



OFFICIAL REPORT
AITHISG OIFIGEIL

Economy and Fair Work Committee

Wednesday 21 May 2025

Session 6



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ECONOMY AND FAIR WORK COMMITTEE

16th Meeting 2025, Session 6

CONVENER

*Colin Smyth (South Scotland) (Lab)

DEPUTY CONVENER

*Michelle Thomson (Falkirk East) (SNP)

COMMITTEE MEMBERS

Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

*Murdo Fraser (Mid Scotland and Fife) (Con)

*Jamie Halcro Johnston (Highlands and Islands) (Con)

Daniel Johnson (Edinburgh Southern) (Lab)

*Gordon MacDonald (Edinburgh Pentlands) (SNP)

*Lorna Slater (Lothian) (Green)

Kevin Stewart (Aberdeen Central) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Claire Baker (Mid Scotland and Fife) (Lab) (Committee Substitute)

Bob Doris (Glasgow Maryhill and Springburn) (SNP) (Committee Substitute)

Stephen Kerr (Central Scotland) (Con)

Camilla Pierry (United Kingdom Government)

Michael Shanks MP (Parliamentary Under-Secretary of State for Energy)

CLERK TO THE COMMITTEE

Anne Peat

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Economy and Fair Work Committee

Wednesday 21 May 2025

[The Convener opened the meeting at 09:00]

Decision on Taking Business in Private

The Convener (Colin Smyth): Good morning and welcome to the 16th meeting in 2025 of the Economy and Fair Work Committee. We have apologies today from Willie Coffey, Daniel Johnson and Kevin Stewart, and we are joined by Bob Doris, who is attending as a substitute for Kevin Stewart, and by Claire Baker, who is substituting for Daniel Johnson. I am also pleased to welcome Stephen Kerr to today's meeting.

Our first item of business is a decision on taking agenda items 3 and 5 in private. Are members content to take those items in private?

Members *indicated agreement.*

Grangemouth's Industrial Future

09:01

The Convener: Our next item of business is an evidence session on Grangemouth's industrial future. In November 2023, it was publicly confirmed that the refinery would transition to being a finished fuels import terminal and distribution hub; in September 2024, it was announced that the transition would take place during the second quarter of 2025. Refining at the site has now ceased. The findings of a feasibility study into options for Grangemouth's industrial future, known as project willow, were published in March.

I am delighted to welcome our witnesses: Michael Shanks MP, Parliamentary Under-Secretary of State for Energy; and Camilla Pierry, deputy director for energy security at the United Kingdom Government. I thank them for joining us.

As always, I appeal to members to keep their questions as short as possible and also ask for answers to be as concise as possible.

I invite the minister to make a short opening statement.

Michael Shanks MP (Parliamentary Under-Secretary of State for Energy): I will follow those instructions and keep my opening statement brief.

First, it is a pleasure to be in front of a Scottish Parliament committee. I am doing so for the second time in the nine months that I have been in this role, which I think demonstrates the reset in our relationship with the devolved Parliaments.

As I have said a number of times in the past, we are deeply disappointed that the Grangemouth refinery has closed. Since we came into government, we have been determined to stand with the workers and to do whatever we can to find a solution. I am sure that we will get into the detail of that in this evidence session.

When we came into government, it was clear that Grangemouth would be an immediate priority for us, although the previous Government had no plan in place. We worked swiftly across government, first by working with the Scottish Government to expand the Falkirk and Grangemouth growth deal, using additional money and, crucially, putting in place additional tailored support for the workforce, including support for retraining. That has been critical to all the work that we have been doing to find an investable future for the site and to ensure that those incredibly skilled and experienced workers have a sustainable future.

We also launched something that could have been launched a considerable time before we came into government, but which we worked to fund with the Scottish Government. That is project willow, which is a £1.5 million feasibility study of the industrial options for the Grangemouth site. You will have read that very detailed report, which outlines nine potential options and makes a series of recommendations, and we are now working on how to take it forward.

Crucially, on top of that, the Government has also made an unprecedented commitment. It is the first time that the National Wealth Fund has ever made a commitment ahead of a proposition actually being on the table. The Prime Minister committed £200 million from the National Wealth Fund for an investable proposition at Grangemouth. That is the first time that we have ever made such a commitment and, as the Prime Minister has said, is an indication that there is enormous opportunity at Grangemouth and that we also see it as a crucial investment opportunity for the Government.

More recently, I have been working closely with the Acting Cabinet Secretary for Net Zero and Energy on dealing with the propositions that have come forward, and Scottish Enterprise is taking a leading role in looking at the detail of those. I can say that 66 inquiries have been received—clearly, some of those are more likely to proceed than others, but the number of inquiries demonstrates that there is a serious appetite for investing in Grangemouth.

Today is the first formal meeting of the Grangemouth investment task force, which the Secretary of State for Energy Security and Net Zero, Ed Miliband, will be chairing, alongside me and Gillian Martin.

On the training side, which I know will be of interest to this committee, we have put in place the training guarantee—working with the Scottish Government, given that skills are devolved. We have announced today that, through that scheme, 184 workers have begun training to help them transition into new jobs, and an even wider group have completed some of the assessments for training that they might need in the future.

In all that, we have worked closely with the trade unions, with the local community and with local businesses, which have taken on many of the workers from Grangemouth, to ensure that there is as good a transition as there possibly can be.

However, I come back to the point that I made at the beginning. Although we are hugely positive about the future potential of Grangemouth, we are clearly disappointed at the way in which the closure has happened. We wish that we had been doing some of the work that we are currently doing

five years ago, when we could have had a really serious transition, rather than what we have seen. That is a lesson for the future, and it is for both our Governments to continue to work closely together to ensure that such a situation does not happen again.

I reiterate the point that Grangemouth is a hugely positive investment opportunity. It is important that we all talk about the upside of the potential investment at Grangemouth so that we can get the best possible investors coming forward to develop the site. We are very excited about that opportunity; obviously, that goes hand in hand with huge disappointment for the workers who have lost their jobs, and for the refinery itself. Nevertheless, we are determined, as a Government, to work with the Scottish Government to deliver the jobs and the opportunities that come, sustainably into the future.

I look forward to the committee's questions.

The Convener: Thank you for that, minister. I ask the deputy convener to kick off our questions.

Michelle Thomson (Falkirk East) (SNP): Good morning, and thank you for joining us.

I would like to speak to Michael the man, as it were, rather than the minister. What would you like to say to the workers at the refinery, to the town of Grangemouth and to Scotland the country about the loss of its remaining refinery?

