WORKFORCE INSIGHT 2023

OEUK OFFSHORE ENERGIES UK

The people powering the energy transition

OFFSHORE ENERGIES UK

An integrating offshore energy industry which safely provides cleaner fuel, power and products for everyone in the UK.

Working together, we are a driving force of the UK's energy security and net zero ambitions. Our innovative companies, people and communities add value to the UK economy.

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WORKFORCE INSIGHT 2023

Contents

Foreword

Katy Heidenreich, Director
Supply Chain & People
Offshore Energies UK

Decarbonising our economy is one of the biggest engineering projects this country has ever faced and the people across our entire industry have an invaluable part to play, as this report shows.

Attracting and retaining the talent we need to seize the opportunities ahead is a serious challenge as we transition to a low-carbon economy.

This report aims to broaden awareness of these issues and ensure decision makers are accurately informed as they develop the policies necessary for this fundamental shift.

Key to a UK-built net zero economy is the retention of the offshore oil and gas supply chain. Its workforce and associated skills will be invaluable over the coming decades. These skills have enabled people to enjoy richly rewarding careers over five decades of North Sea activity and now we are looking ahead to the next half century. Research shows there is ongoing demand for people skilled in operations, engineering, project and supply chain management.

It also shows that nine in ten of our workforce possess skills that can be readily deployed in the offshore renewables sector. This wealth of skills supports the government's obligation to deliver net zero greenhouse gas emissions by 2050. The opportunity for home-produced energy and new jobs is enormous but it will rely on fiscal stability and an attractive investment environment.

UK offshore energy companies could invest £200bn in homegrown energy alone and help the UK reach 50 GW of wind capacity, 10 GW of hydrogen capacity and contribute to UK oil and gas supply while scaling up at least four clusters of carbon capture and storage projects by 2030. That's what the future

could look like. However, for a successful managed transition, the decline in oil and gas must be matched or exceeded by growth in renewables.

This year, we've focused on research that drills deeper into plans for the future. It highlights the importance of stimulating investment in the sector so that we can transform the supply chain and create jobs and drive economic growth in the UK. With Robert Gordon University, OEUK developed the supply chain spend visibility tool, which informed the employment modelling used in producing the *Powering up the Workforce* report.

This presents a range of workforce outcomes based on the extent to which governments and industry realise their energy transition targets. This research shows we've got a long way to go and collective action will be vital. As the leading representative body for the UK's integrating offshore industry, OEUK is well positioned to bring a holistic approach to solving the challenges facing the integrated energies workforce.

Our members include over 400 organisations with an interest in offshore oil and gas plus hydrogen, offshore wind and carbon capture and storage technology. We have long promoted cross-sector collaboration between industry, UK and devolved governments, trade unions and training providers. RGU's *Powering up the Workforce* report, published in September, shows cross-energy sector cooperation is the route to delivering high skilled jobs, a growing economy, and a successful energy transition. There are many examples of co-operation and collaboration.

OEUK is working with training standards body OPITO, RenewableUK, the Global Wind Organisation and Engineering Construction Industry Training Board to deliver a skills passport so that people can move seamlessly between sectors. We're focusing on mapping career pathways between sectors, so people in our current workforce and new entrants can see the potential for their career to span both oil and gas and renewables.

There's more that we can do and will do. Working together, we can be more effective in maximising our reach into under-represented groups. Expanding the breadth of our pool of talented people and actively promoting awareness of good quality jobs and inclusive working cultures will help all sectors retain and attract the skilled people we need to deliver climate change targets. Cross sector collaboration and collective planning will be key to making this a reality.

Executive summary

1 We have a fantastic workforce with highly transferable skills that are crucial to achieving the UK's net zero targets.

The people in our workforce are among the most highly skilled and best equipped in the world. Building on more than 50 years' experience of North Sea operations, they are committed to meeting the highest standards of health, safety, and environmental performance.

Based both onshore and offshore, the skills they use to produce oil and gas are exactly what are needed to unlock the low-carbon energy of the future. More than 90% of the UK oil and gas workers possess skills that have medium to high transferability to the offshore renewables sector.

