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22 February 2024

Dear Claire,

Thank you for your letter of 13 February 2024 which asked for an update on the work being taken forward by this Government as regards the Grangemouth Refinery's future transition.

You will recall that, last April, I provided evidence to the Committee's *Just Transition for the Grangemouth Area* Inquiry and I know that my predecessor, Neil Gray, was grateful for the opportunity to provide evidence to the committee in December 2023. I look forward to working with your Committee in my new role as Cabinet Secretary for Wellbeing Economy, Net Zero and Energy as the Grangemouth cluster transitions.

I am aware that the announcement by Petroineos, regarding plans to commence preparatory work to enable the construction of import terminal infrastructure at Finnart Ocean Terminal and Grangemouth, has created concern about how the refinery's future transition will impact workers at the site and the local and national economy.

Owing to the complexity of the refinery's group structure, an assessment of its economic impact requires input from the business. Petroineos has committed to working with the Scottish Government to map the full impact of any potential, future transition from refining to import mode at Grangemouth. Scottish Government officials are working with both Scottish Enterprise and Petroineos to understand the potential economic impact – including the metrics referenced in your correspondence – and it is hoped that this work can be shared with your Committee by the summer.

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While we were aware that the business has been considering the work required and options available to futureproof and transition the site for some time, we were made aware of Petroineos' specific plans, as announced, on the same day as the refinery workforce. We are now working collaboratively with the business to examine all possible routes to accelerate the buildout of new transition projects at Grangemouth, such as the mooted bio-refinery, which could provide an opportunity to transition existing workers to new, highly skilled roles at Grangemouth. The business has highlighted that the UK Government's proposed HEFA cap represents a barrier to the deployment of this project. I will continue to urge UK Ministers to engage with the business to consider what can be done to provide sufficient market certainty for the project to be brought forward as planned.

In your letter you raised the re-structuring of the Grangemouth Future Industry Board (GFIB) on which I am glad to provide an update. The Board has restructured and will now operate at two levels: a Ministerially-chaired Leadership Forum to enable the discussion of high profile and cross-cutting issues, and a Programme Board which will focus on delivery of the Forum's priorities.

As my predecessor noted in his correspondence of 22 January 2024 to the Committee, the Leadership Forum held its inaugural meeting on 18 January 2024 when it was chaired by Neil Gray and the Minister for Energy, Just Transition and Fair Work. Given my new portfolio responsibilities, I will be chairing further such meetings of this Forum and we anticipate that it will meet approximately two-to-three-times a year.

The Forum's core remit will focus on delivery of the Grangemouth Industrial Just Transition Plan, which I know your committee is keenly interested in, as a guiding strategy for achieving a fair and managed transition for this critical site.

I am pleased that the inaugural meeting had broad attendance, with senior officials from Scottish Enterprise, Falkirk Council leadership, representatives of Forth Valley College, Unite the Union, INEOS / Petroineos, UK Minister of State for Energy Security and Net Zero, Graham Stuart and UK Parliamentary Under Secretary of State at the Scotland Office, John Lamont, all coming together to discuss what can be done to secure a truly transformative future for the Grangemouth Industrial Cluster. Going forward, the Forum is in the process of extending an offer to participate to the wider industrial operators, Trade Unions, as well as the wider workforce and community. Its membership will be finalised in the coming months. I would like to outline here again my commitment to ensuring that community and workforce representatives are at the heart of this work as those most likely to be impacted by major changes as the cluster transitions to net zero.

The original purpose and earlier phases of GFIB activity were focussed on first aligning the public sector, right across government and multiple agencies and partners to provide a united approach to policy and decision making. The next phase for GFIB is to include more direct industry participation – something we wish to encourage, and consider that now is the optimal time to do so; bringing them in to meet a well-coordinated public sector. Especially as we take forward the delivery of the Just Transition Plan, it is essential that GFIB is business credible, and that requires close engagement with business partners.

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You might be aware that Minister Stuart made a specific commitment at the Leadership Forum meeting on 22 January to consider all options available to the UK Government to support the Grangemouth Industrial Cluster as it transitions. I warmly welcome this commitment and eagerly await his response to my predecessor's letter to him which requested further information around this commitment.

The Programme Board last met on 7 December 2023, when it considered what activity the GFIB partners could accelerate or suggest to support the refinery workers throughout the coming months. The Programme Board meets every quarter.

I am encouraged that the announcement around the refinery's future transition has highlighted the cross-chamber support that there is for the workforce, who must never be forgotten in all the debate and dialogue around this important issue. It is in this spirit that I hope we can continue to work, constructively and in good faith, to realise a prosperous future for those who live and work at Grangemouth.

Yours sincerely,



MÀIRI MCALLAN

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