



OFFICIAL REPORT  
AITHISG OIFIGEIL

DRAFT

# Economy and Fair Work Committee

Wednesday 20 November 2024

Session 6



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**Wednesday 20 November 2024**

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**ECONOMY AND FAIR WORK COMMITTEE**

**30<sup>th</sup> Meeting 2024, 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:**

Robert Deavy (GMB Scotland)

Derek Thomson (Unite the Union)

**CLERK TO THE COMMITTEE**

Anne Peat

**LOCATION**

The James Clerk Maxwell Room (CR4)



## Scottish Parliament

### Economy and Fair Work Committee

*Wednesday 20 November 2024*

*[The Convener opened the meeting at 09:30]*

### Decision on Taking Business in Private

**The Convener (Colin Smyth):** Good morning and welcome to the 30th meeting in 2024 of the Economy and Fair Work Committee. We have received apologies from Daniel Johnson.

Our first item of business is a decision to take item 4, which is consideration of today's evidence, in private. Are members content to take that item in private?

**Members** *indicated agreement.*

## Subordinate Legislation

### Diligence against Earnings (Variation) (Scotland) Regulations 2024 (SSI 2024/293)

09:30

**The Convener:** Our next item of business is consideration of a negative Scottish statutory instrument. The committee is invited to note the instrument, the purpose of which is to amend the figures that are contained in part 3 of the Debtors (Scotland) Act 1987 that relate to how much money an individual is allowed to keep before a payment can be taken from their wages to recover debts.

Members will be aware that, in our stage 1 report on the Bankruptcy and Diligence (Scotland) Bill, the committee recommended that the amount protected from being seized by creditors in diligence against earnings should be increased to £1,000, in line with the amount that applies to bank arrestments. I am happy to open the discussion to members.

**Lorna Slater (Lothian) (Green):** I am happy to see this SSSI—I mean this SSI; I am thinking of the wrong portfolio. I am glad that the SSI increases the protected minimum amount of earnings. However, given that another parliamentary committee recommended that the amount be increased to £1,000, I am disappointed that the instrument would not increase the minimum to £1,000.

I note that, in a large proportion of cases, the creditors are local authorities, so it is concerning that an equalities assessment has not been done, because council tax is a regressive tax. It is not a progressive tax; we know that it affects those on lower incomes disproportionately. That is all connected to the Scottish Government's failure to reform council tax in order to make it a more progressive tax. I have concerns about trapping people in a cycle of debt.

I am not proposing a motion to annul, but I wonder whether we could ask the minister to attend the committee so that we can ask some questions.

**The Convener:** I see that no other members wish to comment. Lorna Slater is proposing that we invite the minister to the committee—next week, we hope, given the tight timescales for the instrument. Are members content to do that?

**Members** *indicated agreement.*

**The Convener:** Thank you.

We are still waiting for our witnesses to arrive for the next item of business, so I will suspend the meeting until they are here.

09:33

*Meeting suspended.*

09:59

*On resuming—*

## **Petroineos Grangemouth**

**The Convener:** Our next item of business is an evidence session on the future of the oil refinery at Grangemouth. I refer members to the voluntary part of my entry in the register of members' interests, where I note that I am a member of the GMB and of Unite the union.

**Lorna Slater:** I am also a member of Unite the union.

**Kevin Stewart (Aberdeen Central) (SNP):** I am a member of Unison.

**The Convener:** Thank you.

On 22 November 2023, it was reported that the refinery at Grangemouth would be transitioned to a finished fuels import terminal and distribution hub. On 12 September 2024, it was confirmed that that transition would take place in the second quarter of next year. Last week, the committee received an update from Petroineos Manufacturing Scotland Ltd and Ineos Olefins and Polymers UK, a year on from the initial announcement. Following last week's meeting, the committee wrote to Ineos. Yesterday, we received a response, which has been circulated to members.

This morning's evidence session is an opportunity to hear from the trade unions that represent workers at the site. I welcome Robert Deavy, senior organiser for manufacturing from GMB Scotland, and Derek Thomson, Unite Scotland's regional secretary.

On Monday's announcement by Petroineos that it had rejected a US-led approach to buy the refinery, are the unions aware of the details of any bids that come in to buy the refinery? The company has said that it was not a viable or credible bid. Are the unions aware of the criteria that the company uses to define a credible and viable bid?

**Derek Thomson (Unite the Union):** No, we have not been told about any credible bids. I got a call from Mr Hardie about three weeks ago to say that the company had had some contact but that, in its view, none of the bids was credible and that it was a business decision for the company not to pursue the bids. We have not been in touch with anybody regarding any bids.

**Robert Deavy (GMB Scotland):** The GMB is in the same position. We have not been made aware of any bids, and certainly not of what constitutes "credible".

**The Convener:** Has the company defined to you what it would regard as a credible and viable bid or what the criteria are in that regard?

**Robert Deavy:** No, not at all.

**Derek Thomson:** No, there have not been any discussions.

**The Convener:** Petroineos clearly does not see the refinery as viable in its current form. Last week, we took evidence that highlighted the fact that the refinery is making an average loss of around £385,000 each day and that it expects to lose more than £150 million in total during the course of this year alone. Do you believe those figures? What is your response to the company's view that it is not a viable going concern?

**Derek Thomson:** We disagree with that, and we would challenge some of the views on the finances. If it is okay with the committee, I will read a prepared statement on the finances.

**The Convener:** Yes, absolutely.

**Derek Thomson:** It is wrong to look at this year in isolation, because this year has been a particularly difficult year at the refinery. We have had two major issues, one of which is the fact that the hydrocracker has been offline. The hydrocracker contributes quite a lot in terms of producing product and market value. I do not know whether the committee is aware of the second issue, which is that the Finnart pipeline, which brings in the crude oil, was offline for a number of months. That has obviously contributed to the difficulties.

Our understanding is that, while the Finnart pipeline was offline, the company had to buy crude oil from the Forties pipeline, which has obviously contributed to any losses. I noted from Mr Hardie's evidence to the committee last week that the plant does not process crude oil from the Forties pipeline—for a number of technical reasons, the plant cannot do that. Our information is that the company bought crude oil from the Forties pipeline but had to buy it at higher prices because it was buying it from some of its competitors. Therefore, this year needs to be looked at in isolation.

I want to highlight a couple of years in the accounts. On the narrative of the refinery being loss-making, I ask the committee to indulge me for a couple of seconds. We have to separate out Petroineos Manufacturing Scotland Ltd and some of the other companies that the company has. Unite's position is that Petroineos has given a distorted picture of its finances. We do not share the narrative that Grangemouth is a loss-making site. Where it has made losses, which are not necessarily net losses, that is down to a number of factors.

We have researched the company's accounts between 2014 and 2022. If 2020 is discounted, the refinery actually made a net profit of £49 million. In fact, the last accounts showed a net profit of £80 million for 2022. I believe that Petroineos's accounts are already overdue by a couple of months.

In the company's accounts, there is what we would describe as an anomaly year—2020—for which a net loss of £344 million is identified. That net loss is primarily due to a revaluation of assets. That huge one-off net loss distorts the overall picture between 2014 and 2022.

