeing is redundancies from good, unionised, skilled jobs. That is what they are seeing now, and we need to learn from that to protect our communities going forward. I touched earlier on the damage that was done decades ago by not having a proper plan moving forward, so we need to learn.

I stay just up from Ravenscraig—I have stayed there for many years now—and I have seen that we have got good housing on the site of the old Ravenscraig and we have a community sports centre. It is about those things, where we can create jobs and sustainable housing. That is what we need to learn. We need to make sure that when we are going through this green energy change, communities are protected and not left behind.

**Kirsteen Sullivan:** Is it your view that GB Energy should have a role?

**Robert Deavy:** Yes, it absolutely should have a role.

Q91 **Kirsteen Sullivan:** Thank you. How important do you think the affordability of energy bills is in delivering a just transition?

**Ian Perth:** It is obviously incredibly important that consumers' energy bills are as low as possible. We know that in the UK, energy bills are a lot higher than comparable countries and other countries. The motivation to reduce energy bills is very well motivated. On the other side of it, we have gone through the phase of having an appallingly broken retail energy market. We have allowed companies to come into that retail market and go bankrupt after a few years, and to have very wealthy executives and shareholders—and then they have gone bust and moved on. To be fair, there have been real steps to mitigate that, and it is now perhaps a healthier market that it was.

There are lots of things that you can do to ensure that energy bills are cheaper. Of course it is a motivation for our members. I do think, though, that there are particular challenges of the UK energy market—the way it



is structured—that means that we probably will not be the cheapest in Europe or the cheapest by OECD comparators. It is probably not going to be achievable. Naturally, we would say that the last thing that we need is employers being put under so much pressure to reduce bills that that pressure ends up on our members' desk, suppressing their salaries or even encouraging employers to behave in a way that means they cut costs any way they can. Broadly speaking, of course reduced energy bills is the right thing to do, and we are in favour of reduced energy bills. Clearly they are too high. Much of that is because of the structure of the markets. Some of it is nuances of the GB system, but it is well motivated to bring them down. We would caveat that: workers certainly are not paid multiples of any other comparator organisations.

**Q92 Kirsteen Sullivan:** What actions can the UK Government take to support local communities that we have heard about today that are heavily reliant on oil and gas?

**Derek Thomson:** They need to look at investment in some areas. There will have to be an admittance that to do a just transition will require Government support. That needs to be laid on the line. There will be investors coming in, but investors primarily will be looking for profit at the end. As I said, in a lot of these places, the technologies and skill base will be so high that it might not be in the best interest as a commercial decision for them to come in. The Government need to step in and start to look at how they can make regulatory changes.

For instance, if you look at the issue of sustainable air fuel, which will be huge going forward, we firmly believe that the site at Grangemouth could be converted very, very quickly and a lot cheaper than building a new SAF plant. We welcome the £200 million that was given—well, it has not been given yet and it has to be matched with investment. With areas like that, where there is a real productivity need and economic need for sustainable air fuel going forward, the Government should be stepping forward and saying that they will become an investor of first choice and will make the stake first to make sure that they can bring investors in.

There are a lot of investors and people who want to be involved in capital projects, pension scheme people and so on, who are looking at regulatory issues across the UK and saying that it is not for them now. They need to see the UK Government making that first step to say, "Yes, if you come in, we are planning for greener energy and creating jobs, and we will help you to that". The Government have to be bolder in their approach to creating a just transition, recognising that they can and should match where they can, particularly for things like sustainable air fuel, which is potentially a high money-maker because it will be the only fuel that will be going forward. In areas like that, we believe that the Government could step in and support industry, business, and community and workers by becoming an investor when it is needed.

**Kirsteen Sullivan:** It is not just about money—it is also about regulatory issues.



**Derek Thomson:** Yes. Without being overly technical, sustainable air fuel requires a feedstock. We are looking at HEFA, which is hydroprocessed esters and fatty acids—food waste and oils and stuff like that—but the regulatory barriers in the UK mean that you cannot use it on the scale at which it is being used in other countries, hence why you see that areas like Belgium are going to have four sustainable air fuel refineries. Belgium does not have any oil; it does not have the pipeline that we do. The regulatory barriers, if lifted, would ensure a quicker and more accelerated investment from companies.

