

Climate APPG: Goals for a Fair Energy Transition

This year the UK government is undertaking fundamental changes to the management of the North Sea, aligning the future of the basin with climate science. With the shift from oil and gas production to clean energy generation already underway, this is a crucial moment to rise to the challenge and manage the transition in a way that centres on fairness.

After 50 years of drilling, the North Sea is an ageing and expensive basin. The nation's interest rests in harnessing our clean energy, reaping the economic benefits of transitioning away from fossil fuels and improving the resilience of our energy system at the same time.

The transition can only be deemed successful if workers' futures are secure and the benefits are shared equitably.

The Climate APPG's 'Goals for a Fair Energy Transition' set out the ambitious, transformative policies needed for a transition away from oil and gas production that delivers for workers and communities over the next 12 months. These goals must be achieved in collaboration with workers, unions, and the Scottish government:

- 1. Deliver a credible, coherent transition plan for workers and communities**
- 2. Bring oil and gas in line with UK climate commitments**
- 3. Boost investment in domestic renewables manufacturing and ports**
- 4. Support workers to transition into new clean energy jobs**
- 5. Secure benefits for affected communities**

1. Deliver a credible, coherent transition plan for workers and communities

To ensure a successful transition away from oil and gas where workers, communities, and businesses benefit, **the UK government must implement a coherent long-term plan for the North Sea.**

For too long, the responsibility for the North Sea's transition has been handed to the oil and gas industry alone. [The 2021 North Sea Transition Deal](#), a non-binding sector agreement between the government and the North Sea oil and gas industry, does not require the industry to transition away from oil and gas production, nor does it set out a proper plan for supporting the workers, communities and businesses reliant on the sector into new opportunities. The Deal fails to prioritise the interests of workers, communities and the public interest.

A new plan should limit, and tightly define, the role of oil and gas producers in the transition and bring oil and gas policy into alignment with 1.5°C climate limits. Central to the plan is identifying clear pathways and opportunities for workers, communities, and clean energy businesses.

This 'New Deal for the North Sea' should be developed swiftly, in close collaboration with the Scottish government, workers and unions. It should specify how and where opportunities will be created, prioritise workers' rights, address their transition needs, and empower communities and workers through decision-making and wealth-building.

The plan must build a thriving clean energy supply chain industry, seizing the opportunities in offshore wind manufacturing, and support workers to transition into new clean energy jobs. It must have fair, inclusive governance with genuine dialogue between unions, industry, Holyrood and Westminster to govern the transition in the public interest and it must be backed with proper funding.

2. Bring oil and gas in line with UK climate commitments

[The International Energy Agency](#) and the [Intergovernmental Panel on Climate Change](#) have repeatedly made clear that new oil and gas projects put safe climate limits in jeopardy.

It is positive to see the government commit to not issue new licences to explore new fields, and this should be legislated for at pace. Furthermore, it has stated its ambition for decisions in relation to UK oil and gas production to align with meeting 1.5°C. The International Energy Agency's 1.5°C aligned pathway is clear that from 2021, **no new oil and gas fields should be approved for development.** This should be reflected in the government's approach.

The central objective of UK oil and gas policy is still to **'maximise the economic recovery'** of oil and gas, which is misaligned with the government's climate objectives. **This principle must be overhauled,** and the [North Sea Transition Authority](#) (NSTA) must also be reformed to ensure the

transition is managed in the public interest. This could involve bringing some of the NSTA's functions back into government in the Department for Energy Security and Net Zero.

3. Boost investment in domestic renewables manufacturing and ports

Successive governments have, to date, failed to grasp the opportunity to build out a significant domestic wind manufacturing sector. Currently, the UK has [50 wind farms](#), accounting for more than a fifth of global offshore wind capacity. However, the average North Sea turbine contains [three times](#) as much material from abroad as from the UK.

If adequately resourced, the government's [Clean Industry Bonus](#) could ensure that approximately [half of the manufacturing content](#) in the offshore wind pipeline is produced in the UK, supplied by 30 new or upgraded manufacturing sites. This investment could create 10,000 permanent jobs directly and a further 13,000 indirectly.

The Clean Industry Bonus' [current allocation](#) of £544 million a year is a welcome improvement from the initial £200 million commitment. **To take full advantage of the investment opportunities in UK manufacturing supply chains, a Jobs Bonus can be further strengthened by boosting this figure to between £300 million and £1 billion.**

UK ports and dockside facilities urgently require upgrades to make them suitable for hosting modern offshore wind turbine manufacturing. [The National Wealth Fund](#) allocates £1.8 billion towards upgrading ports and building supply chains, presenting a crucial opportunity to develop strategic, long-term port and manufacturing infrastructure. **Efforts must be made to safeguard and expand this funding towards ports.**

4. Support workers to transition into new clean energy jobs

Workers in the oil and gas sector must be supported into new jobs in the renewable energy sector, both by raising the quality of these jobs and creating smooth transition pathways into them.

Currently, new clean power in the UK is primarily delivered through [CfD auctions](#) - a mechanism for renewable energy developers to compete for government support through long-term contracts. The most straightforward and effective way to enhance job quality in the renewables industry is to **make entry to CfD auctions conditional on companies adopting good standards and practices**, including raising wages and ensuring trade union recognition.

Entry into a CfD auction should be made conditional on developers and their significant contractors paying quality wages. This change would ensure decent pay for workers and prevent government-supported projects from undercutting market rates or undermining collective bargaining efforts. **It should also be made conditional on developers and contractors adopting a**

Fair Work Charter, committing to criteria such as trade union recognition, investing in training, skills and apprenticeships, transparency, whistleblowing protections and equalities.

Scotland and Wales offer successful examples of public procurement with fair work conditions attached, through the Scottish [Fair Work First](#) Policy and Wales' [Ethical Employment in Supply Chains Code of Practice](#).

The government must create accessible transition pathways for oil and gas workers, the vast majority of whom hold the transferable skills necessary to drive the transition to clean energy. This includes a transition scheme, overseen by the Office for Clean Energy Jobs and developed with trade unions, to create recruitment and retention pathways for workers moving from oil and gas into clean energy industries, with a skills and job matching process.

By participating in the Scheme, companies would also support training programmes and skills upgrade courses for targeted workers, securing a long-term future for the oil and gas workforce.

5. Secure benefits for affected communities

As the energy transition progresses in the UK, we must avoid repeating past mistakes and leaving communities behind. The negative consequences of an unmanaged, disorderly transition are already evident in places like Aberdeen. Alongside direct employment by the oil and gas industry, many supply chain and support service jobs are reliant on the sector.

Once an affluent region, since the North Sea basin has naturally declined and there has been no proactive planning for the transition, Aberdeen [has experienced](#) rising fuel poverty and emergency food bank use, as well as a decline in house prices and life satisfaction since 2015.

A new approach is needed, one that prioritises building community empowerment, wealth, and local ownership of the transition.

Firstly, **local authorities, and community and worker representatives must be integral** into transition planning and regional economic diversification programmes. Secondly, support must be provided for **publicly-owned and community-owned energy initiatives**. Lastly, promoting **community wealth building strategies** and **designing strong community benefit funds** for clean energy developments can support the creation and retention of wealth locally.