

Letter from Scotland

One of the first tests for the new UK Government is the redevelopment of Grangemouth oil refinery.

It's owned by the billionaire industrialist Jim Ratcliffe and he's announced his intention to close the plant in the spring of next year, with the loss of 400 jobs. It is a huge and immediate challenge to everyone's avowed intent to transition smoothly out of oil and gas and into renewable energy.

Grangemouth is Scotland's only oil refinery and it has been belching smoke and flames for a hundred years. It supplies most of the petrol and diesel for the garage forecourts of Scotland, the north of England and Northern Ireland. Now Ratcliffe's Ineos group (named after the Greek goddess of the dawn) wants to shut it down and use Grangemouth only for importing refined oil and to continue making plastics at its petrochemical plant (jointly owned by the Chinese government).



Transition time for the steaming towers of Grangemouth
So can Labour stand by its election promise not to abandon the

400 workers at Grangemouth? It's only got a few months to come up with a new employer, or at least a clear plan, with finance, for the future of the town with a population of 16,000.

It is all going to be a big change for Grangemouth. The story of oil there begins in the age of coal when a self-made scientist, James Young from Glasgow, discovered a method of making shale-oil (paraffin) and began producing it in 1851. I've recently walked part the "Shale Trail" in West Lothian which explains the history of the industry, as you make your way past the huge shale bings it has left behind.



The shale bings of West Lothian

In the heyday of the off-shore oil industry, in the 1970s and 80s, the Forties pipeline brought oil to Grangemouth from 235 oil wells in the North Sea. The refinery employed 1,200 people. We were innocent then and didn't realise the damage this was all doing to the climate. We are now trying to move

on from the age of oil to the age of renewables but our record on such transitions is not great.

The closure of the coal mines 40 years ago ruined a string of towns across central Scotland and left a generation of men out of work. It's taken nearly 30 years to redevelop the site of the Ravenscraig steel works in Motherwell where 700 men lost their jobs. Is this the fate of Grangemouth?

Hopefully not. Labour has a plan but it's only written on the back of an envelope. A new "Great British Energy Company" will be based in Scotland and 50,000 "green jobs" will be created here. These will, apparently, replace the 70,000 worn-out jobs in the oil and gas industry. The idea is that with £8.3 billion of government "pump-priming" money, a list of private companies will be attracted to invest in new decarbonised industries.

It would indeed be wonderful to see the Grangemouth site covered in industrial units for: electric home-boilers, parts for wind-turbines, insulation materials, re-cycling plants, hydrogen production, carbon-capture technology. And all shielded by trees and herbaceous borders from a sports centre, a garden centre (with café) and even low-cost houses and independent shops. But I fear this is an architect's dream and the reality will be very different. Let's see, by the time of the next election.

We were given some hope this week by figures in the annual survey from business advisors EY that showed there were 124 inward investment projects in Scotland in 2023, up 13 per cent on the year before. People too are flooding into Scotland. Figures from the National Records Office show that net migration in the year to June 2022 was 48,800, more than double the number in 2021. It rather undermines the Conservative Party's narrative that higher income tax in Scotland is putting people off coming here.

What will put people off is the threat of industrial action. The rail unions are balloting on strike action over pay. ScotRail has introduced a reduced service because train drivers are refusing to work at the weekends or on their days off. Council workers are also uneasy about their pay negotiations. Here in Edinburgh there are fears it might mean a repeat of the city centre turning into a rubbish dump, as happened in August 2022, during the International Festival and Fringe.

The SNP, when it recovers from its defeat last week, will soon be arguing that the big new Labour government in London must abandon “Tory austerity” and finally open the gates on public spending or else pay disputes and poor services will continue and the great transition to a low-carbon future will melt away as the climate gets warmer and warmer.



Bins were left uncollected in August 2022 during the last strike