Michael Shanks: I thank you for the question; I have to say that I think that the man and the minister are the same, so I do not think that there is a different answer. I would say what I said to the workers when I met them at Grangemouth: clearly, any job losses in any sector of our economy are hugely disappointing and devastating for those workers and their families and for the community that they come from. Not for a second do I underestimate the impact that job losses have on individuals and their families—

Michelle Thomson: Would you like to apologise?

Michael Shanks: Well, we came into government nine months ago, and we have done everything that we possibly can to support the workforce and to try to find a way through, keeping the refinery going as long as possible. However, I will be clear with you: this did not suddenly occur in July last year—

Michelle Thomson: I realise that—

Michael Shanks: Sorry—I will just finish my point, if I can, because you asked me two questions—

Michelle Thomson: You are the accountable—

Michael Shanks: You have asked me two questions now, and have not let me answer either of them, so perhaps—

Michelle Thomson: I know, because you have immediately gone into Michael-the-minister mode. I have put on the record both my anger and my significant disappointment at what has happened, and I can tell you categorically that all of us in politics need to play our part in taking accountability and responsibility for the situation, for the people who work there and the people in the town, and for Scotland.

I can put on the record that I feel that I have done everything that I can, but I take responsibility and accountability for that, because I am an elected politician. Do you?

Michael Shanks: To go back to what I was going to say, I thank you for asking me to come here to give evidence—I am quite keen to give evidence, if that is possible. Let me just explain, because you are right that this is a really serious opportunity, and it is one that we should explore in detail rather than through quick answers—

Michelle Thomson: Okay—I will move on to the next question, then.

The Convener: I ask the minister to answer the question first.

Michelle Thomson: Okay.

Michael Shanks: In answer to your question, I cannot tell you how much time and work we have put in to finding solutions to these issues: it is more than for any other issue that we have faced as a Government in the past nine months, with the secretary of state having more meetings on this than on anything else, with me having meetings on this question almost every single week, and with various parts of the UK Government working with the Scottish Government more closely than on anything else to find solutions to the issues. However, we could not turn around what has been a long-standing issue at that refinery in nine months.

What I am saying is not a political answer about passing responsibility; it is a reality that we knew years ago that the situation at Grangemouth was precarious, but the previous Government did nothing about it. I wish that we had been in power; we would have worked with the Scottish Government more closely. I know that the Scottish Government would have been interested in funding project willow at an earlier stage, but the UK Government did not support it on that. I wish that we had done that earlier, and that is a deep regret, but I am afraid that I have not had complete control over that, and we have done everything that we could since coming into power to keep the refinery going, to support the workforce and to

deliver a sustainable future for what comes after. That is what we owe the community of Grangemouth: a viable, sustainable industrial future on the site long into the future.

Michelle Thomson: I am sure that your remarks will be noted.

There is clearly a power imbalance between Ineos as a landlord and any projects that come through. What assessment have you made of the risks of Ineos being the landlord, and what is your current approach to that?

Michael Shanks: There are two things to say about that. First, I would agree that the role that Ineos plays as a landlord means that we will have to work to ensure that any of the opportunities or ideas that come forward directly for the Ineos site can be progressed. We have been really clear with Ineos so far. We need Ineos to come on as a partner and help deliver those, or we will need to have some serious conversations about the use of the land in the future.

It is Ineos's land, so it is not as easy as the Government saying that it wants the projects to proceed, but we need to be serious about saying that we want an investable future there. If projects are credible and are ready to be delivered, we do not want Ineos to be a barrier to that. It is important to say, however, that we have not got to that stage in those conversations yet, because we do not have propositions that are quite at that stage.

Secondly, there are also proposals coming forward for the wider Grangemouth area, not just on the Ineos land. We are considering the situation holistically in relation to the whole Grangemouth cluster to see whether there are projects that can fit on to other parcels of land, too. That is a really important point.

Our engagement with Ineos will not end with the question of the refinery; clearly, we will take an active role in what comes next.

Michelle Thomson: At a recent meeting of the Scottish Affairs Committee, Ineos was unable to signal its intention to invest in project willow, despite being invited to do so. You are correct about the scale of the projects under project willow not yet being on the table, but the problem is that they will not come unless there is regulatory certainty and investment certainty. The regulatory certainty will come from the UK Government, and Ineos clearly has a role, because it owns the land. I ask you for your reflections on that.

Michael Shanks: Those are all really good points, which we are working through in the investment task force that we have set up. The cross-UK Government task force is examining all the regulatory changes, and an investment task

force, on which I and Gillian Martin lead, is looking into the investable propositions. It, too, will take a sleeves-rolled-up approach to how we get proposals over the line, and that is a very different way of thinking about the role of Government. We want to engage actively with potential investors to do what we can to get them over the line, and that obviously means having conversations with Ineos about its role.

There is clearly an opportunity for PetroChina and Ineos to invest in any of the propositions, and there is then the role of Ineos as the landlord. We also want to see whether there are ways to take the projects forward even if Ineos is not interested.

I do not at all dismiss the points that you have made, which I think are really important, but we need to get the investment propositions that are coming in to a point where we know what they actually look like before we can then go into the detail of what amount of land is required and what parts of the refinery it might be possible to repurpose for some aspects. We are trying to move as quickly as possible on those things, so that we have a real plan for what the next few stages will look like.

Michelle Thomson: I am keen to let my colleagues come in. I know that we only have you for an hour, so this is my final question.

What commitment can you give today about the Acorn carbon capture and storage project? There has been some extensive pre-trailing that the Chancellor of the Exchequer is going cold on Acorn specifically but continuing to proceed with Teeside and Humberside. Can you give us any update or commitment on the Acorn project?

09:15

Michael Shanks: I will not do any trailing in your committee. It is important to repeat what we have said: the Government is supportive of the Acorn project. The Secretary of State for Energy Security and Net Zero has been clear in Parliament that we see it as a crucial part of how we deliver our decarbonisation journey for Scottish industry and energy, and that it is an important investment proposition. It involves a significant amount of public money and it is right that it is for the spending review to make that decision.

I have not seen anything that has trailed any view from the chancellor. Our sense is that it is a serious part of our spending review bid and it will be considered alongside everything else in the next few weeks and announced to Parliament in the usual way.

Lorna Slater (Lothian) (Green): Thank you, minister, for joining us today. You are right that the new Government coming in is a nice reset.

