Exclusive by Martin Williams

ScotWind to deliver £6bn less to Scotland as spending shifts overseas

A landmark offshore wind programme hailed by Scotland's former First Minister as a "truly historic" opportunity is now set to deliver a multi-billion-pound budget boom to foreign firms, while leaving Scotland with around £6 billion less than expected.

Crown Estate Scotland analysis seen by the Herald shows only £25.6 billion of the £88.6bn expected to be spent developing the giant offshore wind projects is currently earmarked for Scotland. Had developers maintained the same Scottish spending share they forecast in 2023, more than £32bn would now be expected to flow into Scotland's economy.

Comparing the same 16 offshore wind developments in 2023 and 2026, it can be revealed that Scotland's expected share of supply-chain spending has fallen from around 36 per cent to just over 29 per cent - with the gap amounting to £6bn.

Union representatives are concerned that the ScotWind "disaster" represents a direct transfer of wealth from local communities straight into the pockets of foreign rivals based on a strict, like-for-like comparison of identical windfarm projects.

While a collapsing investment share means Scotland has effectively missed out, overseas economies have captured a massive £6.4 billion jackpot. This multi-billion-pound foreign windfall was driven entirely by international supply chains growing their slice of the total budget from 47.8 per cent up to 55.1 per cent, swallowing up the contract share that Scotland lost.

The revelations has prompted fierce criticism from trade unions who have been tracking the supply chain developments, accusing ministers of failing to ensure Scotland secures a meaningful industrial legacy from one of Europe's biggest renewable energy programmes.

When the ScotWind projects were announced in 2022, Nicola Sturgeon said it was "truly historic" and “possibly one of the most significant days in energy and industrial terms that Scotland has seen for a very, very long time”.

She said it raises the prospect of "thousands, tens of thousands, perhaps, of jobs – good, high-quality green jobs".

She said: "ScotWind puts Scotland at the forefront of the global development of offshore wind, represents a massive step forward in our transition to net zero, and will help deliver the supply chain investments and high quality jobs that will make the climate transition a fair one.

“I think it’s hard – really hard – to overstate the significance of today’s announcement for our energy, environmental and economic future."

The single largest driver of the ScotWind budget expansion is the massive Ossian project off the east coast of Scotland and is part owned by Perth-based SSE Renewables, having taken the biggest stake at 40%. Its total projected cost ballooned by 12.2 billion pounds, accounting for more than half of the entire 16-project cost increase across the country.

But Scotland's share of the project was slashed from 45.9 per cent down to just 26.1 per cent.

Had developers simply maintained Scotland's original 2023 spending share, the Scottish economy would be looking at a £9.5 billion windfall instead of the £5.4 billion actually earmarked - representing a £4.1 billion direct loss to Scotland from just one windfarm.

Conversely, had developers kept original 2023 international spending shares the same, overseas economies would be looking at a £9.0 billion payout instead of the £12.5 billion actually earmarked representing a staggering £3.5 billion direct windfall jackpot handed to foreign firms from just one windfarm.

Scottish Trades Union Congress general secretary Roz Foyer said: "Workers can spot a bad deal when they see it.

"Scotland's offshore wind resource is rightly recognised as an opportunity to reindustrialise our economy but the falling share of investment coming into Scotland is inexcusable.

"The ScotWind process has been overseen by the Scottish Government and was meant to see them ensuring a fair return to workers here in Scotland.

"Without intervention, we will be left watching as others reap the rewards.

"The Scottish Government has spent too long with the developers behind closed doors, with workers locked out."

One union official told the Herald that the shift of the windfarm billions to overseas was a "disaster" and added: "Many promises were made about how this would benefit Scotland but as with North Sea oil Scotland is losing out again."

The analysis is based on the latest Supply Chain Development Statements published by Crown Estate Scotland, which formed part of developers' commitments to maximise economic benefits. It compared the same projects to remove distortions caused by developments that have since dropped out of the programme.

"Across the wider programme, expected Scottish spending across all 16 comparable projects increased by only around £1.8bn, while spending allocated to Europe increased by more than £9bn and spending allocated to the Rest of the World rose by almost £9bn.

When 17 ScotWind projects, with a combined potential generating capacity of 25GW, were offered new rights to specific areas of the seabed for the development of offshore wind power in 2022 The Herald revealed concerns that it would lead to the loss of billions in profits.

A failure to create a state-owned energy company which could have sold the new ScotWind electricity to the grid and retained operating profits, led to concerns that the nation would lose between £3.5 billion and £5.5 billion every year - about a tenth of the current Scottish budget.

The respected think tank Common Weal says it was "arguably the greatest economic failure of the last decade".

But at that time the total impact on the associated supply chain was not known.

At the time, Scottish energy secretary Michael Matheson failed to answer whether there would be any specific, binding commitments for winning bidders to deliver investment and jobs in Scotland, after being urged to make sure the benefits are not “squandered”.

One of the major issues for Scotland was the collapse of offshore wind tower firm CS Wind, the only UK facility for manufacturing onshore and offshore wind towers which was seen as a key part of Scotland's green revolution.

When opened in 2002, then First Minister Jack McConnell declared his ambition to make Scotland a world leader in renewable energy.

At the time of the 20222 ScotWind announcements, Nicola Sturgeon stood accused of allowing overseas firms “with woeful human rights records” to profit from the projects.

Cases referenced by Scottish Labour leader Anas Sarwar include the Marubeni Corporation that, in partnership with Perth-based SSE, has been awarded rights for the floating offshore wind turbine site now called Ossian.

The Japanese organisation paid a multimillion-dollar penalty in connection with a decade-long scheme to bribe Nigerian government officials for engineering, procurement and construction contracts.

For decades, Scotland’s economic story has been tied to energy — first oil and gas, now renewables — and each transition has been presented as a chance not just to generate power, but to generate wealth, jobs and industrial strength.

When North Sea oil transformed the economy in the late 20th century, it created tens of thousands of jobs and sustained entire communities. Even as the industry declined, political leaders repeatedly insisted the next phase — the shift to renewables — would not repeat the same mistakes.

Among the key voices was former First Minister Alex Salmond, who argued Scotland’s vast natural resources could underpin a new industrial future.

But unions have since raised concerns over Scotland's green energy revolution after exports halved in just three years, raising concerns about whether the Scottish Government's renewables push is delivering for the country.

Despite billions pouring into wind farms and low-carbon projects, Scotland was earning less from its green sector while sending more money out of the country — with the shortfall totalling more than £2.1 billion over the past 11 years.

Official estimates revealed exports plunged to just £644 million — down from more than £1.3bn in 2021 — while imports surged past £1.2bn, leaving Scotland spending hundreds of millions more overseas than it earns from selling green energy goods abroad.

The export and imports relate to goods and services from Scotland's low-carbon sector sold and brought it to and from overseas — such as equipment, engineering and specialist work — rather than energy generation itself.

Critics say the boom relies heavily on imported equipment, meaning much of the money is flowing out of Scotland.

It prompted concerns from the STUC in the wake of past Scottish Government promises about green energy-led prosperity.

The Scottish Government said it would continue to engage with industry to identify trends, inform policy development and target support where it will have the greatest impact.

They said the £26.5bn projected developer spend in Scotland "remains substantial".

"The Scottish Government remains committed to maximising economic value from these projects, to retain investment, jobs and supply chain opportunities within Scotland," said a spokesman. "We will continue to work in partnership with developers and businesses, including through the Scottish Offshore Wind Energy Council and the Offshore Wind Industry Council, to explore ways to further support supply chain opportunities."