In the accounts submitted by Petroineos for the year ending 2021, which, in fact, include figures that have been updated from the accounts for 2020, there is a note that explains that there was a £383 million impairment of tangible assets valuation after the accounts were submitted. I will simplify that point for the committee. The net loss was changed from £70.3 million in the year ending 2020 to a record loss of £344 million, just like that.

As I understand it, impairment costs are not unusual in accounts, but the scale of those costs in this case represents a clear exception. The bulk of the so-called record net loss comes under the plant and machinery section, which, it appears, lost 80 per cent of its value between 2019 and 2020. In the 2021 accounts, those assets are worth less than 10 per cent of their previous value. That is why, as you will see from her letter, our general secretary has called for an independent review to look at the assets of the plant and its viability.

Last week, Petroineos said that the plant was losing £385,000 a day. We do not take that figure at face value. If the hydrogen and hydrocracker units were operating at full capacity, the losses would change dramatically, but the company has decided—for reasons that I will come back to later—to shut down those vital profit-making units. It claims that there are reliability issues, but we do not believe that that is fully the case.

Without overcomplicating the situation for the committee, the Petroineos group's structure is complicated, to say the least. Petroineos manufactures and processes petroleum products, but it is not responsible for the sale of those products. As is stated in the accounts, Petroineos Fuels Ltd, which is based in London, is responsible for the sale and marketing of materials from the Grangemouth refinery.

I have here documents that I will submit to the committee. What we are saying is that, if we look at the company as a whole, which includes Petroineos Manufacturing, Petroineos Fuels and a range of other assets, it could be structured in such a way as to make it look as though it is loss

making. Our view is that more investigation needs to be done, and we believe that that is the committee's responsibility.

I have shared our documents with Scottish Government officials, but we believe—and we hope, after today's presentation, that the committee, too, will believe—that the company's figures are not accurate and that they can be viewed in different ways. We will submit those documents to the committee, and we hope that it will do due diligence on the matter, which we do not believe has been properly done by the United Kingdom Government or the Scottish Government.

The overall picture is one of a relatively profitable and financially healthy operation. Where there are recorded losses, such as in the case of the anomaly year of 2020, that is down to decisions by the company to mark down its assets and a failure on its part to invest in maintaining assets such as the hydrocracker and hydrogen units. I reiterate that we believe that there is not an underlying profit problem at the refinery. The problem lies with decisions that are taken elsewhere in the company.

I want to comment on the figure of £385,000, which is the amount that the plant is said to be losing a day. We would appreciate a better understanding of how that loss figure has been calculated. Has that figure been arrived at because the hydrocracker unit is off, because the hydrogen unit is off, or because energy prices are too high? We cannot get to the bottom of why the company is loss making. The committee and the UK Government must look more closely at the explanation for that. Why is the company losing money? What are the factors that mean that it is losing money?

It was interesting to note last week's evidence from the business, in which it said that, had the hydrocracker been on, the losses would probably have been mitigated by £100 million. It baffles me that the company did not restart the hydrocracker. Why would it want to lose £200 million when it could have lost only £100 million, if that is what the company is losing?

We challenge some of the narrative around the accounts, and we are happy to submit information on that to the committee following this meeting.

**The Convener:** That would certainly be useful. Do you think that the company is not serious about agreeing to a sale? Why is it closing the refinery if the unions believe that it should and could be profitable?

**Derek Thomson:** When Ineos took over the refinery, it went down the route of importing crude oil. That seems to be the company's business model, on the ground that it is cheaper for it to import fuels than it is to produce them here. I think

that Ineos believes that the best model for it is to import fuels, rather than producing them in Scotland, and then ship them elsewhere.

The refinery is responsible for most of the air fuel—I will come on to the issue of sustainable air fuel in a bit—and 70 per cent of the petrol market in Scotland, the north-east and Ireland. Capital does what capital does. Ineos believes that it is cheaper for it to have a business model that involves importing fuels and that, by importing rather than refining, it will make more profit.

I know that the committee has not yet had sight of our plan to repurpose the refinery, but I will reference that, and I can talk to you in detail about it. However, the company believes that it is more business productive and profitable for it to import.

**The Convener:** Robert, do you want to add anything?

**Robert Deavy:** No—I think that Mr Thomson has covered it perfectly.

To go back to what Iain Hardie said in his evidence last week, he was sort of laying the blame for the closure of the plant at both the Scottish and UK Governments' doors. For instance, he made comments about the ban on new petrol and diesel cars and wondered why we would not expect an announcement following news of the ban. As Mr Thomson has covered, we need a closer look at why the company is claiming the losses that it is making and how it claims that it is making them. If Petroineos would allow us a closer look, maybe we could get some sort of resolution and keep the plant refining.

As I said, both unions' position is very clear: it is that Scotland needs to refine its own.

**The Convener:** Thank you very much. I will bring in the deputy convener.

**Michelle Thomson (Falkirk East) (SNP):** Thank you for joining us—I am sorry you had such a long trip through. I want to pick up on your starting points. You referenced certain documents and your review of the accounts. First, who did that review? You do not necessarily need to give the company name, but was the review of the accounts done by a fit and proper person? Secondly, when were the documents shared with the Scottish Government and, I presume, the UK Government?

**Derek Thomson:** Unite employs a team of internal researchers and financial analysts. We decided to do so to make sure that we are on top of our game. We also passed the documents on to the Scottish Trades Union Congress for it to have a look at. We believe that our people are trained and competent at that level. We have shared the documents with the Scottish Government—I believe that that was over four weeks ago—so that



it could look at the concerns that we had raised directly with it regarding the accounts.

**Michelle Thomson:** Have you had any response from the Government to the documents that you sent?

**Derek Thomson:** No—not at this stage.

**Michelle Thomson:** Okay. I want to focus my questions on a positioning that involves looking at the ways in which we might be able to keep the refinery online—I will go on to the hydrocracker in a moment—to allow a sufficient period of time for other moves to be made, whether on SAF or something else. I do not want too much of our time to be taken up with the future rather than the here and now.

You mentioned the hydrocracker and the evidence on that from Petroineos. There seems to be a slight misunderstanding and I wonder whether you can clear up. In May 2024, it was reported in the media that the hydrocracker had been brought back online, but Iain Hardie, in evidence last week, said that the unit has been offline since April 2023. Can you comment on that and put a bit more meat on the bones of what you have set out? If the hydrocracker was online, what could that mean for bottom-line profits? Finally on the hydrocracker, you might have caught the comments about a number of different trials. I think that the company stopped at four, citing safety concerns.

That is my first wee batch of questions on that.

**Derek Thomson:** My information has been built up over the past 12 months, when I have been speaking to workers, experts and our research team, who have involved industry experts and technicians. I come at the issue from the point of view of an informed understanding of what has happened in the workplace.

The hydrocracker was taken offline and failed to restart after a turnaround—a TAR. I think that Iain Hardie said that there were three failed starts, and then the board decided not to restart it the fourth time. I was at several meetings with Petroineos management discussing that and, according to our information, it did restart the third time.

