

Grangemouth Industrial Cluster Strategy

CASE STUDY

Infrastructure Investment to support a Just Transition to a low carbon energy hub.



LOCATION: Grangemouth

STATUS: Current

 ENERGY TRANSITION

 PRIORITY PLACE

Summary

The Grangemouth Industrial Cluster plays a significant role in Scotland's economy and industrial base. In 2025, total gross value added (GVA) is projected to reach £644m, equivalent to approximately 0.3% of Scotland's GDP. The Cluster supports a high number of jobs and contributes to both regional and national economic activity, particularly within the chemicals and petrochemicals sectors. It is also one of Scotland's largest sources of industrial emissions, contributing around 11% of Scottish CO₂ emissions and 7.5% of territorial emissions.

As such, the Cluster represents both a provider of industry and jobs, and a need for industrial decarbonisation. Achieving the Scottish Government's commitment to reach net zero by 2045 will require the sustainable decarbonisation of industrial sites such as Grangemouth.

Background

Established in the early 1900s, Grangemouth has long served as a key site for Scotland's petrochemical industry, supported by its refinery, processing facilities and port infrastructure. Over the past two decades, the Cluster has experienced economic and industrial shifts, including global competition and the need to align with net-zero targets.

Despite these challenges, the Grangemouth Industrial Cluster continues to offer advantages as well-connected industrial land, with established infrastructure and a skilled workforce. These assets provide a foundation for its transition to a low-carbon industrial centre.



There is a commitment from industry at Grangemouth to lean into the net-zero transition. This includes exploring opportunities for inclusive growth, workforce skills and benefits for the town and communities of Grangemouth.

The Cluster is working to decarbonise through a combination of strategic planning, infrastructure investment, and regulatory innovation. A cluster strategy is being developed (by Scottish Enterprise) setting out a roadmap of priority actions, including key infrastructure investments required to support the long-term, sustainable future of the Cluster.

Strategy

Effective governance arrangements can support coordinated activity, help attract investment, and contribute to positioning Grangemouth as a potential low-carbon industrial centre.

High-level findings from the [Scottish Enterprise Grangemouth Research Baseline Report](#), highlight longstanding challenges in governance and strategic coordination. The Cluster has historically lacked cohesion, focus, and a unified strategy.

In response, public and private partners have partnered to form the Grangemouth Future Industries Board (GFIB). This body includes representatives from the Scottish Government, UK Government, Scottish Enterprise, Scottish Futures Trust, Skills Development Scotland, Falkirk Council, Forth Valley College, CVS Falkirk, the Federation of Small Businesses, local industry, and trade unions. GFIB provides oversight across four key workstreams: strategy and policy alignment, communities and places, people and equity, and environment, biodiversity and adaptation.

Investment

Delivering a Just Transition at Grangemouth will require significant public investment to unlock private sector capital. Without timely support, there is a risk that existing operators could exit before low-carbon alternatives are established.

Government-backed policy and funding can de-risk investment, stimulate innovation, and improve access to emerging markets. Several major funding mechanisms are in place:

- Grangemouth Just Transition Fund (£25m, Scottish Government)
- National Wealth Fund (£200m, UK Government)
- Falkirk and Grangemouth Growth Deal (£100m for infrastructure, innovation and skills)
- Tax Incremental Finance Initiative
- Forth Green Freeport
- Investment Taskforce

While the funding landscape is complex, efforts are underway to streamline access and ensure public and private resources are effectively leveraged to support long-term planning.

Regulation

Work is underway to improve the regulatory environment supporting Grangemouth's transition to net zero. This includes the Grangemouth Regulatory Hub, informed by learnings from the UK Government's Regulators' Pioneer Fund. The work aims to test new approaches to regulation that enable industrial innovation.

The Scottish Government and SEPA have collaborated with industry through the Outcome-Based Collaborative Regulation project, which explores ways to support sustainable operations and strengthen public-private-community partnerships. Initial pilots have been completed, and feedback from businesses and communities is shaping a business case for more integrated access to regulatory information.

Longer-term work is focused on identifying policy and regulatory changes needed to improve the commercial viability of transition projects, including emerging technologies such as biofuel feedstocks. De-risking investment through incentives, tax breaks, and targeted regulation is seen as essential to attracting private sector participation in large-scale, low-carbon developments.

Delivery

Project Willow is a collaborative initiative between INEOS, the Scottish and UK Governments, and EY Parthenon, focused on identifying and prioritising options for transforming the Grangemouth Industrial Cluster towards low-carbon production.

To support this transition, Scottish Enterprise and the UK Office for Investment are leading an Investment Taskforce. Its role is to identify and attract projects, stakeholders, and investors with the capacity and interest to progress the propositions outlined in Project Willow. Scottish Enterprise acts as the first point of contact for new investment inquiries at Grangemouth, helping to ensure that strategic priorities are matched with appropriate resources and partnerships.