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UP FOR GRABS:

How to raise over £6 billion to support a just transition for North Sea workers

DELIVERING A JUST TRANSITION FOR NORTH SEA WORKERS

The Labour Party promised to make Britain a clean energy superpower, "rebuilding the strength of our industrial heartlands and coastal communities, creating hundreds of thousands of jobs"[1] during the election. As yet they have not delivered, but they still can.

The United Kingdom can raise the public funds needed to pay for a fair and orderly transition of North Sea oil and gas workers as part of the green energy transition. **The government could mobilise GBP 6.7 billion per year through a series of readily available measures that could fund an emergency package of support for North Sea workers**. That is 3.5 times the estimated £1.9 billion per year needed for an emergency package for oil and gas workers. Current policies from the government to prioritise their self-imposed fiscal rules over the needs of real people are a political choice, rather than reflecting the reality of the economic levers available to them. By funding a just transition the government would not only meet its manifesto promises, but also address unemployment, deliver economic prosperity, and set a gold standard example for other countries to follow in support of a just phase-out of oil and gas.

The £6.7 billion figure is far from exhaustive, as shown by research by Patriotic Millionaires and Tax Justice UK that outlines how the government could raise over £60 billion per year for public services[2]. It is possible for the government to raise these funds as demonstrated by the mobilisation of £310-410 billion during the covid crisis[3].

The current situation for North Sea workers, with increasingly insecure working conditions and redundancy processes already underway as the basin declines, is a crisis. The pace and ambition of current policy is not enough to support a just transition, and leaves workers at the mercy of profit-driven private oil and gas companies that don't care about protecting or supporting workers.

The government must use the upcoming Comprehensive Spending Review to activate the below measures and unlock public money to support workers through an emergency package of £1.9 billion per year until 2030. This should go toward:

- £1.1 billion per year to develop permanent, local jobs in public and community-owned wind manufacturing;
- £440 million of further investment each year for ports to support the buildout of offshore wind, so the government can take equity stakes in port upgrades as critical national infrastructure;
- £355 million per year to develop a dedicated training fund for offshore oil and gas workers[4].

THE UK CAN RAISE OVER £6 BILLION THROUGH READILY AVAILABLE MEASURES

The government could easily raise £6.7 billion per year through the measures below to fund the emergency package for workers.

Make Polluters Pay: Convert the temporary Energy Profits Levy (EPL) into a permanent, predictable, and fair tax on Big Oil **— at least £2 billion annually.**

The government's 2024 update to the EPL is a welcome and necessary step that must be strengthened and made permanent to ensure polluters pay their fair share of climate costs. First, it should be supplemented with a Climate Damages Tax on oil and gas production that could raise £2 billion per year on average until 2030 and provide more predictable revenue than the EPL can alone.[5] Second, the current EPL should be extended past 2030 to ensure that excessive oil and gas profits from future shocks are captured.[6] These amendments can be easily integrated into the current Treasury process to design a permanent mechanism to replace the temporary EPL.[7]

Close Tax Loopholes: End the carried interest capital gains loophole **— £490 million per year.**

In its manifesto, the government promised to end the £565 million per year 'carried interest' loophole in the UK's Capital Gains Tax (CGT) which allows private equity fund managers to pay a far lower tax rate on their investment income than regular income taxes.[8] The Chancellor has since rowed back on this, proposing a small increase that the exchequer estimates will only raise £75 million per year.[9] Keeping the full promise would raise much-needed finance, improve income inequality, and prevent further fossil fuel lock-in given private equity funds are making outsized investments in fossil fuels.[10] CenTax has calculated that reforming CGTto ensure other kinds of investment income are also taxed at the same rate as other income would raise an additional £12 billion annually.[11]