It is essential we manage the energy transition strategically to avoid undermining livelihoods and jeopardising the future employment of people in energy industry communities all over Britain.

In September, the Robert Gordon University published its 'Powering up the Workforce' report, which examines the potential growth in UK jobs should the government's British Energy Security Strategy realise its goals.

The offshore energy workforce could then expand by almost 75,000 to 225,000 by 2030.

For this to become a reality, however, our sector, including oil and gas, CCS and hydrogen, requires timely and increased investment and a stable and competitive regulatory and fiscal environment.

Put simply, the UK must be an irresistible place to do business. Failing to act now means we'll lose out to other regions around the globe and miss the huge opportunity to deliver a home-grown energy transition.

Steps to delivery:

- Governments need to drive investment into both oil and gas production and renewable energy, particularly offshore wind. This will ensure a visible and sustainable pipeline of confirmed work that will encourage the supply chain to recruit and develop personnel in a timely fashion.
- Voluntary targets for local content need support in the form of revised contracts for differences and a supportive low-carbon procurement policy .
- Educational establishments must be supported by industry and governments so they can future-proof skills in the UK, such as engineering, geoscience and data science.

2 Prompt investment is needed to tackle the problems of energy security, affordability and to accelerate our journey to net zero.

OEUK's *Economic Report* revealed that up to £200bn could be invested in offshore energy projects in the remainder of the decade.

Without government support the supply chain network that provides goods and services to oil and gas, offshore wind, hydrogen and carbon capture and storage projects will wither.

Countries with more attractive incentives, such as the US with its Inflation Reduction Act, are already securing investment. Without investment and support, skilled people and energy assets in the UK will not be there in sufficient numbers to support the energy transition. Instead of growing by 75,000 new jobs as the RGU report finds, the workforce could fall by 20,000 by

2030. A successful transition, by contrast, will see the UK offshore energy workforce rise by around 50% to 225,000 by 2030.

But the time to act is now: there is a crucial window of opportunity for the workforce between 2024 and 2028. That is when the UK supply chain capacity/capability can be sustained and developed and the transferability of the offshore energy workforce can be optimised.

Steps to delivery:

- Joined-up thinking and collaboration between industry, devolved and UK governments, trade unions and training providers and academia are needed to equip the existing workforce and attract new entrants to the exciting future ahead.
- Establishment of a single body, co-ordinating skills in each devolved nation, to enable more efficient collaboration between employers, education providers and sectors.
- A higher value placed on the existing collaborative efforts and a streamlined approach to ensure the right people are in the right place at the right time, with government support.

3 Support a diverse workforce with good jobs now and for the future.

There is one integrated energy supply chain. For decades, workers have moved seamlessly between oil and gas exploration and production, nuclear power plant construction and wind farm installation.

To protect and expand the number of jobs required for net zero emissions, cross-sector collaboration and planning will be key. The offshore energy industry must also ensure it leaves no groups under-represented as it widens the talent pool, promoting good-quality jobs and inclusive working cultures.

Steps to delivery:

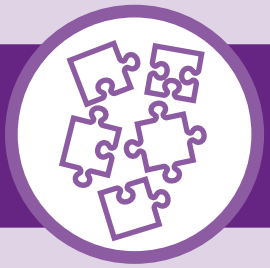
- Cross-energy-sector co-operation is the route to delivering highly skilled jobs, a growing economy and a successful energy transition.
- Industry will promote the importance of high-quality jobs – offering security, career development, employee voice and effective leadership.
- Vocational pathways are needed to recruit more people with technical trades.
- Governments must continue to support the industry to develop a Skills Passport that facilitates workforce transferability between sectors.
- Government and industry must champion diversity, equity and inclusion across the whole energy sector, removing barriers to opportunity at every stage, recognising milestones in progress.
- Industry will ensure that the new offshore energies continue to champion the highest standards of workforce health, safety and environmental care.
- Through policy and regulatory consistency, government must make it clear that the energy sector supply chain and jobs are at the core of UK plc and crucial to a managed, fair transition.