I have a question about how Grangemouth fits into the wider energy strategy. The Scottish Government has a draft energy strategy, although it has been stalled for more than a year. The idea is that the strategy shows where our energy in Scotland will come from and how much energy demand there will be as we phase out and exit from North Sea gas and move to zero-carbon energy systems. For example, it shows why we do not need nuclear power in Scotland.

Grangemouth has been floated for all sorts of things, including carbon capture and storage—which is not a proven technology at scale—green hydrogen, blue hydrogen, biofuel for aviation and so on. How does that fit into the wider energy strategy? Is the UK Government developing an energy strategy along the lines of what the Scottish Government has done to chart the transition away from North Sea oil and gas and the importation of fossil fuels towards that zero-carbon future? How does Grangemouth fit into that?

There is always a concern that carbon capture, usage and storage—CCUS—does not work. It has not yet been proven to work at scale and it may not be a good investment as it is very expensive, and hydrogen may not live up to the potential that we think that it might have. Our worry would be that any investments in Grangemouth would therefore become white elephants and not be sustainable in the long term.

Can you give us a story about what the UK's plan is for a wider energy strategy and how we fit into it?

Michael Shanks: I always had you down as a glass-half-full sort of person, Ms Slater. There is potential in all the technologies that you have outlined. It is important to recognise that they are innovative technologies. However, there is no pathway to decarbonising all our economy without carbon capture. It plays a critical role in those hard-to-abate sectors of industry.

You are right to talk about the North Sea part of the transition—it must be a credible transition that recognises the role that oil and gas will play for many decades to come. We are already in transition and we have been for a long time. We are determined to ramp up what comes next so that those jobs can move from one sector to another as seamlessly as possible. We are also creating the next generation of jobs. We should have been doing that 10 or more years ago, and we are now moving at speed to put it in place.

The wider energy picture is partly one of our clean power mission, which we outlined in detail in the “Clean Power 2030 Action Plan” that was published before Christmas. That plan has been a huge collaborative effort across the whole UK, particularly in Scotland, given the role that

Scotland will play in offshore wind. Scotland has been right at the front of floating offshore wind, which is the economic opportunity of the century, alongside being the energy opportunity.

We also want all the jobs for the manufacturing of that infrastructure to come to Scotland. That is why I have been spending so much time in the north-east and, recently, in the ports around Inverness, looking at how to bring the jobs there.

What changed when we came into government is that, although I might profoundly disagree with the Scottish National Party on many things, we have broadly the same outcomes in mind when it comes to energy policy. We have two Governments working coherently on energy policy to achieve the same outcomes. I have responsibility for things such as renewables options, and the Scottish Government has responsibility for planning. Those two things have to go hand in hand or we will not deliver the clean power system that we need.

The final piece of the jigsaw is that, although renewables will be the backbone of our energy system, nuclear has a critical role. The ban on nuclear in Scotland has been a hugely problematic decision by the Scottish Government for many years.

The next generation of small modular reactors presents huge opportunities for industries in Scotland. There are also huge opportunities for us to deliver capacity that is not subject to changes in weather conditions, which might happen with solar or wind. Nuclear plays an important role, and I will be pushing for as much policy change as possible, so that we can have new nuclear power in Scotland.

Lorna Slater: You set out some political intentions as well as some good intentions around outcomes, but I have not heard about a strategic plan. We need to identify sites and infrastructure, such as at Grangemouth. We need to be looking to the future and saying which sites will need to transition and which sites will need to be closed down. An actual plan is needed, instead of setting out intentions and hoping that we will go in the right direction. Will the UK be creating an energy strategy? We are chasing the Scottish Government to get its strategy published.

Michael Shanks: Sorry—that was the part of your question that I did not get to. That is really important. There is a bit of division in responsibilities, in that it is for the Scottish Government to drive forward detailed economic development and industrial policy. We clearly want a UK-wide strategy that covers how we can achieve our climate obligations and decarbonisation across the UK.

We have partly reset the cross-UK ministerial working groups, and one of the key elements that we have been talking about is how we bring together the various Climate Change Committee reports on the different parts of the UK in order to come up with a holistic strategy. The UK Government is probably not going to get down to the level of identifying individual sites. However, ultimately, for things such as carbon capture to work, there needs to be a look at the hard-to-abate parts of industry, which will mean a factory-by-factory, power-station-by-power-station approach to decarbonising individual elements as much as possible.

As part of the Acorn cluster, Grangemouth has an opportunity to deliver part of that. That is why we are supportive of the Acorn project.

Jamie Halcro Johnston (Highlands and Islands) (Con): My question is on critical energy infrastructure. You said that you would have liked to have conversations about Grangemouth about five years ago. There is energy infrastructure, particularly in my region, the Highlands and Islands, that is probably not going to be operating until the middle of the next decade. We have just seen job losses at the Flotta oil terminal, and it will go into new ownership next year. What lessons have you learned from the process around Grangemouth that you think will help to make sure that we do not find ourselves in the same situation again? Also, are you having discussions with operators of terminals such as Flotta now to ensure that, as I said, we do not end up in the same situation as we currently find ourselves?

Michael Shanks: That is an important question. There are always lessons to learn from such decisions. One of the key lessons is that, where we have had transitions from carbon-based industries to low-carbon industries, the long-term sustainability of the site and the workforce needs to be thought about as early on as possible.

I will give you a good example of where that was done well in the UK. I was at the last coal power station in the UK, at Ratcliffe on Soar, where almost 15 years were spent planning that transition and making sure that the workforce knew exactly what they were going into when it closed. That is an example of a good transition.

We should recognise that a transition is already under way. We have lost more than 70,000 jobs in the oil and gas industry during the past 10 years. That is not because of the election of a new Government last year; that is due to the long-term transition in the North Sea. The transition means that things will change. There is no point in pretending that everything will stay the same. However, for the transition to be prosperous and just for the individual workforces, when something

does close, those workers should have a clear pathway to what the future jobs will look like.

Crucially, it is about how we retain the skill set, particularly in the north-east of Scotland, where we know that a lot of the workforce has the flexibility to move abroad and take their skills with them. It is critical that the transition means that there will be viable jobs for people to take up so that they stay in Scotland and we keep those skills in Scotland. That is partly why we worked with the Scottish Government on passporting, which has long been a challenge to get over the line. If you have oil and gas experience in key areas that are also critically important to offshore wind, for example, you should be able to move straight into a job in that area and have your skills and experience recognised. We are glad that we got that over the line. That is one small piece of the jigsaw, but it is one part of how we make this a just transition.

Jamie Halcro Johnston: Is that engagement happening on other sites?