I do believe that Project Willow will be recommending an acceleration of some changes, particularly around HEFA, that would allow a feedstock to be created, which would allow sustainable air fuel to be done. The targets for that are quite significant over the years.

There is carbon capture as well. I reiterate that we are extremely disappointed that Grangemouth, St Fergus and others were not considered for the Project Acorn funding that was just announced in the last Budget. We are hoping that will come in in tranche 2. There are areas where the UK Government could invest in Scotland and be that investor of first choice and first point of contact, and help communities, industries and workers to build sustainable workplaces.

**Ian Perth:** We recently wrote to the Cabinet Secretary to underline our concern about the lack of focus and the possibilities on carbon capture in Peterhead. We think that it is part of it. The question of what the UK Government can do is a broad one. The UK Government can do more to engage organisations like just transition organisations. It has not been without its criticisms and controversies and maybe a lot of expectation around it, but the Just Transition Commission in Scotland has done significant work and, broadly speaking, it has been welcome.

Obviously when you create something like that, it can be a place where people can throw all their problems and then complain that they are not resolved, but it has encouraged a lot of local community engagement. The UK Government should embrace that type of approach—more of a Just Transition Commission, but UK-wide in some sort of way. That would be very beneficial.

Q93 **Douglas McAllister:** I wish to turn now specifically to Grangemouth. On 5 February redundancy letters were issued to Grangemouth workers, with at least 435 staff expected to lose their jobs. Trade unions described this as an act of industrial vandalism. Before I ask you about the Government's role I want to ask you first about the owner's role in this. To what extent did the owner, Petroineos, have an exit plan in place before it announced that Grangemouth oil refinery would close?

**Derek Thomson:** Our understanding was that Ministers in the Scottish Government had been in discussions with Petroineos on the possible closure or repurposing of the site for at least two years before that. We got that information through a freedom of information request; it was not



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public knowledge. Petroineos has clearly stated that it is not a viable commercial entity for them—that it is a loss-making company. We have directly challenged that. I presented a paper to a similar Committee in the Scottish Government that shows the profit and losses of that company. Apart from a period in time when it made an adjustment, which it is allowed to do, it is a viable trading company and is profit-making.

It had not been profit-making because an asset called the hydrocracker had been switched off. That was fixed but then it was mothballed for technical reasons. Ever since then, it was never switched back on and it had continued to lose money. We argue that it is not a loss-making venture. It required capital expenditure to be invested in it, as all projects do, but this has been, in our belief, a long-term strategy by Petroineos to become an import company because it is cheaper for it and it does not want to maintain the capital asset expenditure that is required at the current refinery.

It is a joint venture between Petroineos and PetroChina, and PetroChina is looking to become the biggest exporter of sustainable aviation fuel in the coming five to 10 years. If we do not get our act together on sustainable aviation fuel in this country, we will be importing all that fuel from PetroChina and Petroineos. For them it is a clear business decision to go down that route because that is where they will make more of a profit.

We have also seen the fact that the UK Government have underwritten a €700 million loan for Ineos to build a plant at Antwerp, Belgium, to do similar work, but they never intervened until recently in Grangemouth to do something similar. Petroineos of course has to take the shoulder of blame for closing the refinery for what we believe to be spurious profit-making and security issues. On top of that, closing it in a manner that it has done—when there are options on the table—and for us to be removing the very fabric of manufacturing and the possibility of creating our own sustainable air fuel, while we will allow it to be imported from a potentially hostile country in this global economic field that we are in, is just madness.