There is an email, which I was copied into, that said that the hydrocracker was back up and running and producing product. I will come on to that in a second. Effectively, the email, which was to staff, said, “It’s now time for us to show everybody how good we can start being as a company and start producing.” It goes on to talk about the increases already being measurable within the targets.

Following that decision, the hydrocracker tripped again. My understanding is that, as you can imagine, there are fail-safes built into the

hydrocracker, so it trips for safety reasons, but it can trip for a number of other reasons.

Following the last time that it tripped, we were invited to an onsite meeting with Petroineos management, who advised us that, due to the board’s safety concerns about the hydrocracker, any restart would be paused.

10:15

The restart was scheduled for September. The hydrogen unit, which powers the hydrocracker, was due a maintenance turnaround, which was paused for safety reasons. Our understanding was that around £7 million had already been spent on the hydrogen unit’s turnaround, and we were given assurances that it would restart in September.

The reason that it was taking so long to restart the hydrocracker was that the planned maintenance crews that were lined up would not be able to work on the hydrogen unit during the period when the safety review was taking place. That was all patched and moved to a later time. We were assured that a restart would happen later on.

When Petroineos made the announcement that the plant would close and then that the Finnart terminal would close, it stated that it would not restart the hydrocracker at that point.

To go back to your question, we were advised by Ineos that there would be an independent review of the hydrocracker, its safety issues and its working functions. You referenced the review and trying to find out what it said; we have not had sight of that report and I do not believe that the workforce has had sight of it.

However, we were told—and the workforce was told—that there was nothing inextricably wrong with the hydrocracker. It was just that a fail-safe kicked in. The workforce’s view is that the hydrocracker is fit for purpose and that a decision was made not to restart it because of the maintenance on the hydrogen unit and for a range of other reasons. I call that into question as a viable company decision: why would you take your biggest product and profit-making tool offline over such a period of time that it will contribute significantly to your losses?

There is some confusion between what we have been told and what Iain Hardie said to the committee last week. We would like some answers about what the actual process was for the fourth attempt to restart the hydrocracker, and why it was not restarted. I also think that it would be good to have transparency on what the problems are with the hydrocracker, what the cost would be to fix it, and what the long-term costs are for running the hydrogen unit. I find it strange that a

company would not get its biggest product-making asset up and running at full speed.

**Michelle Thomson:** You have turned down the volume with your latter comments. However, I want to be absolutely clear: is it your contention that the information that the committee has been given by Petroineos regarding the hydrocracker and its operational safety is inaccurate, or do you not have sufficient information to be able to make that assertion? If it is the latter, are you able to provide the committee with all the pieces of evidence that you believe support your view? Can you clarify that point for the public record?

**Derek Thomson:** The information that was presented to the committee by Mr Hardie last week is contradicted by what we were told previously about the restart. Our understanding is that the hydrocracker did restart, and we have evidence to say that it restarted. I think that the evidence that was given last week was that there were three failed restarts and that, the fourth time, it was decided not to restart the hydrocracker for safety reasons.

**Michelle Thomson:** Okay, thank you.

I want to look at the bigger picture. I have often heard people commenting about energy security, and Unite has also made a comment about it. In the light of changed geopolitics—an issue that I brought up in committee last week—to what extent do you think that issues around energy security have been fully factored into the decisions regarding the refinery? On the back of that, what level of confidence do you have that the new geopolitical world, and energy security in particular, has been factored into the decision making of the UK Government and the Scottish Government?

**Derek Thomson:** Our biggest concern relates to where we start importing the fuels from if we close our own refinery. When Kenny MacAskill was a member of Parliament, he submitted a number of questions to the UK Government, including one asking whether it knew where the petrol or crude oil coming into this country came from. The UK Government could not provide an answer on what the process was or where the fuel came from—where it started from or where it ended up. There are a whole range of questions about that.

It was interesting that, at the Grangemouth future industry board, reference was made to the fact that PetroChina would potentially be the biggest importer of anything to do with sustainable air fuel, hydrofats and all that kind of stuff.

To me, handing our energy supply to PetroChina, which is a state-run company, would put our energy security in jeopardy. It would be like saying that we were handing over our oil

supply and petrol supply to somebody else. I think that that would be foolish, given the geopolitical situation, which could escalate at any time.

It comes back to a fundamental question for the UK and Scottish Governments: do you want to rely on imported fuel from a country that is potentially hostile—for want of a better term—towards you, or do you want to rely on and build your own sustainable fuel in Scotland and in the UK, where you can market it, price it and make sure that there is delivery on demand?

There are commitments from Petroineos that it will be able to maintain the energy supply, which I believe. However, those commitments have been made in the current geopolitical position. If that position changes, where does our energy security sit? Our concern with regard to energy security is that importing oil puts us in jeopardy. If we do not have the ability to refine oil here and something goes wrong, we would effectively be reliant on other countries to provide our energy security.

I think that the question of energy security is for the Scottish and UK Governments. Where does energy security sit? Is it safer for us to supply energy here or is it safer to import it? I go back to the fact that PetroChina has part of the import market cornered, particularly regarding hydrofats and other products that could be used for sustainable air fuel. I do not believe that relying on imports is a position that we want to be in. Our plan will outline a different approach where, if we choose a different path from that of closing the refinery, we can use our own feedstock in this country for the first one to three years.

**Michelle Thomson:** I want to come on to that but I think that my colleague Kevin Stewart also wants to pick up on one of those points.

**Kevin Stewart:** I want to pick up on the point about energy security but also to go back to something that you said earlier, Mr Thomson. You said that there was a point when the Finnart pipeline was offline and that crude oil from the Forties pipeline was being used at the refinery. The indication that we were given before was that crude from the Forties pipeline was not being used because it was not the right grade of crude. Just for the record, could you comment on that again?

**Derek Thomson:** My presentation today is based on the facts that I have picked up during the past 12 months of hearing what is going on at the refinery and speaking to people about it.

I understand that the refinery used to take crude from the Forties pipeline before Ineos took over and decided that it was going to go down a different path, which was to take crude through Finnart. Crude oil from the North Sea is particularly high in sulphur, which requires a slightly different refining process, which, I believe,

is already in place at the refinery. There is a cost element to doing that, which relates to staffing levels and all that kind of stuff.

I can only reiterate what we were advised at the time, which was that, due to the Finnart pipeline being taken offline, the refinery was taking crude from the Forties pipeline and that that cost a lot more because the company had to buy the crude directly from its competitors. That is the explanation that we were given about why the Forties pipeline was still operational when the Finnart pipeline was offline.

**Kevin Stewart:** From an energy security point of view, it would be much better to utilise North Sea crude through the Forties pipeline, rather than importing oil through Finnart or from elsewhere. Is that Unite the Union's position?

**Derek Thomson:** Although we are told that there are technical issues around the refining of crude from the Forties pipeline because of the higher levels of sulphur, we are saying that the oil can be refined from there. Just now, it is being done in a different way, which is due to a decision taken by Petroineos and Ineos for their business needs. That is a business decision.