Michael Shanks: I cannot speak to individual sites, but in general, yes. I have spent quite a lot of time in Aberdeen meeting individual companies to make sure that we have a good idea of where there may be future challenges. We are obviously not going to get involved in individual on-going commercial processes, but we want to be actively involved in this.

The consultation on the future of energy in the North Sea that recently closed, which was largely about licensing policy, opened up into a really detailed, open conversation about what the future of the North Sea looks like and how we put a plan in place so that there is a transition plan for all the various projects. We are not looking at that piecemeal, one announcement after another; we are looking holistically at the whole of the North Sea to drive forward the jobs and opportunities that come next.

Murdo Fraser (Mid Scotland and Fife) (Con): Good morning, minister. I want to ask you about how Grangemouth fits into the wider issue of energy security for the UK. Incidentally, I entirely agree with your comments on nuclear energy, which I think would be a useful part of the mix in Scotland.

We in the UK are now a net importer of oil and gas. Your Government has decided that it will not grant licences for new oil and gas exploration in the North Sea, as my colleague just mentioned. Can you explain the logic in our importing oil and gas at a higher carbon cost, when that means that we will be exporting the economic benefit and the jobs to other countries?

Michael Shanks: First, it is important to separate out the consenting and licensing positions. As you rightly say, our minded-to

position in our manifesto was that we will not allow new licences to explore new fields. That is based on all the evidence that we have seen and is outlined in great detail in the consultation that we have just concluded. That consultation shows that issuing new licences for exploration will make only a very marginal difference to actual output from the North Sea. It is becoming more difficult and expensive to extract from the North Sea, which is a supermature, declining basin.

We want to shape a strategy that is about stewardship and management of the future of the North Sea. There is recognition across the board that although we might disagree about the timelines, the long-term future of the North Sea is not oil and gas. Therefore, we must now ramp up the next industries that will deliver those good, well-paid jobs. Those will be in CCUS, in hydrogen, in offshore wind, in floating offshore wind and in technologies that we probably cannot imagine at this moment, but it is also about managing the existing fields for the lifespan that they have a licence for.

We have been really clear that we are not removing any existing licences, and there could well be new consents for existing licensed fields—we have not set any policy against that. It is for individual projects to come forward for consent. We have seen for many years that the long-term future of the North Sea is that it is a declining basin. Rather than burying our heads in the sand and pretending that it can continue as it has—as I say, more than 70,000 jobs have been lost in the past 10 years—we should put in place a plan that recognises the transition that is already happening. We should create a plan for how we deliver the energy infrastructure of the future, so that we can retain the skills in the north-east of Scotland. That is what we have decided to do.

Murdo Fraser: Thanks for that answer.

Do you agree that there is no contradiction in trying to encourage a transition to renewable energy at the same time as taking the maximum advantage of the resources that we have? We will require oil and gas for decades to come, so we will just have to import more if we do not produce it at home.

Your Government is not granting consent to Rosebank and Jackdaw, which could make a major contribution to oil and gas and support jobs in the north-east economy. Harbour Energy in Aberdeen has just announced a cut of 250 jobs. Today, *The Scotsman* newspaper is reporting an open letter from 2,500 energy workers, business leaders and others in the north-east in which they call for an end to the windfall tax.

Do you not accept that your Government's current approach is devastating the north-east

economy, as those business leaders and others claim?

Michael Shanks: I do not. I am obviously not going to comment on what a future Jackdaw and Rosebank application might look like, because my department will decide on that, but it is important to separate out licensing from consenting.

A court decided that the previous Government's decisions on Jackdaw and Rosebank had been made illegally. We moved very quickly with a process to respond to the scope 3 emissions question—the so-called Finch judgment—with industry. We are now coming up with what that consenting process will look like in order to meet the requirements of the Supreme Court's ruling. Then, it will be for individual operators to resubmit applications should they wish to do so, on which we will then decide. It is important, therefore, to separate those two questions.

09:30

On the wider point, we have been a net importer for a very long time—this is not a sudden transition because of a Labour manifesto commitment. We are saying that we either accept that that transition is under way and start working seriously on putting plans in place to keep jobs in the North Sea in future industries, or we keep having announcements such as the hugely disappointing one that you just mentioned, which is what happens when there has been no plan across Government. We could have done this 10 years ago when we knew that the North Sea was a declining basin and that jobs were going, but we did not, so we are playing catch-up. However, we are determined to move as quickly as possible.

I take your point—and I agree with you in many respects—that oil and gas will play a crucial part in the transition. We will not suddenly have no oil and gas in our economy, and a lot of it will continue to come from the North Sea. However, it is not a long-term proposition, and a responsible Government plans for what comes next.

Murdo Fraser: What is your message, therefore, to the 2,500 people from the north-east of Scotland who have just signed the open letter that was reported in the media today? The letter states that you need to rethink your approach to the windfall tax and to the grant of new licences, because it is “devastating” for the north-east economy. Are you telling them that they just need to suck it up?

Michael Shanks: No, I would never say that. In almost every month that I have been in this job, I have been in the north-east, speaking to many of those people, and that has never been my message to them. We have been really clear that the energy profits levy, which the previous

Government introduced and expanded several times, will come to an end. We consulted on the future of the EPL to get a long-term understanding of what the tax base should look like for oil and gas. I think that that consultation has only just closed or is about to close, and we will analyse all the responses to it.

Clearly, tax policy is considered by the chancellor, so I will not announce any views on it in this committee. However, I think that we need to look at the matter in the round. We took a huge amount of feedback from industry on board in the last budget and took forward their recommendations on capital allowances. They were included in the budget, which industry warmly welcomed. This is not, therefore, a Government that has not been listening to industry.

However, we must balance the questions that the industry will always raise about tax—which I understand—with the wider public finances as they currently sit, the need to invest in public services across the country and the need to end austerity. The chancellor must make that balancing act every single week. Clearly, people in the industry will have their own view on the matter but we are trying to ensure that we get the balance right, and the conclusion of the consultation on the EPL will give long-term certainty on what taxation should look like.

Gordon MacDonald (Edinburgh Pentlands) (SNP): Good morning, minister. I have one question about energy security and I will then ask you about another area. Grangemouth was important for Scotland's fuel security needs and supplied enough fuel to meet roughly 65 per cent of the fuel requirements for Scotland. As the site moves to being an import terminal, do you see those levels remaining at 65 per cent? Stanlow refinery is expanding, with a £500 million investment to handle increased demand, predominantly from Scotland. How do you see the future?