We put forward a plan, and hopefully it is replicated in the Project Willow announcement, where we could do sustainable air fuel at Grangemouth for a fraction of the cost of building a new sustainable air fuel plant, which it is looking at doing later on. This will all be coming down to the fact that the assets at Grangemouth are still viable, but the company is going to shut the site down. It is a hellish situation for the people, the workers and the community, and we welcome some of the stuff that is going to be in Project Willow, but the knock-on effects of this right across that area are going to be absolutely devastating. We have had some good support from the Scottish Government and UK officials, and training and skills.





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**Douglas McAllister:** I will ask you about the Government in a moment, but I will just ask you to focus on the company at this stage.

**Derek Thomson:** The company has moved on this. The language that has been used by the First Minister in Scotland and by Michael Shanks and Ian Murray is that they have not been able to persuade the company to reverse its decision. I question the role of Government, then, if we cannot interject when a massive black hole is going to be created across jobs and the economy. We do not accept that the company was loss making. We do not accept that the assets were as bad as they maintained them to be. We believe that it has been almost a controlled timeline by them to shut it and to become an import terminal, on the basis that their joint venture partners will be the biggest exporter of sustainable air fuel, and we will be importing it.

**Ian Perth:** Derek and Robert have more local knowledge on that area, but there is a good way and a bad way of making closures and having to make changes. We argue that there is real potential in that site, as Derek said, for green aviation fuel, or sustainable aviation fuel, and the use of carbon capture. We think that more focus can be put on that. We do not think that the rationale for its closure has been made, and every effort needs to be made on that.

Our three unions were involved, along with Unison, with a large employer in Scotland, ScottishPower, when it closed the Longannet power station. It was devastating for people involved but, to be fair—we all have long criticisms about it—that was done in a very orderly way over a period of about eight years. There was a huge amount of notice and people could rely on being retrained by that employer, being reallocated by that employer or taking an appropriate redundancy package. There was no question of them waiting for an announcement in the news or waiting for an announcement by a politician. They knew that and the unions were being properly consulted all the way through that process.

There is a good way to make these closures and there are other ways. I do not want to give any criticism to this employer because I am not close enough to it, but I would encourage it to ensure that the staff have clarity as soon as possible.

**Robert Deavy:** Derek has more insight on this than me, but Petroineos, if I remember right, when we had the evidence session at the Scottish Parliament, laid the blame squarely at the foot of the UK and Scottish Governments for the changes. It was claiming that it approached the UK and Scottish Governments five years ago about the trouble that its business was in and said that they did not get a move on. Derek has challenged that with the figures they claimed they were losing.

The facts are that they have abandoned almost 3,000 jobs across Scotland. That is what they have done. They have thrown people to the scrap heap—500 of its own employees they have simply thrown on the scrap heap without a second thought for these people's futures. The



poverty that is already in the area of Grangemouth will now significantly increase with the loss of these jobs.

Q94 **Douglas McAllister:** On the point that you made, Robert, some would suggest that these plans were known by both the UK and the Scottish Government for almost a decade, but at least for five years, prior to the announcement. How well did the previous UK Government and the Scottish Government handle the decision to close the refinery?

**Robert Deavy:** The only people I have seen saying it was Petroineos itself—unless Derek has more insight on the Scottish and UK Governments' involvement in the closure of these sites.

**Derek Thomson:** As I said earlier, it came out of the blue to us at the time, but further FOI requests showed that there were discussions taking place with the company and Scottish Government officials on potential issues that it had across the areas.

**Douglas McAllister:** How long ago was that?

**Derek Thomson:** Our information says that it was two years ago.

**Douglas McAllister:** Two years ago the owners and the Scottish Government discussed the closure?

**Derek Thomson:** Yes, or potential closure. I do not know anything about any discussions that were held at UK level on this issue. It came out of the blue. The handling of it has left a lot to be desired by the UK and Scottish Governments. Until we started to pressure them, I do not think that there would have been very much movement. The handling of it has been significantly more proactive by the Scottish Government than it has been by the UK Government.