The closure of Finnart probably puts us at more risk when it comes to energy security. Rather than having one massive boat coming into Finnart and pushing crude through there to be refined, we will instead have five or six smaller vessels coming in to offload the finished product at the jetties in Grangemouth. I reiterate the point that we do not have any information about where that finished product comes from. Does it come from Africa? Where did it start its process? Who is refining it? What is the cost of that?

In addition, the environmental impact of the global emissions from the transport of already-refined fuel has not been looked at, so there is a question there.

On energy security, and whether it is more secure to refine fuel in Scotland, that is absolutely the case.

**Kevin Stewart:** Thank you—that is useful.

**Michelle Thomson:** Thank you both for the additional information.

An interesting letter, from Sharon Graham of Unite, was posted on Twitter. It would be helpful for the committee if you could put more meat on the bones of the plan that that letter suggests. I understand that the plan has gone to Ed Miliband and—when it is deemed appropriate—I suspect that the committee would be interested in seeing the detail of it.

It would be useful, however, if you could walk us through your findings, and what you are

suggesting, in a little more detail than what is in currently in the public domain in that letter.

**Derek Thomson:** Absolutely. We have been working on what we are calling a transition plan, which could benefit Grangemouth and the UK and Scottish economies. It is based on some simple things.

The decision has been taken to close the refinery. However, there has been no discussion on whether the refinery as it stands can be repurposed in order to produce cleaner and greener fuels, including sustainable air fuel and production in other areas, or whether we just move to the point at which it becomes an import terminal.

The reasons for that, I think, are twofold. Unfortunately—I do not mean to be critical here—both the UK and Scottish Governments immediately accepted the commercial decision by Petroineos. Of course, we welcomed the funding for project willow, because that looks to the future—it is about the art of the possible, and what is possible in five, six or seven years' time. However, that does nothing for the refinery at present.

We have looked across a number of different models around the world, including one in the US, which is run by Phillips 66. That refinery was older than Grangemouth, and it has been repurposed to produce sustainable air fuel and other biofuels. No jobs have been lost, and the repurposing cost around £1 billion.

There is another example in Sweden, where the same thing has been done. In fact, that refinery has actually put on jobs and added head count, because it has added a treatment plant for fatty acids before they go into the crude oil process.

Unite's research will be published for the committee to see. Obviously, the first port of call for that research was Ed Miliband, as Secretary of State for Energy Security and Net Zero.

Our research has shown that Grangemouth has the necessary skilled workforce for SAF production, and that shutting the refinery could destroy the skills base. That takes us back to project willow. Without wishing to criticise project willow, if we are saying that it might produce sustainable air fuel in five years' time, it will, at that time, cost upwards of £1 billion or £1.5 billion to build a new SAF plant at that point in time. In the interim period, if the PwC report is accurate, £403 million per year will be lost to the local economy. If we times that by five, that is 2 billion quid, which is a lot of money lost to the local economy.

Our research has shown that that repurposing can be done, over a period of around one year, and that Grangemouth has a customer base that

is ready for sustainable air fuel. Indeed, Scottish airport bosses have said that it is imperative. It is 30 per cent cheaper to convert an existing refinery to SAF than to build a new plant from scratch.

There is a viable pathway: Grangemouth can convert to HEFA—hydroprocessed esters and fatty acids—now, and then add more advanced SAF technologies in the long term.

I am not sure if you want me to go through the details, but there are four main technologies for SAF, using different feedstocks. We believe that the feedstocks are readily available in the country just now in order to move towards that pathway.

The real question is whether we shut Grangemouth or repurpose it as a refinery that will deliver sustainable air fuel, deliver jobs and produce the biofuels of the future.

There are three or four new technologies coming online. We welcome those, of course, and project willow will be ahead of that. We can undertake co-processing, which involves processing HEFA products and crude petroleum. That is an immediate transition option—refineries worldwide are doing it.

10:30

Two other technologies, Fischer-Tropsch and alcohol to jet, might come online in two to five years and could bridge the gap between the closing of the refinery and the move to sustainable fuels. Power to liquid will be the SAF technology of the future, but that is 20, 30 or more years away.

We could combine a number of those technologies at Grangemouth to provide a pathway towards producing sustainable air fuel or biofuels without losing jobs, making a hole in the economy or leaving the country open to energy security problems.

That is a condensed answer, if I can say that, but the way that we arrived at it is detailed in the plan and it is not only Unite that is saying that. We researched it and experts in the field and technical experts from all over the world have spoken to Unite. Some have done so on the record, as you will see when the report is published, some off the record.

Project willow will be good in five to 10 years' time, but the decision in front of us is whether there is a viable option to repurpose the refinery now, rather than just accepting that it must close. That is our question for the committee and for the UK and Scottish Governments.

The first step that is proposed in the letter from the general secretary, Sharon Graham, is for an immediate pause to the threat of closure, followed by an independent review of the current state of

the refinery and a detailed transition plan. That is absolutely critical, because we are saying that we have contradictory information and that we do not think that the hydrocracker, the hydrogen unit and the other assets as bad as they have been made out to be. We want to review those assets to see if it would be sustainable for us to move forward and, if so, how much the repurposing of the site would cost.

Moving from importing to producing here in Scotland is critical for the economy. It is critical to show that we can do that and that we are investing not only in the people of Grangemouth but in the oil and gas community as a whole.

I am sure that you will appreciate that it is possible to become completely engrossed in reports and to be a bit of a geek who reads every report going. Most reports talk about turbines or about the green industrial agenda, which will, according to some reports, require an investment of £35 billion a year in the UK. We are asking for a massive investment but, in the longer term, the proposed transition would give us a real opportunity to produce a sustainable air fuel plan that also does biofuels and benefits the Scottish and UK economies and that we believe will be more energy secure.

**The Convener:** Lorna Slater wants to come in.

**Lorna Slater:** Thank you for bringing me in now, convener. It means that I will have one less question later, because this is a good moment to ask it.

Thank you for setting out your vision. The Climate Change Committee talks about the need for biofuels to be the bridge that you refer to as we move towards a more fully sustainable future. I would like to hear in more detail about how that proposal, the letter from Sharon Graham and the vision that you have set out can feed into project willow. Is project willow entirely separate, or have you been able to influence it? What you are setting out seems to be an eminently reasonable part of that journey, so is it being included or considered?

**Derek Thomson:** My understanding is that project willow is not looking at repurposing the refinery but that it is about the art of the possible and about looking at the technologies that are coming online. Our understanding is that some of those technologies are quite far away and that some are quite costly. Members will know that technology costs a lot initially, but that it reduces in cost as it is mass produced and becomes mainstream.

As I said earlier, capital is capital. It must sometimes be pushed to invest, because it has to see a profit in the future. UK and Scottish Government interventions are so critical at this stage because they can help to bridge the gap in

the investment that will be required to move us towards a green economy and towards meeting our net zero targets.