Michael Shanks: I might ask Camilla Pierry to come in on some of the details of that. Since we began to be concerned about Grangemouth, Camilla and the Scottish Government team have been looking at the fuel supply question, which has different parts that relate to the specific fuels that came from Grangemouth. We have been putting a serious amount of thought into the broader question of fuel security in Scotland from the very beginning of that process, even when we were hoping to continue refining in Grangemouth for much longer.

I ask Camilla to come in on some of the details of your question.

Camilla Pierry (United Kingdom Government): One of the first things to address on the energy security question is the perception that the shift from refining to importing is a really significant change. Grangemouth was already importing more than 90 per cent of the crude oil that it was refining anyway. It was generally not taking crude oil from the North Sea. It has been functioning—successfully—as an import terminal in some ways for many years.

As it became clear that the company was going to close the refining operation at Grangemouth, we worked closely with it to ensure that it has robust plans in place. We talked about the company's storage and supply chains, and we worked robustly with the Scottish Government. I think that we have done much more—and much deeper—analysis on that than on any other refining scenario. We feel confident that businesses and consumers in Scotland will continue to have robust fuel supplies.

The fact that other refineries are looking to expand and compete can only be a good thing—competition is good for consumers. However, in the short term, we do not expect any significant change to fuel security or to fuel supplies.

Gordon MacDonald: EET Fuels, which owns Stanlow refinery, has said that it hopes to expand its customer base into Scotland, which is why it is investing £500 million in the site.

Camilla Pierry: I am sure that it is and that the company is hopeful that it will be able to compete with Grangemouth and offer lower prices to consumers. There is no reason why Grangemouth could not continue to compete in that space and to hold market share.

Gordon MacDonald: I will move on to the other area that I want to ask about. Minister, you mentioned the £200 million from the National Wealth Fund. Where did that figure come from?

Michael Shanks: Sorry?

Gordon MacDonald: How did you arrive at the figure of £200 million?

Michael Shanks: The National Wealth Fund process involves looking at individual projects and reaching investment decisions on them. This is the first time that the National Wealth Fund has made a pre-emptive decision to ring fence some money. If investable propositions came forward that required more than that figure, the National Wealth Fund would look at those. The £200 million is not a cap; it is the figure that we are making an absolute commitment to have on the table to invest in propositions that come forward.

Those propositions will have to be analysed, and a serious amount of testing will have to be done to see whether they fit with the National

Wealth Fund's requirements and a whole range of other things. We want it to be a sustainable option, so it is not a £200 million grant to build something; it is a figure that will be invested alongside investment from the private sector—that is how we ensure that, whatever comes next at Grangemouth is sustainable. It is not an absolute limit on the ambition for what the NWF might put in, but that is dependent on the projects that come forward.

Gordon MacDonald: You say that the £200 million figure is not a ceiling. How far would the NWF go to make any of the project willow options viable?

Michael Shanks: On the ceiling point, it is important to say that the NWF makes investment decisions based on individual projects. As a minister, I have no decision-making role in that whatsoever. The Government has taken the unprecedented decision to work with the NWF to ring fence funding. It is worth saying that the reason for that is not just because the refinery is closing but because we see Grangemouth as a hugely important industrial and economic opportunity. It has so many factors in its favour. The NWF took the view that propositions that come forward for the site will meet the NWF's overall goals on behalf of the British people. Therefore, £200 million is the ring-fenced figure that is on the table. It is not for me to say how much higher it might go; that is for the NWF to look at. However, £200 million is what we have committed to at the moment.

On your question about the project willow proposals, it is important to say that the figure is not restricted to those proposals and that, if other propositions come forward that we think would deliver good jobs and an industrial opportunity for the site, the NWF will consider them, too. The £200 million figure will clearly not deliver the project willow proposals entirely, but it will play an important role in driving forward private sector investment.

From the 66 projects that have submitted bids already, it is clear that the commitment from the Government has been one of the drivers in companies saying, "Well, we might consider the Grangemouth site when we haven't before." It is a sort of cornerstone fund that gets companies in the door. However, we will need considerable amounts of private sector investment to make any of the propositions for the site happen. That is why there has to be a partnership.

Gordon MacDonald: So the £200 million is effectively match funding. How much of it has been released so far?

Michael Shanks: As I have said, the funding is dependent on propositions coming forward. The

NWF will not release funding until a viable investment proposition is on the table. That is important, because we do not want to pour money into something that we do not think is a viable long-term opportunity. We do not need another short-term investment that gives the workforce and community at Grangemouth even more uncertainty. We need a long-term proposition that delivers good jobs long into the future.

Camilla Pierry: The nature of the National Wealth Fund is that the funding will not come in until projects have fairly mature proposals. That is part of the way that we are working with the Scottish Government, which announced £25 million in the short term that is much more readily available as seed funding. We hope that, by working together, we can ensure that that funding helps to support proposals so that they are ready to be pitched to the National Wealth Fund. I think that it is working as intended so far.

Gordon MacDonald: You said that that is a long-term proposition. It is anticipated that no project willow options will be under way before 2030, and that job levels will not reach those that existed at the refinery before 2040, so what happens to the skilled workforce in the short term?

Michael Shanks: That is why we have been saying that there are two prongs to the approach: one is obviously to get the propositions as quickly as possible; the other is to support the workforce as it stands. Today, we have announced the number of workers who have commenced training, and I think that almost all the workforce has completed an assessment process with Forth Valley College to look at its training needs. A number of local employers have taken on staff from the refinery, and I think that the majority of the apprentices have been kept on in different roles on the site. We have been working on a range of things.

That goes back to the point that I was making to Ms Thomson when I expressed regret that, had we commenced this work five or 10 years ago, we could have had some projects moving forward before the refinery closed, but that has not happened. My learning from the past nine months is that you do not get to choose the cards in front of you; you just have to deal with them, and that is where we are at. We are doing everything that we can to support the workforce and to speed up the investment.

I reiterate my earlier point that the whole Government has focused on this problem in a way that we have not focused on industrial issues for a very long time. Right across the Government, ministers have been spending time on individual parts of the project, and the cabinet secretary has been doing the same thing that I have been doing, which is having individual conversations with

investors to try to get projects over the line. There is a real collaborative approach to make this happen and a real commitment to make it happen, but you are absolutely right that it will take time. The build-out of what comes next will take a number of years, but we want it to commence as quickly as possible. Jobs will be created in the construction of some of those opportunities, before they are up and running.

