

# Funding a Just Transition

## Proposals for the Scottish Government's 2025-26 Budget

### The urgent need to fund a Just Transition

The Scottish Government has committed to ensure a just transition to renewable energy, but progress from both the Scottish and UK Governments on delivering a fair transition for Scotland's workers and communities has been far too slow and piecemeal. This briefing calls for both governments to step in, so that the transition is no longer left in the hands of industry. What is needed is a properly funded transition, led by government and in the public interest, that sees tangible benefits for workers and communities in Scotland.

A large and credible body of research, including from the International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC) makes clear that new oil and gas infrastructure and developments put the goal to limit temperature rise to 1.5°C at serious risk.

Beyond this, the geological reality is that the transition in the North Sea is unavoidable and already underway; with reserves in the North Sea now declining and becoming harder to reach. With the basin in decline, new oil and gas will not prevent the ongoing decline in jobs. The number of jobs supported by the oil and gas industry, including direct, indirect and induced jobs in the wider economy) [has more than halved](#) in the last decade, from 441,000 in 2013 to 214,000 today (during which time the UK Government issued roughly 400 new licences and continued to approve new developments).

The focus must therefore be on delivering a coherent and managed transition for the workers and communities currently dependent on the oil and gas industry. However, this is not currently happening at the pace and scale required. [Research](#) from the University of Aberdeen shows that the decline in jobs in the oil and gas industry has not been effectively offset by increased jobs in other parts of the energy sector. Unless urgent action is taken to deliver and fund a just transition, Scotland risks losing out on the significant jobs potential created by the green transition.

The proposals in this briefing draw on recommendations from the report [‘Our Power: Offshore Workers’ Demands for a Just Transition’](#), produced by Friends of the Earth Scotland and Platform, which recommends 10 demands, developed by offshore oil and gas workers through surveys, interviews, and workshops - covering training and skills, pay, job creation, investment and public ownership. This briefing focuses specifically on a subset of priority actions that are within the Scottish Government's powers. It also draws on the Scottish Trades Union Congress' report on [The Investment needed to Secure Manufacturing Jobs in Scotland](#).

Full delivery of these proposals will require collaboration between the Scottish Government and the UK Government, and investment to build out domestic industries in Scotland. There is currently a significant opportunity to achieve this collaboration, as evident in the recent [partnership](#) around GB Energy to “maximise the benefits of its activities in Scotland”. Ahead of the UK Autumn Budget 65 climate organisations - endorsed by leading trade unions - [wrote to the UK Chancellor](#) calling for £1.9bn a year until 2030 in ringfenced funding for a just transition. The Scottish Government must take the opportunity in its upcoming 2025-2026 budget to ramp up its contribution to support offshore oil and gas workers and their communities through the transition to renewable energy.

## Just Transition Budget Proposals

1. **Invest in domestic manufacturing and assembly for renewables.** Public investment in supply chains and infrastructure is critical if the energy transition is to create good jobs in Scotland and this requires investment of [£2.5 - 4.5b](#). Funding sources, across both Scottish and UK Government sources, leave a gap of at least £900m - £3b left to be filled.
  - a. **Upgrading ports:** The Scottish Government must invest in upgrading Scotland's ports and dockside spaces, as critical infrastructure required to support the growth of manufacturing for offshore wind. This investment from the Scottish Government should be coordinated with funding commitments to upgrade ports via the National Wealth Fund, and they both must prioritise taking equity stakes in projects.
  - b. **Building out wind manufacturing:** The rollout of offshore and onshore wind capacity in Scotland has, so far, not translated into a surge in jobs because it has relied on components manufactured in other countries. To create the jobs that ScotWind developers have promised by committing to invest 38% of their overall supply chain spend in Scotland, there needs to be an enormous ramp-up in the Scottish supply chain for offshore wind. Scotland will need 19 significant fabrication sites for offshore wind components (e.g. blades, nacelles, towers, foundations, floating substructures, cables). Currently, Scotland has no significant fabrication sites, with only two in development. Greater public investment is needed to scale up domestic supply chains and create good quality, permanent jobs in the renewable energy transition.
2. **Launch a targeted retraining funding initiative for oil and gas workers,** accessible to all workers regardless of their employment status, with fast track support available to those under threat of redundancy. The estimated cost of retraining in Scotland, including covering salaries for workers' time off to train, is around £427m. Of the total training costs, the government should seek to recoup half through a skills levy on oil and gas companies. Employers in the oil and gas sector should be required to cover training costs and regulated to ensure the oil and gas sector does not abandon its workforce.
3. **Continue to support the Offshore Energy Skills Passport.** The offshore skills passport is vital for ensuring that offshore workers can move between different industries, but has been beset by persistent delays. The Scottish Government should build on its initial contribution with any funding needed to ensure that the pilot scheme is delivered as promised (covering both technical and safety regulations) in January 2025, and swiftly built out into the complete passport.
4. **Just Transition Fund** - the Scottish Government instituted a 10-year £500million Just Transition Fund for the North East and Moray. However, the allocation of the fund for 2024-25 was slashed by 75% to £12m compared with £20m and £50m for the previous two financial years respectively. Moreover, significant questions have been raised about the efficacy of the fund in terms of social, environmental and job

creation outcomes. The Scottish Government should allocate £50m a year for the fund in the 2025-26 budget and review how the fund is being spent, enforcing that the funds are only allocated to employers who can demonstrate that they comply with Scottish Government guidance on Fair Work principles. There should also be a significant part of the yearly allocation that is ring-fenced for community groups and organisations, in addition to the participatory budgeting scheme within the fund.

**For further information, please contact:**

Isobel Mercer, Senior Political Adviser - Scotland, Uplift, [isobel@upliftuk.org.uk](mailto:isobel@upliftuk.org.uk)

Malachy Clarke, Policy & Advocacy Manager, Friends of the Earth Scotland, [mclarke@foe.scot](mailto:mclarke@foe.scot)