I do not want to criticise project willow, because I believe that it will provide us with better, easier, greener technologies in future and because Unite will want to be involved as those are rolled out across the country to ensure that the workforce is protected by good terms and conditions. However, project willow started with the premise that the refinery is shutting. The debate now has to be about whether it has to close and whether we can do something different. Can we be a forerunner?

I welcome the opportunity to speak to the committee, because this is the first space that has been created for this type of conversation. Most of the space that has been created has been about project willow, which focuses on the future. As its name says, Grangemouth future industry board focuses on the future. It talks about plans for 2035 or 2045. We have been adamant that project willow would never be done in time to save the refinery in its current form.

We welcome the opportunity to open up the discussion, but we need to start from a place that asks whether the refinery can be repurposed and the jobs saved. Can it make an economic contribution to the country? Of course it can, if we get it right, but it will require investment.

That is where we have to have a grown-up conversation about how much it will cost, where the money comes from and whether we are serious about a green economy and a green future. If we are, we need to start making some difficult decisions and, of course, that will take funding. That is where the difficult discussions come in. Where does the money come from?

Apologies—I will come back to Lorna Slater's point. Project willow is about the future and it is important that we start talking about moving the narrative away from the refinery being a done deal. When there are options on the table, it is incumbent on us all, particularly at the political level, to look at those options to see whether they are viable.

**The Convener:** Before I go back to the deputy convener, I will bring in Murdo Fraser and then Gordon MacDonald.

**Murdo Fraser (Mid Scotland and Fife) (Con):** I want to follow up the sustainable aviation fuel issue, which the committee is really interested in and has pursued in previous lines of questioning, including with Ineos and PetroChina last week.

As it said at that time, it is also interested in the opportunity and it is part of project willow. Mr Thomson, you make a compelling case around the notion of repurposing the existing refinery and how

it could be done at a relatively low cost. If you are right, why do Ineos and PetroChina not see that opportunity for itself?

**Derek Thomson:** It might be to do with investment. Is it able to front load that type of investment into the plant at this time? Does it see its business interests as being elsewhere? That might be the case.

As I have said, Unite has concerns about importing in general. Everything that we see in the green ports on the Cromarty Firth and at Leith leads us to believe that we are going to become a mass importing country. Things are going to come in here and sit and wait to be pushed on. The manufacturing base in Scotland is starting to reduce dramatically.

I genuinely believe that Ineos's business model is probably importing at this point in time. It obviously has connections with PetroChina, which is the biggest exporter of the HEFA feedstock that is required to assist with SAF and biofuels. However, our information shows us that we have feedstock readily available here.

There is a clear mandate for 10 per cent of jet fuel to be SAF by 2030, and we could go down the route of blending crude in and so on. It is not a fact that we have to have 100 per cent of it made by fatty acids or whatever at this time—it can be a blend and it can be done. That is why refining at Grangemouth is still important. SAF still requires refining at this stage.

I do not want to speak on behalf of the company because it is not fair on it, but if its idea is a possible move to SAF within five years, it is probably thinking that, within that five year, the HEFA feedstock will have moved on to something else, such as Fischer-Tropsch or something that could be easier to make.

There will also be questions that will need to be answered, such as how the HEFA is treated when it comes through and how it goes through the process, but, as I say, it has been done elsewhere in the world cheaper than it would cost to rebuild. If it can be done elsewhere, why are we not looking at it here? That is the question for us today. I want to raise the point that we believe that there is an alternative strategy for Scotland and the UK that we could look at, and that you on the committee need to knock heads at the top of the tree together and ask who can do that.

When Mr Miliband has responded to our general secretary, I will happily walk through our plan in detail with any members of the Scottish Parliament who want to do that.

**Gordon MacDonald (Edinburgh Pentlands) (SNP):** I have a very quick question. We have talked a lot about SAF, and you just mentioned the

target for SAF to be 10 per cent of jet fuel by 2030. The previous UK Government suggested a number of sites where SAF could be produced—if I understand correctly, those were in Teesside, Humberside and south Wales—but there was no mention of Grangemouth. What discussions took place with the previous Conservative Government and have taken place with the current Labour Government about making SAF in Scotland?

The letter from Sharon Graham that has been referred to says that it is 30 to 70 per cent cheaper to convert an existing refinery, and you have touched on that point. What would need to change at Grangemouth to produce SAF?

**Derek Thomson:** Our understanding is that it involves repurposing some of the current assets. There are two main things—a hydrotreater and a hydrocracker—that are needed to move towards SAF. We believe that the assets are already in place. Of course, there will need to be some investment, perhaps in changing the way that things are processed. In our investigation, we have spoken to people in America who have done that process, and they believe that you can produce a report within around 15 weeks on what needs to be done and what needs to change.

That is part and parcel of what we are disappointed about. I am sure that you were disappointed last week when you asked to see what was wrong with the hydrocracker and were basically told, “We can’t give you that information—we’ll walk you through the safety stuff.” Our general secretary has called for an independent review to look at the assets across the board, and our understanding is that the assets can be repurposed. Of course, there will be a cost to that—it is not just going to involve turning a switch. However, to go back to some of my earlier points, if we are serious about net zero and about protecting jobs and the economy in Scotland, we should be actively looking at that. That is the point that I made.

On the point about discussions with the outgoing Conservative Government and the incoming Labour one, I am not sure what was taking place. My view and my union’s view—I think that it is the workforce’s view as well—is that there seems to be a lack of dialogue on the major issues. It seems that we have accepted that the decision is a commercial one, and that therefore the refinery needs to close and we will wait for five years for something to materialise through project willow. Five years is too long, because we could be looking at wastelands across the central belt—as I said, manufacturing is coming down.

At the Grangemouth future industry board, the Scottish Trades Union Congress asked Petroineos whether the import terminal would be located inside the green port, and it said that it would not

be, but that any future builds under project willow would be in the green port. Obviously, the company sees the green port as somewhere where a future business can go, because of the cost elements. We will, of course, have our differences on green ports, but we will build up relationships on that going forward.

For me, however, there has been an acceptance, based on what the company has told us is wrong with the assets and with its profit margins—a whole range of issues—that there is no future for the refinery. We think that there is conflicting information on that, and that an independent review is needed to have a look at the issue in more detail to make sure that what we are proposing is viable. If it is, we need to consider how we move forward jointly—the unions, the workers, the company and the Government—to a position where we have a detailed proposal, look at what the costs are and who will cover those costs, and see the viability.

It seems madness to import when we have an opportunity to produce the future of fuels and the future of green energy here in Scotland, in a place that has the skills and the infrastructure. The site has everything that it needs to move forward in that manner. We are making an economic choice: because it is a wee bit cheaper to import, that is the route that we are going to go down. I do not want to be critical, but it is not the role of Government to sit back and allow that to happen. You have to look at all the options that are available to you.

I hope that, when you see our paper, you will support the principle behind it, which is to look at repurposing Grangemouth using the existing infrastructure and highly skilled workforce so that it is the exemplar and a leader in Scotland, and on the world stage, on what it takes to make a green economy and a net zero country.