We sat a room with Ed Miliband, and he said, "There's nothing we can do". That was a massive disappointment to the workers and us. The newly elected UK Government had made, let's be honest, a whole raft of promises to that workforce on saving Grangemouth and making sure that it was going to be invested in. They shrugged their shoulders at the thought of that, and it has only been the pressure of our campaign and work that we have managed to get and secure a lot of the stuff that was there. There was more proactiveness from the Scottish Government and less so from the UK Government, but both have to shoulder a bit of failure in how this has been allowed to happen.

It comes back to some of the points that we were remarking earlier about regulatory processes, commitment and procurement. When we are given or you are authorising big projects with multinational companies, make sure that you are looking at who those companies are and what their records are, and make sure that you have an intervention process. I hate it when people tell me that this is just business and that this is how capital works. Well, that is how capital works, but what is the role of Government, then, when a company can just pull the plug on 450 direct



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jobs, 2,822 in the supply chain, £403 million to the economy—just like that—and we cannot intervene? Are we saying that the UK and Scottish Governments have no power to intervene in that area? That has been the most disappointing thing for us with the UK and Scottish Government responses.

We are moving forward. We do have the commitment of money from the wealth fund, but after the hooley and fanfare that that was launched with when you dig into how many steps you need to go through to get money out of the wealth fund, it does not fill me with confidence that that money will be readily available. But if we can match some of the funding that is required for Project Willow with parts of that national wealth fund money, maybe it is a step forward.

**Ian Perth:** Project Willow was published 15 minutes before this and we have not had a chance to digest it, so I will not comment.

**Douglas McAllister:** One of my colleagues may ask you about Project Willow after this question, but I will stick to my original question about the previous UK Government and the Scottish Government's handling of the decision.

**Ian Perth:** I was not party to that, so I would be commenting on speculation about conversations that may have been had. I have no information on that so I would rather not comment.

**Q95 Douglas McAllister:** Can I ask you specifically to comment on the current Government's announcement? Did you regard it as a welcome announcement in relation to the support that is there for those facing imminent redundancy?

**Ian Perth:** Project Willow has just come out 15 minutes before this. Some colleagues are much closer to it and maybe had some advance briefings. As an initial response, a lot of it still needs to be tied down. We are watching it very closely and we will have a position on that in the next couple of days. To be fair, the timing has not been great. Derek mentioned the national wealth fund and there has to be a position for that. When GB Energy is active, you would imagine that that will be allocating some of the national wealth fund. You would hope that it would have oversight on that.

Just to underline it, this will potentially devastate an area. This is an organisation that makes hundreds of millions of pounds per year. It is affordable for them to keep it going, and the UK Government and Scottish Government should do everything possible to keep these jobs in place and to seek, if need be, to repurpose that site to make sure that everybody is guaranteed a job. I do not think that enough has been done, but let's assess what is in Project Willow and what the outputs are.

**Q96 Douglas McAllister:** I know that it is early days, and the suggestion is perhaps that Project Willow could deliver 800 jobs, but I think the figure they are giving is by 2040, which is 15 years from now. Do any of you



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feel as if somehow this is 10 years too late?

**Derek Thomson:** Absolutely, and we have been saying this about Project Willow. It was heralded at the beginning, when the announcement was made and £1.5 million went into to this project. The project was effectively a secret document between Petroineos and EY. We had to give a freedom of information request to see the terms of reference of that project and we were refused it because of a confidential agreement, despite assurances that we would have been involved. This is the point about the just transition.

We may see an accelerated move from areas in Project Willow, but an accelerated view still requires planning, boots on the ground, construction—a whole range of things. What we have here is a site at Grangemouth that has all the assets needed—a hydrocracker, a hydrotreater, a skilled workforce—that could be converted very easily into a sustainable air fuel plant over one to three years without losing any jobs. In fact, we would put on jobs because we build a HEFA processing plant there to coincide with it.