Gordon MacDonald: With regard to the £600 million loan guarantee for the Ineos project in Antwerp, your Labour colleague Brian Leishman said:

“I have been told that the Government have no plans to stop that money, even though INEOS plans to close the Grangemouth refinery, with the loss of thousands of jobs. Why is there £600 million for Antwerp and not Grangemouth, and why would the Government allow that to happen and not use the £600 million as leverage with INEOS, to avoid Scottish job losses?—[*Official Report, House of Commons*, 21 January 2025; Vol 760, c 858.]

Those words are from your colleague.

Michael Shanks: A guarantee is very different from the direct funding that is on the table from the National Wealth Fund—there is direct investment on the table. I am not aware of exactly where the decision on Antwerp is at—I do not think that it has proceeded at all, although Camilla Pierry might know the details—but I think that those are very different circumstances.

We have had a number of conversations with PetroChina and Ineos on their involvement in the project, and we have had some very robust conversations about the decision that they have taken. Hugely disappointing as that is, it is a commercial decision that they have taken, and we have been working, genuinely tirelessly, to ensure that the decision involves support for the workforce but also to push them to continue refining as much as possible. We have asked them that repeatedly.

Camilla, do you have the details on where the decision on Antwerp is at?

Camilla Pierry: I think that that relates to a UK Export Finance loan guarantee that was agreed some time ago. As the minister said, the key point is that that is not money being given to a company—no taxpayers' money is being spent; it is a guarantee—but also that those UK Export Finance decisions are taken independently, based on the merits of each case, so it is not the same as taking money away from Grangemouth.

Gordon MacDonald: However, it is still a threat—if you threaten to remove it. If Ineos did not require the loan guarantee, it would not have asked for it, so you had leverage to get more out of Ineos than you currently have. Why did you not use that leverage? That £600 million loan

guarantee was obviously required by Ineos to invest in Antwerp, but you have not done anything to get leverage from that to save jobs at Grangemouth.

09:45

Michael Shanks: First, it is important to say that Grangemouth is a joint venture. It is not Ineos on its own; it is a joint venture with PetroChina—

Gordon MacDonald: So it is 50:50.

Michael Shanks: Yes, but, by definition, it is therefore not entirely Ineos.

Secondly, the Government does not act in that way in any case. We do not approach decisions of different parts of the Government in that way, and I do not think that you would expect the Government to do that. Perhaps you would, but I do not think that most people would expect the Government to operate in that way.

The other thing that I would say is that it was the decision of the previous Government and it is a UK Export Finance decision rather than a National Wealth Fund decision or a Government decision. As I said, I do not even know whether the guarantee is still progressing; I have not had an update on that.

My final point on that is that it is unprecedented for the UK Government to ring fence money in advance of any actual investment proposition being on the table. That is an absolute commitment from the Government to Grangemouth that we have not made to any other place in any other industrial proposition, and I reiterate that that is because of the opportunity that exists at the Grangemouth site but also because we recognise how serious the challenge is.

Bob Doris (Glasgow Maryhill and Springburn) (SNP): Good morning. Minister, I was pleased to hear you say that you want to do everything that you can to speed up investment, so I want to make some suggestions to you about the things that we can do now. I also sit on the Net Zero, Energy and Transport Committee, which, yesterday, heard from five energy companies and the general manager of the Acorn project on the hydrogen economy and project willow. One of the major barriers is that more than 70 per cent of the costs of green hydrogen relate to electricity. Those costs can be brought down, and some suggestions were made about how to do that. I am conscious that, more generally, there is a review of electricity market arrangements in the UK.

Direct action could be taken to dramatically reduce the costs of producing green hydrogen. Those costs are a key barrier to getting the

investment that we want, so what is happening on that, minister?

Michael Shanks: Action is being taken on two fronts. I will come to the review of electricity market arrangements, or REMA, in a second. The broader work of the Government is around reducing electricity prices through the clean power mission. We are doing everything that we can to build the infrastructure as quickly as possible, and with every solar panel or wind turbine that we switch on, we push gas off as the marginal price setter. Of course, gas being the marginal price setter is why we pay so much for our electricity. That work continues at pace, with good collaboration with the Scottish Government on driving that forward.

The REMA question that we inherited from the previous Government now comes down to a decision about whether to have a reform to national pricing or zonal pricing. We have done—

Bob Doris: Minister, I am sorry to interrupt, as it is not in my nature to cut across people who are giving evidence to the committee. I apologise—it is only because I have time constraints in relation to my questions.

I know that I mentioned REMA, but the point that I was trying to make was about the actions that the UK Government can take to reduce the electricity costs for green hydrogen. I am not being discourteous but, rather than asking for an extended explanation of what REMA is, I am asking: what is the UK Government doing to reduce the electricity costs for green hydrogen? That is what the five energy companies and the Acorn project wanted to know.

Michael Shanks: Forgive me. You asked me about REMA, so I apologise for giving you an answer about it. Clearly, that is a decision that we are taking. I have outlined that the wider work of Government is all about reducing electricity bills for consumers and for industry.

Bob Doris: So there are no specific actions at the moment. One suggestion that was made about how to reduce the costs of green hydrogen was to blend green hydrogen into the existing gas networks, which could reduce costs by up to 30 per cent. That could be actively considered now and taken forward, so is the UK Government actively looking at that?

Michael Shanks: We are actively looking at blending, and there are some decision points coming up on that. There is a balance to be struck. There has been detailed evidence gathering on the degree to which we can blend without having an impact on end users. Part of the system could be blended without having much impact at all, so we are considering what the decision could be and how we move that forward.

However, if we were to go much further with blending, we would start to get to a point at which industrial users would have to change some of their equipment at the end of it. There is a balance to be struck in that regard. However, we are broadly in favour of some kind of blending; we are just looking at how the decision will be made. We are actively considering blending, and I can write to the committee on timescales.

Bob Doris: That would be helpful. I think that you can get to about 20 per cent in blending before you have to start looking at the infrastructure and changing the pipe network.

I want to ask about project union, the 1,500-mile transmission pipeline grid for hydrogen that is being considered. At yesterday's meeting of the Net Zero, Energy and Transport Committee, one of the witnesses—I think that it was the general manager of the Acorn project; I apologise if it was a different witness—said that the Scottish Government should put pressure on the UK Government to give certainty in relation to when the Scottish part of the project will be complete. I understand that the next leg will be in Scotland, hooking up the Acorn project, the Grangemouth cluster and other grid networks.

We have been told that a lack of commitment to carbon capture through the Acorn project and also to grid and pipework infrastructure will surely compromise the investment that we all want to happen. You said that you will do everything that is possible to speed up investment. It would help industry and investors if the UK Government could say, "Project union in Scotland means that this will happen by date X, and this is what it will look like." That would bring investment into the sector now. Can you give any clarity on that, either just now or following up in writing?