Key findings

We have a fantastic workforce with essential and highly transferable skills crucial to achieving the UK's net zero targets

Total spend could reach **£200 billion** this decade in oil & gas, offshore wind, CCS and hydrogen but about half of it is in planning or awaiting company or government approvals

Current skills landscape is complex



Workforce supporting offshore energy could expand by almost **75,000** to **225,000** by 2030 if the government's British Energy Security Strategy realises its goals

There's ongoing demand for people skilled in operations, engineering, project, procurement and supply chain management

Continued focus on equity, diversity and inclusion will help broaden talent pool, address potential skills shortages and support innovation

Rising demand for people skilled in technical trades and vocational disciplines

Calls to action

Governments must continue to support the industry to develop a Skills Passport that facilitates workforce mobility between sectors

To attract investment we need competitive regulatory and fiscal regimes

Collaboration across energy trade associations and skills bodies, energy companies , education and governments vital to secure the skilled workforce of the future

Through policy and regulatory consistency, the government must demonstrate the domestic energy sector supply chain & jobs are crucial to delivering a managed transition

Establish a single skills coordinating body in each devolved nation to improve collaboration between employers, education providers and sectors on a strategic approach to skills requirements

Governments and industry to champion diversity, equity and inclusion across the entire energy sector

Reform apprenticeship levy; boost understanding of apprenticeships as valuable alternatives to university degrees /academic qualifications

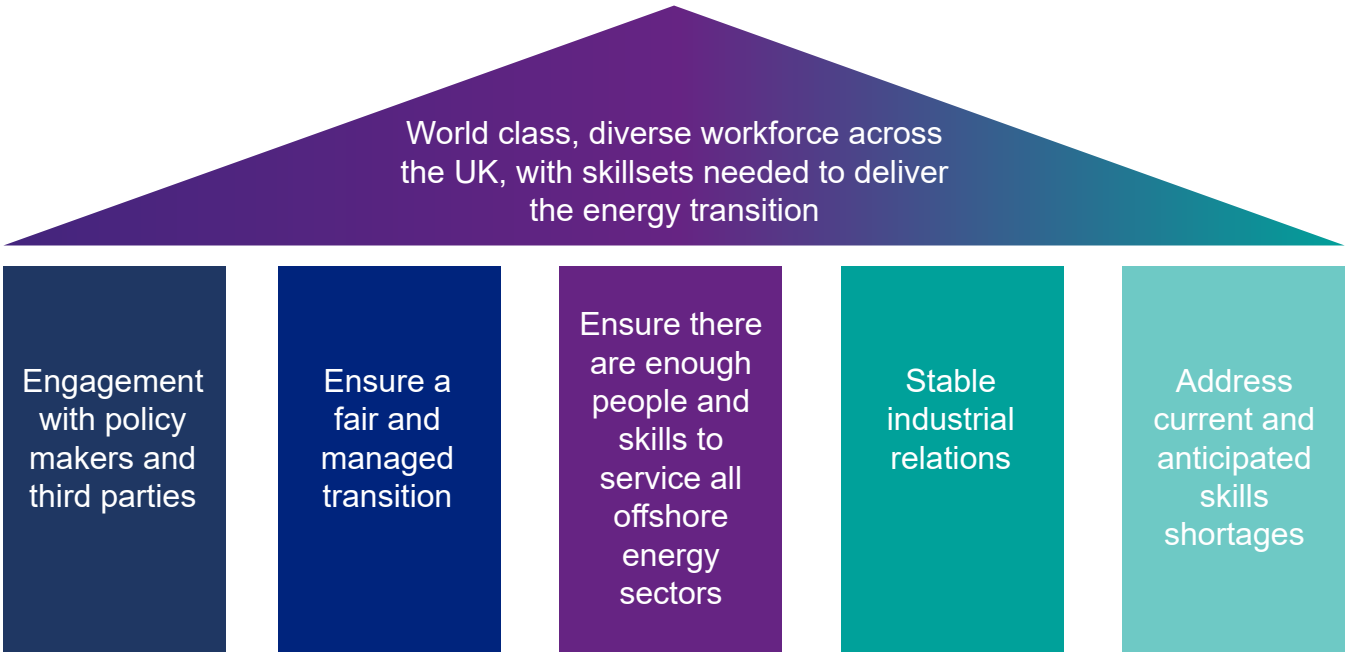
Opportunities – and challenges – for the workforce in offshore energy

As documented in OEUK's 'Harnessing the Potential' report, the UK has a well-developed domestic supply chain, with 50 years' experience of oil and gas output.