Stop Funding Fossils: Redirect producer subsidies for fossil fuels **— £3.2 billion per year.** Subsidies for the activities of fossil fuel producers - such as tax relief for investments in extraction, new fields, and decommissioning - should be removed as these are incompatible with the UK's climate goals. Such relief is also unnecessary as the fossil fuel industry remains highly profitable with oil and gas firms making on average USD 5 billion in annual profits from UK oil and gas production over the last 30 years.[12] OECD data indicates that the Treasury's average support to fossil fuel producers over 2020-2023 was £3.2 billion per year, creating an opportunity to redirect this subsidy to workers and communities instead.[13] This is a modest first step that does not include the removal of significantly larger subsidies to fossil fuel use (£20.1 billion per year on average from 2020-2023). While the removal of production subsidies should remain the first priority, subsidies for fossil fuel use could also be redirected to more effective measures to fight energy poverty and support households through the cost-of-living crisis, such as targeted support for vulnerable households for home retrofits and heat pumps.[14]

Retool the National Wealth Fund (NWF): Give the NWF a mandate to raise its own funds through bonds and support just transition priorities **— at least £1 billion annually in grant-based or highly concessional finance.**

The government could empower its new NWF to raise much more finance by allowing it to use its capital as equity to issue its own bonds. Based on the model of Germany's state-owned bank, Kreditanstalt für Wiederaufbau (KfW), this would raise an estimated £18 billion per year for public investments over the next decade.[15] In comparison, the UK government estimates its current plan for NWF will generate only £7.8 billion in investment per year.[16] Issuing green bonds on private markets for the NWF to directly invest in projects will allow more control to ensure public priorities are supported compared to the currently proposed approach of the NWF investing in individual transactions at favourable rates to make them more attractive to private financiers.[17] This 'de-risking' approach is less predictable as it depends on the often short-term priorities of private sector investors. For example, the NWF's predecessor UK Infrastructure Bank used this approach but failed to ever invest its full yearly budget due projects falling through when they could not attract private financiers.[18]

In addition, the NWF should be given a mandate to pursue cross-subsidisation, using dividends from relatively lucrative projects to provide fair funding for critical just transition projects that cannot or should not generate profits like funded retraining for workers moving away from fossil fuel jobs. Based on peer institutions with similar portfolios, we estimate £1 billion per year in grant-based or highly concessional finance could easily be provided, with much more available on top of this on more standard investment terms from the bond issuance proposal above. To ensure the raised funds are used effectively, including to support a just transition for workers, the government should ensure strong representation from trade unions and wider civil society on all governing bodies of the NWF.

As shown in this briefing, there are a number of revenue raising measures available to the government to ensure there is public money available to support a just transition for oil and gas workers. All that is needed now is the political will to pull the levers.

ENDNOTES

1 Make Britain a Clean Energy Superpower, Labour Party, accessed April 28, 2025, https://labour.org.uk/wp-content/uploads/2024/03/Make-Britain-a-Clean-Energy-Superpower.pdf.

2 "How to raise £60 billion for public services: our ten tax reforms," Patriotic Millionaires UK, March 17, 2025, https://patrioticmillionaires.uk/latest-news/policy-recommendations-2025.

3 "Public spending during the Covid-19 pandemic," House of Commons Library, September 12, 2023, https://commonslibrary.parliament.uk/research-briefings/cbp-9309/.

4 "Open Letter to the Chancellor of the Exchequer," accessed on April 28, 2025, https://platformlondon.org/app/uploads/2024/10/OPEN-LETTER-TO-THE-CHANCELLOR-OF-THE-EXCHEQUER-FROM-65-CLIMATE-GROUPS-1.pdf.

5 Global Witness calculates that a UK Climate Damages Tax could raise a cumulative £20 billion within ten years, through a production-based levy that would increase incrementally. We assume a consistent annual average of revenue raised across ten years. "Why the UK Government should seek oil industry contributions towards climate loss and damage," Global Witness, October 2024, https://gw.cdn.ngo/media/documents/Global_Witness_briefing_-_UK_oil_industry_contributions_to_climate_action.pdf.

6 "Payment Overdue: Fair ways to make polluters across the UK pay for climate justice,"Oxfam, September 2023, p. 17, https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621539/bp-payment-overdue-fair-ways-to-make-UK-polluters-pay-180923-en.pdf;jsessionid=5188681D09665B58D19ADDB752067881?sequence=1.

7 "Oil and gas price mechanism consultation," HM Treasury, March 5, 2025, https://www.gov.uk/government/consultations/oil-and-gas-price-mechanism-consultation/oil-and-gas-price-mechanism-consultation-html.