Michael Shanks: If it is okay, I will follow up in writing. I am not the minister who is directly responsible for hydrogen, so it would be better if I spoke to my colleague Sarah Jones and then get a response to the committee.

Bob Doris: Okay. I have no further questions, but I will put on the record that, if we can reduce electricity costs for green hydrogen, blend into the existing gas network and secure carbon capture and project union for Scotland, that could transform key elements of project willow and the market. Investors need certainty, and they need it quick, minister. Anything that you can put in concrete and in writing would be incredibly helpful.

The Convener: You were right, Bob: that is not a question. However, it is on the record now.

Claire Baker (Mid Scotland and Fife) (Lab): Good morning, minister. In advance of this morning's meeting, I had a look at our previous evidence sessions going back to 2023, when Neil

Gray, who was the Cabinet Secretary for Wellbeing Economy, Fair Work and Energy at the time, came to give evidence on Grangemouth. That followed the announcement of the closure in November of that year. At that meeting, the cabinet secretary said:

"We are talking about a century-old refinery that has had issues, where significant interventions have been made in the past and where the joint venture has provided a significant subsidy for a number of years. Therefore, the announcement was not a great surprise to us, and I do not think that it should have been to others."—[*Official Report, Economy and Fair Work Committee*, 13 December 2023; c 52.]

Was it a surprise for you, when you came into office, that there was no transition plan in place for Grangemouth? We are still waiting on the Scottish Government's just transition plan for Grangemouth. I hear what you are saying about positive working relationships, but how easy was it to start those relationships and get things moving?

Michael Shanks: We have all known—because it has been public for a long time in Scotland—how precarious the situation has been at Grangemouth. It is not something that has just occurred in the past few years, and there have been a number of opportunities to look at this question.

The age of the refinery is important. It is a 100-year-old refinery, and the economics of it have been difficult for a long time. The amount of imports that it relies on means that its place in the wider oil and gas story in Scotland is different as well.

I think that, when we came in on day 1 and upon my entry as a minister, Grangemouth was the very first thing that was presented to me as an impending problem. That did not just occur because there had been a general election; the issue had clearly been on the desks of ministers before but had not been picked up.

I have many disagreements on things with the Scottish Government, but, from the get-go, we left politics at the door and met to try to find a solution. Project willow is a tangible example of that, as a proposition that had been on the table for some time but had not been funded, and which we decided to immediately fund with the Scottish Government. We have been working together closely since then, hopefully with as little of the politics as possible. That is important for obvious reasons, not least because the skills part of what we have been trying to do is devolved.

There is a wider lesson here on the transition more generally, which is that we need to have serious plans in place for all of this. That is not just for the UK Government; it is the responsibility of the Scottish Government as well.

Claire Baker: Could you say a bit more about the decisions around project willow? You said that Scottish Enterprise is taking the lead on that, and others have talked about the timescales. There are nine options on the table. A lot of the decisions seem to concern new technologies and what will be feasible. Can you say more about how those decisions will be made?

Michael Shanks: Yes. We have set up various groups across Government. One group is looking at all the policy recommendations that have come from project willow that are the responsibility of the UK Government; I presume that the Scottish Government is doing likewise with the policy recommendations that are devolved.

A second group is looking at the investment propositions themselves. That group meets formally for the first time today, but Gillian Martin and I have been meeting informally for some time. It is really about kicking the tyres on the propositions that have come forward and seeing what more Government can do to get those over the line.

The office for investment, which is based in the Department for Business and Trade, is involved, and Scottish Enterprise has been the front door whereby propositions can come in and make their pitch. Scottish Enterprise is also doing some of the early due diligence on which options are credible and which are not.

It is a collaborative effort to try to get what will probably be a combination of investments across the line. I ask Camilla Pierry to come in on the detail of the proposals.

Camilla Pierry: First, I want to say that, as an official, I have never seen anything like this in terms of ways of working. To have the two Governments, the National Wealth Fund, the Scottish National Investment Bank, the office for investment and Scottish Enterprise all in a room working at a feverish pace is really different, and it feels like a major lift.

With regard to how decisions will be taken, neither Government is really the decision maker. We need to work with the landlords—not just Ineos, but all the landlords that potentially have parcels of land available—and the potential investors. It might well be not just one investor; it might be a cluster. We are taking micro decisions just now around due diligence, when ministers should be deployed and when we should use our overseas network to promote the opportunities.

However, the crunchy decisions for Government will be around the point at which proposals are ready to apply for National Wealth Fund support, and around policy. If there are specific investment proposals that rely on one or more of the proposals that EY put forward in project willow, we

will be looking to accelerate those and see what is within the art of the possible to make the changes happen.

There is a huge effort from both Governments, and if there is an investor out there, I am confident that we will find them.

The Convener: I bring in Stephen Kerr.

Stephen Kerr (Central Scotland) (Con): Minister, although I am not a member of the committee, I am grateful to the convener for allowing me the opportunity to ask a question. I was a little perturbed by the answer that you gave to Michelle Thomson about the position of Petroineos in relation to its role as a landowner and a landlord.

I was particularly perturbed by what I picked up as a discussion that you have apparently not yet had with Petroineos, about its willingness to fulfil its part in all this, which is to make that land available in a state that it can be properly developed. Did I pick you up wrong, or are you saying that that is not a discussion that you have yet had?

Michael Shanks: No—if that is the impression that I gave, let me clarify that I have, of course, spoken to Ineos about that question. I was saying that there is a top-level conversation about the willingness to co-operate on projects, and then there is a detailed conversation about an individual project and the space that it might want to take up. Those are two different conversations—

Stephen Kerr: So, are you totally satisfied that there is a commitment on the part of Petroineos, as the landowner and as a landlord, to redevelop that land, or is there some doubt about its intention?

Michael Shanks: It is not for me to say what Ineos's intentions are. What I have been clear on—

Stephen Kerr: You have had a conversation with Petroineos, and it is important for my constituents to hear that that commitment from it is on the table. Is that commitment on the table or not?

Michael Shanks: Let me answer the question. It is for Ineos to make those commitments, but in my meetings with Ineos, we have been very clear that it will have to be part of that conversation, and it has indicated that it wants to see investments come forward and develop the site.

What I cannot say is that Ineos has committed to individual parcels of land for individual projects before those projects have actually materialised. We are going through a process—we need to get investors in the door first and foremost, and they need to come forward with propositions. With

those propositions, we need to look at what land they need; some will involve Ineos's land, and some will involve other landowners' land. We then make sure that those projects can be taken forward.