Many such companies are already diversifying their activities in order to embrace the opportunities in offshore wind, CCS and hydrogen.

Managing this transition in a holistic and joined-up way is essential if the traditional oil and gas supply chain, including skilled people and assets, is to remain anchored here in the UK.

OEUK's 2023 priority employment workstreams therefore have five strategic themes (*see below*), with the overall aim of building a world-class, diverse workforce across the UK to provide the skills on which a successful and a managed energy transition will depend.



North Sea Transition Deal

Published in 2021, the North Sea Transition Deal (NSTD) included commitments relating to 'People and Skills.'

These included: mapping demand for future energy skills; transferable skills; industry support for the GeoNetZero Centre for Doctoral Training; high employment standards; and equality. This report picks up and elaborates on these themes below.

The need to manage the transition partly explains OEUK's call for government policy decisions that will encourage investors in both oil and gas production and low-carbon energy. Competitive regulatory and fiscal regimes are essential.

In September, RGU published a report *Powering up the workforce*[1] which, as described earlier, covers a range of scenarios based on investment levels and the associated implications for workforce numbers.

It also shows fewer oil and gas jobs and more in the wind, CCS and hydrogen sectors between now and 2030. This forecast is based on figures from the respective industry association groups as well as UK and Scottish government agencies.

[1]https://www.rgueti.com/wp-content/uploads/2023/09/powering-up-the-workforce.pdf

A successful, managed transition

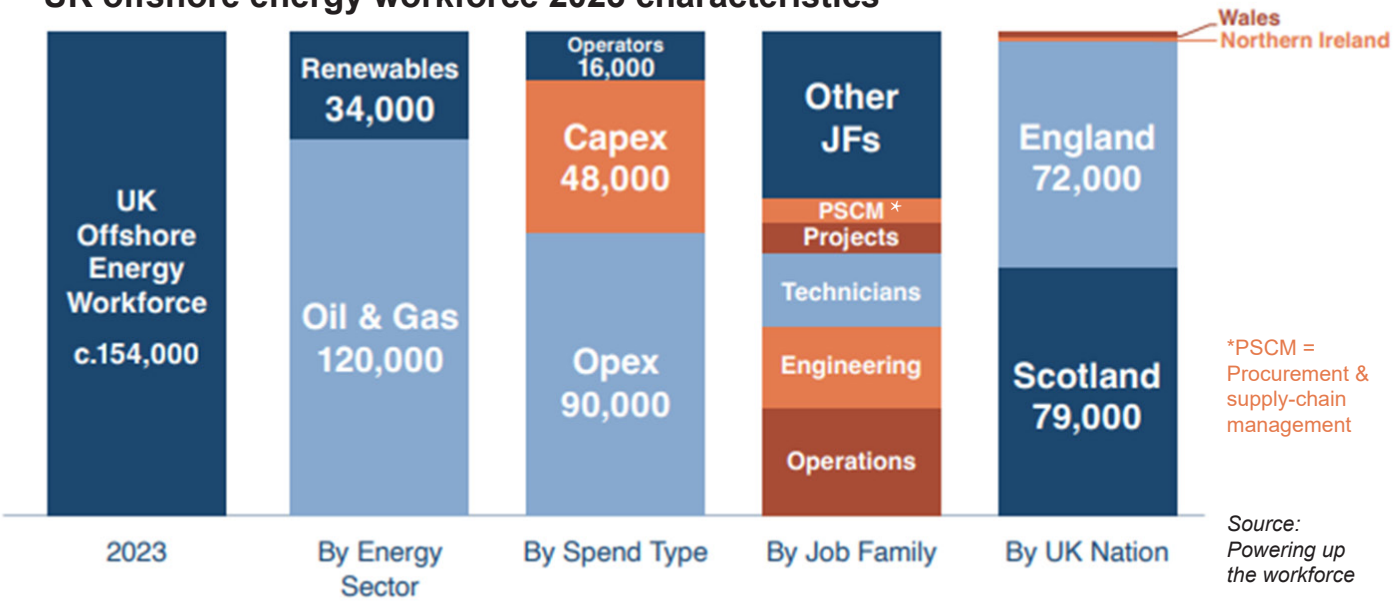
Research has shown that more than 90% of the UK offshore oil and gas workforce can move relatively easily between sectors. But that transferability only makes sense if there is a demand for those skills. The RGU report identifies a 'Goldilocks' window of opportunity between 2024 and 2028 when the reduction in the oil and gas workforce can be offset by growth in other energy sectors.