10:45

**The Convener:** On that point, whose role is it to establish that independent review? I presume that you need the agreement of the company to do that.

**Derek Thomson:** We hope that the company will also look at our proposals. If the UK Government and you as a Parliament are committed to look at other options for Grangemouth, that will need to be part and parcel of the process, will it not?

What Iain Hardie said at last week’s committee meeting was interesting: he said that Petroineos believed that the direction of travel was set by the company. That is obviously part of its business model, which of course we accept, but the plant is still running. It is not about to start any

decommissioning—we also need to understand decommissioning costs—and the plant will continue in its current form until next year at least, so we have a window of opportunity to sit down and consider proposals.

Iain Hardie also said last week that he and the company would be willing to sit down and consider any proposals that come forward, so we have an opportunity here to have a proper look at alternatives for the site. We as a union want to sit down with all stakeholders to have a look at what can be done for the site.

**The Convener:** I bring in Willie Coffey, who joins us online.

**Willie Coffey (Kilmarnock and Irvine Valley) (SNP):** Good morning, Derek—you are doing an absolutely magnificent job of explaining to the public in Scotland why the plant shouldnae shut and why it should continue. It all sounds to me like a rerun of the Gartcosh story in 1986 and the Ravenscraig story in 1992, in which a major strategic industry is removed from Scotland.

The explanations given now are basically the same as they were then, but this time the net zero transition is being held up as the main reason for this. Can you clarify where the refining capability will go during the transition? It is not stopping altogether. I imagine that it is being transferred elsewhere. Grangemouth could do 150,000 barrels a day, which is 54 million barrels a year. That demand will not just suddenly stop. Is that refining capability being transferred elsewhere during this so-called transition process? If that is the case, it is not a transition, it is an asset-stripping closure, is it not?

**Derek Thomson:** Assurances have been given by Petroineos that fuel supply will be met. It has reserves placed across other countries in case there is a shortage. You will have seen that the reason given for closing the refinery was the move to net zero and the future ban on petrol and diesel cars having an impact on the refining business and all that kind of stuff. I do not necessarily see that. As I said, I was in a two-hour tailback getting through Edinburgh this morning. I can assure you that petrol cars ain't going away in the next five years, given the jam that I was in today.

One of the other refineries in the UK—my apologies, I cannot remember its name—has said publicly that it is stepping up its business plan to take on and take over some of the work that would have been done in Grangemouth. It has modelled and is starting to plan that work. It is saying, “If Grangemouth isn't doing that work, we can take it on.” That shows us that there is still business available to be done at Grangemouth, which is why we do not necessarily agree with the proposals that Petroineos has put forward. It may

be thinking longer term, which of course any business has the right to do, but other refineries in the UK are basically saying, “We could step in and take on some of Grangemouth's work.”

Willie, I completely appreciate what you say. As somebody who lives in Gartcosh, I understand the proposals. We are talking about Grangemouth today but we cannae take it outside the context of the wider oil and gas stuff that is going on. We have mapped out a series of what we see, unfortunately, as proposed job losses right across the North Sea oil and gas industry that could lead to up to 30,000 jobs being gone by 2035. There is just not the same number of renewable jobs available, so if we do not get this right, we could be leading ourselves into an economic disaster that will be felt for generations to come.

**Willie Coffey:** I was on the marches at Gartcosh and Ravenscraig and the outcome was what we expected, wasn't it?

I will focus on the transition. If we, in 2024, are on a pathway to a just transition, is it not fair, right and just that that transition completes at Grangemouth? That is why I was emphasising the point about refining continuing. If production capacity is just moved away from Grangemouth, that is hardly a just transition. If we reach a point at which society does not need 54 million barrels of oil a year, the transition will be complete, but Grangemouth should be involved in that process until we reach that point.

**Derek Thomson:** I completely agree. We maintain that this is the first test of the just transition and that we are failing that test here and in other areas, including oil and gas. I am sure that we could have a wider political discussion about that later.

Grangemouth is ideally placed. The experts that we have spoken to say—and I quote—that it would be “madness” to even consider closing Grangemouth. It is ideally placed and has assets that can do what needs to be done to reach net zero. It has the infrastructure in place and is world-renowned for its ability to produce. If we wait five years, the skills base will be gone because people will have left the town.

We must be very careful about displacing jobs, which might also start to happen around the green port areas. Although the Cromarty Firth green free port will be welcome for the Highlands and will lead to 24,000 new houses being built and so on, we must ask where the manufacturing base of the country will go if it leaves the central belt and how we will replace the jobs lost there. This has happened before. British Leyland moved in after the mines closed down, but then it left, too.

Any just transition must be done with a view to moving workers, families and communities

everywhere towards a greener economy. If the decision on Grangemouth is allowed to go through, it will jeopardise that transition right across the country for the next 10 to 15 years because I do not know of anyone who would look at that and say, “I might invest in Scotland.” They would go on to say, “Then again, I might not. What happens if I don’t get support when transition happens?”

The oil and gas transition will be critical. Without going too far from the subject of Grangemouth, we are already seeing some big oil companies leaving the North Sea earlier than was expected, which is a worry for the north-east for a range of reasons. No one in Unite is a climate change denier. We fully understand the move to net zero, but that must be properly paced and it must be funded; there must be investment. That is why think that repurposing Grangemouth would be an exemplar project for everyone to be involved in. It would show that there is a pathway towards a just transition and that we can move to a greener economy and a greener world by moving towards net zero. We would do that in conjunction with the UK and Scottish Governments, businesses and workers and would give a real example of what can be done in future.

**Willie Coffey:** Thank you. I wish you well.

**The Convener:** Kevin Stewart has a supplementary question before I bring in Lorna Slater and then—I promise—return to the deputy convener.

**Kevin Stewart:** Mr Thomson is enticing me to start talking about just transition for oil and gas, but I will not do that.

**The Convener:** Another time.

**Kevin Stewart:** I will not.

Mr Thomson, you have painted quite a picture of where you and the workforce think that we are at. You have made some points about what you have called a “distorted picture” of the finances and “a revaluation of assets”. That really requires further probing and I would not oppose your suggestion of an independent review.

I have Sharon Graham’s letter to Ed Miliband in front of me. There are some interesting things in the letter, such as the Rodeo refinery being repurposed in one year and a short transition at Lysekil in Sweden preserving all 400 jobs and creating 50 new ones at what looks like the reasonable cost of £730 million. You have referred often to the union report attached to that letter, but we do not have it in front of us. I understand that it is sitting with Ed Miliband and that you await his reply. I do not want to be a cynic, but it may well be a long while before that reply comes, so, if you are waiting for a reply in order to release the

report, it may be a long time before we see it. My plea to you and to Unite the union is, at the very least, to release the report to the committee so that we can look at everything with the granularity that you obviously want from us.

**Derek Thomson:** I completely appreciate those points, and I will raise that with my general secretary today. If the report can be private and confidential for a period, for the committee’s review, I am sure that we can look at that. I will immediately come back to the committee, if that is okay, to inform it about that. I had felt that, in this instance, because of where the issue sits when it comes to some of the funding, the opportunity had to be given to Ed Miliband.