It is already being done in America, where the site was transformed over a year from an oil refinery to a sustainable aviation fuel plant. It was done not for a fraction of the cost, but it is cheaper to convert an existing refinery to do sustainable air fuel and other things than to build a new build. That has all been cleared. Scottish Enterprise has said that, and the UK Government have said that it is cheaper to do it this way. What it does require is some investment.

The thing about this as well is that sustainable air fuel is not 100% sustainable at this point in time. It is a blended process. You combine oil with different elements to make it biofuel, but it is going to gradually increase and go up. You can continue to refine oil at Grangemouth, and petrol, and you could continue to distribute it across the north-east of England and to Scotland. You could continue to distribute it to the airports in Scotland, which are all crying out for Grangemouth to be kept open, while you transfer it over to keep it going for sustainable air fuel as the technology increases—and you keep the jobs going.

We presented that plan to the UK Government. We presented it to Ed Miliband and I presented it to John Swinney alongside our general secretary. Sustainable air fuel is in Project Willow but without immediate intervention on this, these jobs will go. The skill base will disappear, the assets will be demolished by Petroineos and then the UK Government will have to look at building a sustainable air fuel plant in the future, when there is one sitting right there, ready to go, with an existing skill base. It is absolute madness for this UK Government and the Scottish Government not to intervene at such a critical time, when sustainable air fuel is going to be the future and the airports are crying out for it.

But what we are going to do is allow the company to shut up shop, and start importing our petrol. Petrol for Scotland, petrol for Ireland and



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petrol for the north-east of England will all come in from boats, be put into trucks and be transported around the country. I am not sure what that does to your greenhouse gas emissions, but I am pretty sure that it will not be the same as what is there.

There is a real choice. There is still time to step in, to pause the closure of the refinery, to assess the assets, and to see how much it would cost and look at securing that site as a sustainable air fuel site. That is the route that we should be going down if we want a just transition. We should not be shutting, losing jobs, devastating the economy and coming back in five years' time, after we have become an import terminal for another country for sustainable air fuel.

Q97 **Douglas McAllister:** Robert, what support has been announced so far for the workers facing imminent redundancy—your members—and is it enough?

**Robert Deavy:** The majority of our members are subcontractors. We do not know how many are directly impacted by this because they move around a lot from job to job. The core workers are represented by Unite. Touching on what Derek said about Project Willow, this should have happened years ago. This is long overdue. It will take decades to get to where we need to be. In the meantime, what we are watching now is hundreds of skilled jobs disappearing, and Scotland—an oil-producing nation—is not refining its own oil. Derek said it perfectly: it is madness.

Q98 **Kirsteen Sullivan:** I appreciate the major impact on the local community, particularly as an MP who represents a neighbouring constituency. It has been of great concern. With regard to the job losses—I appreciate the aspect around jobs and skills, not just for the people at present but for people in the future—how many people at the moment are staring unemployment in the face? Do you have any idea of how many people have secured jobs elsewhere and how many people have decided that they will retire? It is an ageing workforce; that was touched on already. I want to get an understanding of how many people currently have no prospects of getting another job.

**Derek Thomson:** The redundancy notices that have been referenced have been issued and those will go over a staged approach as they start to decommission, demolish and switch off some of the sites. There have been a number of job fairs and things like that, where people have went along. Forth Valley College has been very good in trying to help us build up a skills database, but there is an economic discrepancy in some of this.

For instance, the college said to me, "If one of your members wants to train to be a teacher, we will help them get those skills to become a teacher". That is maybe somebody who has been in employment for 20 or 30 years and is looking for a career change. It is not as much of an ageing workforce as you would think. I then asked the college, "You will train this person as a teacher. How many teaching vacancies are there in



that area?" There are no teaching vacancies. Do you see what I mean? We are telling people that there are job opportunities for them to go to, but there are no jobs for them in the field they are. There is that element of it; that is the sort of discrepancy that has not been looked at.