I do not think that it is credible for me to say, before we even know what a project might look like, that we expect a landowner to make a decision, and that is not what we have asked of Ineos at this stage.

10:00

Stephen Kerr: It would be highly credible if you, as a minister of the Crown, were able to say that you had had a conversation with a private business in relation to project willow—which it commissioned: Petroineos was the commissioner of project willow, even though it was paid for by public money. It would be very helpful to hear you say that Petroineos is committed to making all the nine potential projects happen on the land that it owns. You do not seem to be able to say that, and I find that somewhat concerning.

Michael Shanks: Ineos has given a commitment that it wants to take forward those projects. What I cannot do, as a minister of the Crown, as you put it, is sit here and say what the individual decisions of a private company's board might be. I can say, on our part, that we have engaged with the company really closely. Officials spent almost every week with Ineos in the development of project willow—there has been a close, collaborative approach. We will of course push the company, when there is a proposition on the table, to ensure that it happens. If it is a barrier to that, we will work to break through that. However, I cannot sit here and say to you what the commercial decision of Ineos is right now.

Stephen Kerr: The real risk is that someone works up a proposition—a proposal around investing in one of the nine projects—and then they are told by Petroineos, "No, that is not going to happen on this land."

This is the point that I am getting at. The role of Government in this situation is, as far as possible, to de-risk those situations. Are you satisfied that the UK and Scottish Governments have done enough to de-risk the situation for potential investors, given the discussion that we are having about the use of that land?

Michael Shanks: I think that that is the right way to put it. We have done everything that we can, and we will continue to do so. There is much more to do; this is not done yet. We are doing everything that we can to get investments over the line. There will then be conversations. I suspect that the same goes for Gillian Martin: we are both very willing to roll up our sleeves and have that

conversation with Ineos about the site, and we will do that.

However, there is a process here. We have to know what the proposition looks like, first of all. The willow projects are all very different in their scope and size, the amount of site that they need and the part of the site that they might need—and there are other propositions coming forward that might utilise other parts of the Grangemouth site.

I appreciate that this is a chicken-and-egg approach about what bit we do first. We have laid the groundwork as clearly as we can to get the commitment from Ineos that it wants to take forward projects on its site. We will look for what the investable propositions are, we will drive those forward, and you can be absolutely assured that the Government will do whatever it can to move aside any barriers that are in the way of making that happen. I am not saying right now that we think that Ineos is one of those barriers, because we have not been able to put specific projects to Ineos.

Stephen Kerr: There are lots of questions about those projects—although I see the convener is giving me the eye.

The Convener: You can have one more question, Stephen.

Stephen Kerr: There are lots of questions about the nine potential projects—on feedstock, biodiversity, food security and the whole supply-chain set-up, which we do not have time to look into today.

I will ask the minister one final question—and I do appreciate the opportunity to ask the minister these questions, convener.

The official said that the £25 million from the Scottish Government was more readily available to use for seedcorn investment. Why is the £200 million from the National Wealth Fund not more readily available for that kind of activity? That is the kind of activity that might give pace to the projects right now.

Michael Shanks: The National Wealth Fund will invest in a proposition as it stands at the point when it comes forward for investment. If works need to be carried out to get any of the projects to the line, that is what the Scottish Government money has been committed to doing.

The truth is that, if an investable proposition came forward that required investment in land or in the site, that is where the National Wealth Fund money could come in. It is not as if the project needs to be built and constructed before the NWF would fund it, but we do need the project to be mature and developed. At that point, the NWF will put money on the table to help build it.

Stephen Kerr: That costs money, of course. We are trying to de-risk the process so that investors will come forward with the propositions. They all carry massive risk, whether that lies in the land or in the supply chain. There are a whole bunch of issues here that create uncertainties that we need to minimise.

I think I have said enough.

The Convener: You have summed it up well, Stephen: you have said enough. [*Laughter.*] Thank you for your contribution.

Minister, I have one final question. We have touched on the issue already. Ineos told us that to avoid the loss of the refinery at Grangemouth, the UK and Scottish Governments should have acted five years ago. It was clear from the committee's report on our just transition for the Grangemouth area inquiry that neither Government had a plan in place for Grangemouth, despite the clear warnings. What lessons is the new Government learning from those mistakes?

Industrial sites across the country will need to go through a transition period. There is work at pace at the moment in Grangemouth—that did not happen early enough. What specific policy lessons is the new Government learning to make sure that those mistakes are not repeated at other sites across the country?

Michael Shanks: It is an important question, which we are tackling across the Government. There has been a lot of discussion about the inheritance that you receive when you come in as a new Government. Some of that involved the fiscal black hole, and a lot of the challenges concerned problems that were stored up and not dealt with for far too long.

There are two big reflections for us as a Government about the way in which we are trying to tackle some of those long-term problems. First, the Government should be far more actively involved in the detail of some of the issues and should take them seriously as soon as we know about them. Secondly, we are not agnostic about the question of industrial policy, although the previous Government was. We think that industrial policy matters and that the Government has to be a driver in it. That is why, in a few weeks' time, we will announce the first credible industrial policy in a very long time, which will explain in detail what our work will be across the Government. It is also why we have set up publicly owned finance institutions to help to drive investment where we think that there needs to be greater capital investment than the private sector might think to put in. The National Wealth Fund is a good example of that; Great British Energy is another that is specifically in the energy space.

A transition is under way. Things such as carbon capture are critical to how we support difficult-to-abate industries for a long time, both in the work that they are doing and, I hope, to find other decarbonisation journeys. The electrification of industry will take time but, in the interim, that transition needs to be able to support the workforce that is there now and to keep the skills and talent that we have across the country. That is why planning for the transition matters, and why the work that we are doing at pace on a plan for the future of energy in the North Sea is critical, so that we grasp the challenges right now and have a plan to deal with them.

That is not about burying our heads in the sand and saying that a transition is not under way—it clearly is, and there are huge opportunities that come from it, but only if we get it right. That work has to start now. My view is that it should have started a long time ago. We are picking up the pace and I hope that, working with industry, trade unions and the workforces, we can put in place a credible plan for how we deliver the jobs and opportunities of the future.

The Convener: That brings us to the end of our evidence session. I thank the minister and Ms Pierry for joining us today—I appreciate that we have kept you longer than we promised to, but your contributions in response to the questions have been very helpful to the work of the committee.

10:08

Meeting continued in private until 10:42.

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