I appreciate the comments and I appreciate that I have referenced the report, but its salient points are as outlined in our general secretary’s letter—that there is evidence now to pause, review and have a look at the decision again, to evaluate what can best be done and have a real option on the table that repurposes Grangemouth, keeps it open, saves the jobs and builds us up to being the sustainable, producing country that we know we are capable of being.

**Kevin Stewart:** Thank you. You said that you welcomed the openness and transparency of this forum and the ability to relay the viewpoints of Unite and the workforce to the public. If the report had been released to us, the lines of questioning might have been different, which might have led to our being able to be much more open and transparent about the Grangemouth story and how we could deal with the current situation and the future.

**Derek Thomson:** I appreciate those comments and I will come back to the committee on that.

**Kevin Stewart:** Thank you.

**Lorna Slater:** Since my question is about the just transition, this might be a good moment at which to put it, while we are in flow on that point.

I want to pick a little bit more into what your proposal is for the just transition of Grangemouth, because that is worth opening up. I will set a bit of context. In Scotland, oil and gas jobs have reduced by 40 per cent over the past decade, and unemployment figures are relatively low. The transition is under way. It is not ahead of us but is already happening. None of us wants to see mass job losses. A continuation of that gradual decline, while keeping the employment rate high, is what we all want, I think.

If I understand things correctly—and I hope that you will clarify for me if I have got it wrong—in the vision for repurposing the plant and moving to sustainable fuels, it sounds as though the ask is for the UK and Scottish Governments to step in



and provide the investment to create the bridge that we have talked about. That is a specific ask for investment. The Scottish Government and I have certainly challenged the UK Government on not investing enough in the green transition. We have said that it simply has not put enough investment in place. Is that what a just transition means—the Government having to cough up money—or do we need something else as well?

**Derek Thomson:** On the oil and gas jobs, you are absolutely right. They have gone—they have decreased. Our information shows that a lot of those people have gone not into unemployment but elsewhere—for example, Hinkley Point C, abroad or offshore. There may be a saturation point in unemployment at which the situation will start to have a major impact. As I said, some of the move into green ports will require the displacement of thousands of people, potentially. When I met the Deputy First Minister and the cabinet secretary to discuss this area, they spoke about us needing to bring workers into Scotland to try to cope with the construction and manufacturing that are going to be needed to build a lot of this stuff.

11:00

We have spoken about the issues a lot. There have been debates on nationalisation and a number of other things. What we are calling for is, in effect, a transitional stake, with a period of time when the Government intervenes and says, “During this transition, we will step in and take a stake to secure the long-term viability of the industry and the site.” We are saying that the UK and Scottish Governments taking a stake as an investor of first resort is key. Where we cannot get investors, we are looking for the UK and Scottish Governments to come in.

Our understanding from the research is that there are more companies than just Petroineos and Ineos. There are other companies out there that may be willing, in the future, to look at becoming part of the green industrial revolution and building things such as SAF and components. We need to analyse that whole area of the Scottish economy. Where are those people? Are we giving them enough support or are we just leaving things to tread on in whatever way they go? Let us look at the costs and the viability of repurposing; let us have an independent review that will show us what needs to be spent, where it has to be spent and who will do it; and let us then have the joint conversations about what we can put in in the longer term.

I am quite simple when it comes to maths and my outlook. We face a loss to the economy of £2 billion over five years before a new SAF plant is potentially built, or it could be longer under the

project willow scheme. To me, it makes economic sense to spend between £500 million and £1 billion on repurposing, because we will then start generating money into the economy. We will not lose money; we will generate money in the economy, because there will be construction.

What is the role of Government in the just transition? When I met the Deputy First Minister and the cabinet secretary, they talked about their green industrial strategy, which they admitted is more of a prospectus for business to come in and look at investing in the country. However, the investment may slow up for the reason that I referenced earlier: at this point, the cost of the technology that is required may be considerably higher now than it will be in five years’ time, which means that a company may not be willing to front-load that area of debt. That is where the Government’s role comes in.

Let us be honest. The UK Government has already underwritten £600 million for Ineos’s plant in Belgium. The UK Government has already set aside that underwriting. The reasons for that relate to Ineos’s credit rating and stuff like that. If we are underwriting for a company to secure that area of work in Belgium, what is the clawback for the UK economy? Do we get money back from that? If we can do that and underwrite it there, can we underwrite some form of funding and have a transitional stake to ensure that Grangemouth continues to be the world leader in refining and makes us the best in the world at refining and producing new sustainable aviation fuels?

I always come back to the point that it is about choices. It is about the political choice that needs to be made by the UK Government. You asked what the role of Government in the just transition is. We see it as stepping in and ensuring that there is a smooth transition for workers and that nobody is left behind. I have the PwC report with me, and the figures in it scared me, to be honest, given their sheer scale. They were drawn from information that was sent by the company and the local council. The report shows clearly that 2,808 jobs will go in Grangemouth and that £403 million will be lost to the economy. The effect of that will roll on year by year.

If you have time to look at our keep Grangemouth working campaign pages, I recommend that you do so. We have interviewed the people at the local sandwich shop, the people at the butcher and so on, and they all have serious concerns about what will happen to their businesses as this rolls on. There will be a cumulative effect on Grangemouth if we do not start to get this right.

We firmly believe that being an investor of first resort is a credible way for the Governments to proceed. Taking a stake to move us forward is

critical if we are to have a just transition. Without it, what will be next, after Grangemouth? If the closure goes through in the manner that we have discussed, what is to prevent other companies across the country from saying, “You know what? This isnae for us any more”?

**Robert Deavy:** It is clear that the transition is happening to the workers, not with them. A lot of our members in the energy sector—in oil and gas—feel abandoned. There are not a lot of jobs in the renewable energy sector just now. For years, we have been calling for investment, particularly in the Arnish and Methil sites. The turbines are being transported in huge barges powered by diesel, so God only knows the damage that it is doing to the environment to get them here.

As Derek Thomson said—he put it very well—we need investment in the renewables sector. However, we still need to refine our own resource. We have this huge resource of oil and gas, which we use in our homes, and our economy still needs that. We touched earlier on energy security; we should not be relying on foreign nations to supply us with energy when we have that huge wealth sitting on our doorstep.

**The Convener:** I will bring in the deputy convener at last.

**Michelle Thomson:** The evidence session thus far is proof that, if you keep quiet long enough, all your questions get asked, so I thank my colleagues for contributing. There has been some great content so far.

We keep coming back to the point about the globalised nature of business. You mentioned the £600 million underwriting of one of Sir Jim Ratcliffe’s businesses in Antwerp. Therefore, that is what my question relates to, and he, in some respects, is the elephant in the room. Ineos is his global business, and Ineos is absolutely at the heart of this. To the best of your knowledge, thus far, has anyone had a conversation with Sir Jim Ratcliffe about his intentions, given the global nature of his business?