As I understand it, a couple of people have already upped sticks and left, but the majority of people are still waiting to see, rightly so in our view—the question the workers ask me every time I meet them is, "What does this mean for me now? What does £200 million mean for the UK Government? They keep telling us it is to save Grangemouth. Is it to save the refinery, is it to do something else? What does Project Willow mean for me? What does this money mean for me? What does this announcement mean for me?" The problem is that it is all in the ether just now because the money is not going directly to the workers.

To go back to your point, I think that we will see a base of people who will not get employment in the same field that they are working in. We secured, through negotiation, an 18-month redundancy package. The UK Government have stated in numerous press releases that they are guaranteeing 18 months' money for people. That was something that we negotiated and I would like to know if they are going to be guaranteeing that 18 months to every other person who is made redundant, because I can tell you now on the back of this refinery announcement, because of the shared services across the other sites at Ineos, that we have already started moving redundancy negotiations with the chemicals plant and we have also just been told that there has been an HR1 submitted for 140 people in Altrad who do the construction work.

The refinery was always the tip of the iceberg because of the impact that it will have, so we would ask whether the negotiated thing that we did as a union is what has been heralded as theirs by the UK Government. If not, will they be supplying people with those 18 months?

**Q99 Kirsteen Sullivan:** I appreciate that; I do appreciate the impact to the supply chain, but my specific question is how many people now have not secured any other jobs, have not decided that they are going to retire and are fearful that they are going to be unemployed? There have been reports in the media that a lot of people have moved to, for example, SSE or ScottishPower. I want clarity on how many people are worried and concerned about their future at the moment.

**Derek Thomson:** SSE has opened its doors, and other companies have said that they are willing to take people on. It is great that we are having a discussion about this, but let us be absolutely clear that not one person has yet left the refinery to take up new employment unless they have left off their own bat, but if they have left off their own bat, they do not get the redundancy terms. That is part and parcel of the way things are negotiated. It is a staged redundancy because it still needs the workforce there to produce the work that it is doing on the plant, so nobody has actually left who is under threat of redundancy or who has accepted redundancy to find a new job.



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We have secured job fairs; we have put them in contact with other areas that are looking for people to come. I hope people take this as how I mean it: it is very difficult to say to somebody who has worked there for 15 years or for 10 years, who has a young family and a mortgage in Grangemouth, "By the way—here's a job for you over here, up sticks and move. By the way, it's £30,000 less than you were earning before". It does not work like that.

Remember that there are a whole range of other companies that have shut down in Grangemouth over the past five years. We are concentrating of course on the oil refinery, but Fujitsu has closed and a whole range of other areas have all closed across Grangemouth. The £100 million through the growth fund was not all new money—£20 million of it was. They are talking about that helping do up the town centre of Grangemouth. It is all fine and well doing up the town centre but if there is nobody there to walk through it, the money should be put elsewhere.

Nobody has left yet, because their redundancy terms will not allow them to do that, but our understanding is that they have been to job fairs. The jobs fair had the NHS there and the DWP—it had a whole range of what you would call alternative careers that are not within those people's genuine skill bases. That is where the Forth Valley College comes in.

There are a number of good things getting done, do not get us wrong. You have the hometown workers, those from the Falkirk and Grangemouth area who are potentially losing their jobs. Then you have probably where Robert's people come in—the contractors who come and live in Grangemouth on a seasonal basis or turnaround when the maintenance is required, who put their money into hotels, restaurants, pubs and so on. Those people will start to disappear as that refinery goes down. That is where the economic impact of what is happening in Grangemouth comes through. You can go and speak to any shopkeeper in Grangemouth, which we have done, and every single person will tell you that they are fearful for their future.

Q100 **Mr MacDonald:** Derek, you talked about the aviation fuel coming from China. Is that a fact?

**Derek Thomson:** If we do not have our own sustainable air fuel process and plant, it will be imported into this country. The import terminal for Scotland will be the one run by Petroineos, and its joint venture partner is PetroChina. If the country needs sustainable air fuel and we are not doing it here, they will import it. If Petroineos has a supplier, it will come from PetroChina.

