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Chamber of
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Dear Cabinet Secretary,

Your ref: 202400442843

Thank you for your response of 9 December to my letter of 27 November 2024 regarding the Scottish Government's budget priorities for the forthcoming financial year.

While we have welcomed the renewed focus on growing the economy and tackling the climate emergency, we are deeply disappointed that the government appears to have all but abandoned its commitment to the 'Just Transition' for North-east Scotland by reducing the Just Transition Fund to a paltry £15.9 million for the coming year.

We cannot impress upon you strongly enough that this is simply not enough to facilitate the North-east's transition to renewable energy. There is an ongoing need for government support to help diversify the North-east economy and equip the existing and future workforce with the skills needed to meet the needs of emerging high tech and renewable industries.

While we welcome strategic interventions by both the UK and Scottish Governments to harness emerging opportunities in renewable energy – the establishment of an Investment Zone, of GB Energy, and a hub of key Scottish Government agencies in the North-east – support for skills development and economic diversification remain crucial components of the overall approach.

The opportunity to reposition the North-east as a centre of renewables expertise and high-tech manufacturing is time limited. The longer-term prosperity of the North-east energy sector will depend not simply on the installation of offshore renewables, but on the development of a highly skilled, high tech supply chain that can support innovation and export its products and services globally.

We are already seeing the impact of the UK's fiscal regime on the North Sea, accelerating the premature decline of oil and gas production. The renewable energy sector, despite enormous potential, is not yet operating at sufficient scale to compensate. While there is a high degree of skills transferability between the existing oil and gas workforce and the needs of the renewable sector, this transition requires support; skills development, therefore remains a strategic priority which it was envisaged that the Just Transition Fund would meet.

I would urge you to recognise the strategic role the Just Transition Fund can play in delivering the Scottish Government's economic, social and climate priorities and reconsider how those priorities can be reflected in your budget.

Yours sincerely

Russell Borthwick
Chief Executive



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