**Derek Thomson:** Following the general election, there was a big hullabaloo about the way that everybody, from the Prime Minister to the Secretary of State for Scotland, was going to step in to save Grangemouth. I understand that, at that point, during some of the business meetings, the Prime Minister met with Mr Ratcliffe. I understand that a conversation took place between Ed Miliband and Jim Ratcliffe. That was referred to in a meeting that we attended, and I think that the cabinet secretary Gillian Martin was also on that call. Some of the concerns were outlined at that point, and our general secretary is reaching out to Mr Ratcliffe to discuss those issues.

Ineos has many irons in the fire—it is a global company. However, with regard to our interests today, we want to be clear that Petroineos Manufacturing at the Grangemouth refinery is the most important thing just now and the decision-making process in that regard is the most important in Scotland. The decision about Grangemouth will either write off our manufacturing base or result in investing in the future.

I think that, last week, Lorna Slater mentioned the company’s annual \$30 billion global profit. The accounts are quite opaque with regard to where the money is. I think that there are instances where it transfers money across companies—it is within its remit to do that. We have not had a conversation with Mr Ratcliffe yet, but the general secretary is reaching out to try to have conversations about what can be done. However, I understand that there have been conversations between the Scottish Government, UK Government officials and Mr Ratcliffe.

**Michelle Thomson:** My last wee question is about the fact that many of the things that you have suggested and alluded to would require a forensic accountant. I asked you about your people in Unite who have looked at the accounts. Once the sweet talking had been done up front, anyone who wanted to buy the business would send their own forensic accountant to look at the books. A plan to point out some areas that you think would be worth a refresh would require a forensic accountant. Is there a general concern about a forensic accountant—that is a very specific term—looking at what has been accrued to whatever in the books of Ineos and Petroineos?

**Derek Thomson:** Our accountants have looked at what is available on the Government websites and so on, and we have spoken to individuals who we know. As I said, the union employs researchers and forensic analysts for these purposes. We have highlighted what I think I would describe as a general discrepancy between the picture that has been given outside the company to Governments and the press and what we have found, from looking to see whether there is an anomaly in that regard. If we can see that there is an anomaly, other people might look at that.

The way that Petroineos Manufacturing Scotland Ltd is structured could be one of the reasons why it might be more difficult to find out exactly where the money has gone. We have looked at Petroineos Manufacturing, which is the company in Scotland—which is the refinery. It posted profits; the last accounts are for 2022, and the 2023 accounts are a couple of months overdue. We have also looked at the fact that the manufacturing side of the business—Petroineos

Manufacturing Scotland Ltd—is separate from Petroineos Fuels Ltd, which sells the finished product. The company might be seeing losses in different arms of the business across those different areas. What we are saying is that, with regard to this site, we have a different interpretation of those accounts to the company—I think that that is how I will frame it.

**The Convener:** I am conscious that we have focused a lot on the immediate challenges in relation to the refinery. Please rest assured that the committee will absolutely return to that subject. However, I want to turn our attention to some of the longer-term issues around the transition, and I will bring in Lorna Slater on those.

**Lorna Slater:** Thank you, convener, but my questions have already been answered, so you are off the hook. You brought me in at good moments.

**The Convener:** That is very helpful indeed.

The issue of skills comes up quite a lot in the committee's meetings. On the company's plan for the import facility, do the trade unions have real clarity on the roles and skill set that would be required if the proposal for an import terminal goes ahead? I appreciate that the unions have a very different view on what the proposal should be. In the longer term, is there an understanding of the skill requirements beyond the immediate plan for the Grangemouth site?

**Derek Thomson:** As you know, the import terminal requires a significantly lower headcount to operate. We understand that it would go down to about 75. We are in the consultation period on avoiding compulsory redundancies. Within that period, we are at the negotiation stage with regard to the job and wage structure for the import terminal. It is now recognised that the wage for the import terminal roles would be significantly less than it is for some of the operators, so that area is under negotiation with the company, and I must say that those are positive negotiations.

However, it is obviously a different type of role. Without being overly technical, the stuff comes in to the jetties and it is offloaded. Do we have enough staff at the jetties to do all the work that is required? We are in a period of negotiation about what that will look like, but the skills base of some of the skilled operators will no longer be required at the refinery. A preference exercise is taking place, so staff are indicating their preferences in relation to those roles, and that exercise will be looked at in the round. With regard to the timescales, we are still going through negotiations about what is required. Therefore, the refinery will remain in operation in its current form for a period.

**The Convener:** Has the workforce been adequately informed and supported by the

company throughout the process? Are members being supported with tailored advice and careers support, given that you are, unfortunately, in a process of redundancy discussions?

**Robert Deavy:** Our members are primarily subcontracted to the site. The core workforce works for Unite. Therefore, although there might be opportunities elsewhere for people to move to, these companies will be losing a huge contract, which could have implications for them. We are still moving through the process. Our workers who are scaffolders or welders, for example, can be moved around, but if their employer loses a huge contract at Grangemouth, which would be the case, there will be implications down the line.

11:15

**The Convener:** What about the Unite members who are on site at the moment?

**Derek Thomson:** We have involvement from partnership action for continuing employment and from Falkirk College, and the company will provide access to stalls and that kind of stuff.

My question is about the skills development that may have to take place. When we met the First Minister and Falkirk College just after the announcement was made, I said that retraining is great—although the funding for that must be looked at—but that I really wanted to understand whether we had done a job-matching exercise across the Falkirk and Grangemouth area. There were references to skills training being put in place if someone wanted to become a teacher, but I wanted to know whether there were vacancies for teachers in the Falkirk and Grangemouth area.

The unemployment rate in Grangemouth is 9.1 per cent, which is almost double the national average of 4 per cent, and the poverty level is around 23 per cent. Everything is worse than the national average, so scooping out 2,800 jobs will devastate the area. The company is being proactive in supporting the workforce, but I want to know whether we have done a job-matching exercise across the area to find out whether people's manufacturing skills are transferable.

The Grangemouth refinery has been a conveyor belt for apprentices throughout its history. That might be another discussion that we should have at some time, but I want to know whether we have jobs people can transition into that are outside their usual skills base and I do not believe that a job-matching exercise has been done to clarify that. Our members are asking us, "Do I have to move out? Do I have to uproot my family? I have 20 years left on my mortgage; will my next salary cover my costs?" Those questions are not being fully answered. The answers might not be known until we quantify the real impact—not the paper

impact—that closing Grangemouth will have on people's lives.

My plea for the people who will be moving into different skills, trades or jobs is that we must know whether jobs will be available in the vicinity or whether we are saying to them that, as part of the just transition, they will have to uproot their whole family and move a hundred miles across the country.

**The Convener:** That brings us to the end of our evidence session. I echo Kevin Stewart's comment that it would be helpful if Unite could share its plan with the committee. You also mentioned some other documents. It would have been helpful to have those before last week's meeting. If you can share them with the committee, that would be helpful. I can assure you that this subject is important to the committee and is one that we are likely to return to.

I thank the witnesses for joining us and hope that they have less of an ordeal getting home.

The committee will now move into private session.

11:18

*Meeting continued in private until 12:01.*

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