Q101 **Elaine Stewart:** What is your response to the Project Willow conclusions that have emerged in the media?

**Derek Thomson:** The report just came out today. We have been in discussions on some of this. As I indicated earlier on, we would have liked



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a lot more interaction between the companies, EY and the trade unions, but we were not given as much access as we would like. Nine projects have been announced, which range between a number of costs. The capital expenditure on a number of them ranges from £20 million up to £4 billion for the projects.

When I met with Scottish Government Ministers last week, I was very clear that we do welcome the stuff that is going to protect for the future, but there are no timescales in these plans in Project Willow. It does not tell us how long it will take from start to finish. It does not tell us how many jobs will be required in construction, in contracting and in mainstay staff to deliver the products. Some of the costs will seem eye-watering in a lot of cases—£4 billion for this. We have asked the Scottish Government Ministers to get us more information on what the jobs look like. When I say the Scottish Government Ministers, I mean at a UK level as well.

As I understand it, the Scottish Government are supportive of the sustainable air fuel project that is in there. There is a stated cost in here of £800 million, which probably is in line with what we think that conversion of Grangemouth would look like. The question is: can that be accelerated as a project and how quickly could it be done? These questions have to be considered by the Committee. We have an existing plant that refines oil, we have an existing workforce with the skills to refine the oil, and we have the infrastructure and the assets that require the technological things to come online. What we have is a regulatory problem under HEFA.

At the moment, as I said, it is not going to be 100% sustainable air fuel. It will be a blended mix of petrol and other aspects that could be done through there. We are saying that if you are going to accelerate anything in Project Willow, accelerate the sustainable air fuel plant, because by doing that and by checking that the assets are viable, which we believe they are: the hydrocracker, the hydrotreater—all the things that are needed are on that place.

Check them out and if they are a goer, then let's go with sustainable air fuel. Let's use the £200 million as a first point of investment from the UK wealth fund and seek investors to come into that. If that investor chooses to be Petroineos, if it reconsiders, then we will work with it to make sure that we are implementing it. If Petroineos do not want to do this, then they should sell up to the UK and Scottish Governments as investors of first choice. Then we use a Project Willow board, or we use Project Willow UK investment or GB Energy—whatever it needs to find investors—and we become the exemplar of what a just transition looks like.

We have seen a plant that currently does oil. We transition it over to do greener, renewable energy over a period of time. We keep the workforce and potentially expand the workforce. It is a no-brainer. In terms of costs, it is well within the limits of what a new sustainable air fuel plant





would cost. If you want to wait five years to build a new plant at a more expensive cost, then that is what you do, but at the same point you will need to accept that you are losing over five years, £2.5 billion of economy and potentially devastating a community when you have an existing plant and an existing workforce who could easily transfer and convert into doing sustainable air fuel.

**Q102 Elaine Stewart:** It is suggested that the site will require £3.8 billion of investment over this decade, rising to £13 billion—under the best case scenario. How realistic is that investment level?

**Derek Thomson:** This is the point. A lot of this this discussion has been about securing the right investment. We have always been clear that Project Willow was something for the future—it was always going to be delivered. The technologies that are required to make a lot of these things happen are still three, four or five years away.

This is where the sustainable air fuel thing becomes interesting, because the Government's own UK target—the self-mandate—comes into effect from 2025: "Starting in 2025, 2% of jet fuel supplied in the UK must be SAF". That is approximately 230,000 tonnes compared to 64,000 tonnes of SAF that will be produced in this country. You can see that massive gap already. Therefore, an increase on a linear basis to 10% in 2030 and 22% in 2040 requires a significant increase in sustainable air fuel. That is the Government's own mandated targets, and we do not have the capacity to do it.

I believe that the Scottish Government think that chemical plastics recycling and maybe hydrothermal can come online quite quickly, but they cannot tell us how many jobs that could create. I am saying that Project Willow has identified the sustainable air fuel as part and parcel of its project work. You have an existing refinery, an existing workforce and existing assets. You have the best infrastructure, which is highlighted in Project Willow. It tells you about the road access, the train access and the air access. It is all built around Grangemouth. That is why it has been such a successful place.