8 "Labour's fiscal plan," Labour, accessed April 28, 2025, https://labour.org.uk/change/labours-fiscal-plan/

9 £75 million is the annual average of the exchequer's estimate of revenue raised over the next four fiscal years. "Capital Gains Tax: Rates of tax — carried interest," HM Revenue and Customs, October 30, 2024, https://www.gov.uk/government/publications/carried-interest-rates-of-capital-gains-tax/capital-gains-tax-rates-of-tax-carried-interest; Claire Aston, "Private equity scores a huge Labour tax climbdown," Taxwatch, November 28, 2024, https://www.taxwatchuk.org/private-equity-scores-a-huge-labour-tax-climbdown/.

10 Tim Siccion, Meerub Anjum, and Shambhavi Gupta, "Private equity shifts focus to fossil fuels from renewables," S&P Global, March 26, 2025, https://www.spglobal.com/market-intelligence/en/news-insights/articles/2025/3/private-equity-shifts-focus-to-fossil-fuels-from-renewables-88078421.

11 Arun Advani, Andrew Lonsdale and Andy Summers, "Reforming Capital Gains Tax: Revenue and Distributional Effects," October 2024, CenTax, https://centax.org.uk/wp-content/uploads/2024/10/AdvaniLonsdaleSummers2024_CGTReform.pdf.

12 GW, "Government should seek oil industry contributions."

13 OECD accounting of UK fossil fuel producer support, 2020-2023 average; "Fossil Fuel Support- United Kingdom," OECD, accessed April 28, 2025, https://data-viewer.oecd.org?chartId=d6c6ab8e-9fe4-4f86-aa35-8ffd4fd0dce0.

Note that the OECD inventory for 2020-2023 includes inherited coal liabilities for mine decommissioning which may decrease somewhat going forward. We did not omit these as we can also expect inherited liabilities for oil and gas to increase in the coming years. See for example: Chris Hayes, Melanie Brusseler, and Adrienne Buller, "Public Coordination of a Just North Sea Transition," Common Wealth, October 1, 2025, https://www.common-wealth.org/publications/public-coordination-of-a-just-north-sea-transition.

We have omitted the upstream investment allowance from the historic average given this was removed in the October 2024 budget, as detailed here: "Energy Profits Levy-Reforms 2024," HM Revenues and Customs, October 30, https://www.gov.uk/government/publications/energy-profits-levy-reforms-2024/energy-profits-levy-reforms-2024#detailed-proposal.

14 OECD accounting of UK fossil fuel support through consumer and general services measures, 2020-2023 average, "Fossil Fuel Support-United Kingdom," accessed April 28, 2025, https://data-viewer.oecd.org?chartId=d6c6ab8e-9fe4-4f86-aa35-8ffd4fd0dce0.

15 As laid out by Positive Money, raising £180 billion over ten years would require the NWF be allowed to use its £7.3 billion funding boost and £5 billion existing capital to raise private finance through bonds, and for it to reach a 6.8% debt-to-equity or "leverage" ratio in doing so, the ratio met by Germany's KfW. "A National Wealth Fund For A Just Green Transition," Posi+ive Money, September 1, 2024, https://positivemoney.org/uk/publications/a-national-wealth-fund-for-a-just-green-transition/.

16 Based on the stated goal for the governments' £27.8 billion investment over nine years to reach a target portfolio mobilisation ratio of 1:3, for an overall investment target of £70 billion. "National Wealth Fund: Mobilising Private Investment," HM Treasury, Octobewr 14, 2024, https://www.gov.uk/government/publications/national-wealth-fund-mobilising-private-investment/national-wealth-fund-mobilising-private-investment-accessible.

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18 Jaya Sood and Theo Harris, "Firing Up the Fund: Empowering the National Wealth Fund to meet the UK's needs," New Economics Foundation, March 19, 2025, p. 7, https://neweconomics.org/2025/03/firing-up-the-fund.

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Oil Change International is a research, communications, and advocacy organization focused on exposing the true costs of fossil fuels and facilitating the coming transition towards clean energy