It makes no sense to me whatsoever that you would not say as a Government, "Let's just go for a SAF project". It saves Grangemouth, it saves a refinery, it gets us on track to meet our mandates for our own SAF production, and it does not rely on us importing oil and sustainable air fuel from anywhere else. You could become a producer and start making money back on any investment that the UK Government may feel it had to put in as a first resort.

I will tell you right now that there are investors out there looking to invest in sustainable air fuel. We just need to find them, and they need to be given confidence from this Government that, should they come into this, they will back them to the degree to make it a success. SAF is not going anywhere. That is the future. Everybody across the industry recognises sustainable air fuel as the place to go.



Q103 **Elaine Stewart:** How confident are you that the new jobs will be guaranteed for refinery workers currently facing redundancy?

**Derek Thomson:** We have been working quite closely with the Scottish Government to develop what we are calling a job transition protection policy agreement. We would obviously prefer, and we will start to look at this, to work with the companies to get an agreement in place where should they make people redundant but restart at a site in six months' time, the people that they made redundant would get a guaranteed interview for entrance back into that area of employment.

We are working with the Scottish Government now to see if we can bring that in more forcibly into procurement and policy. If you are going to make a bid for a piece of work in Project Willow and we have 30 people who are still redundant as a result of that who match your skills base, they would get guaranteed some form of interview or at least an opportunity for a job in that market.

Q104 **Elaine Stewart:** Do you get an idea what the expected employment gap might be?

**Derek Thomson:** Not at this time, no. As I said, should this go through, the first redundancies will start to take place at the end of April. Then it will be a managed place until they have done all their decommissioning, taken all their assets and things offline, and cut all the wires, basically.

This is a problem, by the way. They may start cutting the wires, which would make it more difficult to get a conversion done. It is a staged approach, so people may find employment but—as I repeat to myself—in a shrinking economic market that has Falkirk and Grangemouth, where there is a high unemployment rate as there currently is, it becomes about money, of course, and people earning the same amount of money, but it comes down to skills as well.

There is a danger in Project Willow that if you start bringing things online in three and four years' time, what workers with those skills will you have? This is a generational skills community that you have, who have built up skills over 10, 15, 20 years. If they go and you bring new staff in, I do not know where you will get a skilled workforce to do it.

**Ian Perth:** Derek speaks incredibly well on behalf of his members and he is obviously the expert on that area. I want to say more broadly that what happens in Grangemouth is being watched by energy workers right across Scotland. It is a litmus test as to what Government and agencies can do when this happens. If those workers are let down, what confidence can we have in the next decade that the next group of workers will not be let down? Any pressure that can be brought to bear to make sure that those workers are looked after will reap dividends across the board and give people confidence in the move towards net zero.

Q105 **Chair:** My colleague Kirsteen Sullivan was trying to get from you a feel



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for how many workers are likely to be made redundant soon. You said that some workers might be made redundant in April. Do you know how many workers that would be?

**Derek Thomson:** No. I can get that to you. How these things work is that there is a clear target of June 2025 to start the import terminal. Over that period of time, they will have shutdown procedure that they go through, and certain aspects and certain job roles will no longer be required once that is done. Some people have said that they would like to go straightaway, but they have been refused to go straightaway because the company needs their specific job role.

**Chair:** If people are being made redundant in April, you must know at this point how many people that is likely to be.

**Derek Thomson:** I can get you that information.

**Chair:** That would be very helpful, thank you. That concludes the questions that we wanted to put to you this morning. Thank you all very much indeed for coming along today. You have had the advantage in that we have not had an opportunity at all to look at Project Willow. We will do that, and in short order we will be taking evidence from Petroineos and others, so it will be very interesting to pose some of these thoughts and ideas to them when we see them. Thank you again for coming along and thank you for giving us your time. We wish you well with the projects that you are involved in.