Armed with this knowledge, industry, governments, academia and training providers can plan collective interventions that deliver a transition that is as fair as possible and oil and gas workers and their communities are not left behind.

Operations, engineering, technical support, project management and procurement/ supply chain management will continue to be the roles most in demand. But while subsurface, geoscience, drilling and facilities management disciplines will be required in fewer numbers in the new sectors, these skills will be needed in the future. Programmes such as the GeoNetZero Centre for Doctoral Training, a programme of research and training set up to address key areas in geoscience and their role in the low-carbon energy transition and the challenge of net zero, are an important element in this.

Figure 1

UK offshore energy workforce 2023 characteristics



Source: Powering up the workforce

The GeoNetZero Centre for Doctoral Training

The GeoNetZero Centre for Doctoral Training (CDT) was established in 2014 to help train geoscientists through a partnership of 17 universities and industry for today's energy challenges. Originally funded by the National Environmental Research Council, the CDT is now fully industry funded, and continues to offer 20 weeks of bespoke training accredited by the Geological Society. To date, the CDT has recruited more than 170 students and all of those who have graduated from the programme have been employed in relevant geoscience disciplines.

Students undertake a wide range of subjects, including CCS, wind, hydrogen, geothermal and tidal energy. The CDT, which has been led throughout by Professor John Underhill, formerly at Heriot Watt University but now Interdisciplinary Director for Energy Transition at Aberdeen University, is the only training and research entity included in the NSTD (*see page 11*).

The NSTD includes a commitment to deliver a managed transition by minimising barriers to people transferring between offshore energy sectors and enabling recognition of transferable skills, competencies and certifications. The development of a skills passport is a critical aspect of the work to ensure that:

- Qualifications are mutually recognised across sectors;
- An individual's training records from multiple source systems (including Connected Competence, Vantage) can be displayed in one location;
- Less time and money are spent completing duplicate training;
- Potential career pathways are visible and the workforce can see the training requirements.

Training standards body OPITO, with the close support of OEUK, RenewableUK and the Global Wind Organisation (GWO), is leading the skills passport project which involves two critical elements:

- Skills mapping to identify qualifications that can be mutually recognised and/or modified to ease the transition and develop career pathways to the benefit of both employers and employees.
- A digital solution that will interface with awarding bodies to provide a central database for training records and career pathway information that is accessible to employers, employees and those wishing to explore careers in energy.

The project also involves an important group of stakeholders, including both UK and Scottish governments, oil and gas operators, offshore wind developers, major contractors and trade unions. Delivery of the passport is scheduled for the end of Q1 2024.

Connected Competence

The contractor-led Connected Competence programme, enabled by the Engineering & Construction Training Board (ECITB) and endorsed by the offshore operating companies, is a clear example of the commitment to make sure the workforce remains safe, highly skilled and able to transfer easily between sectors.

The purpose of Connected Competence is to assure a common base level of technical competence as a given requirement, similar to the advantages of sector-wide safety training.

Connected Competence raises efficiency and productivity by standardising base technical competence. It helps eliminate unnecessary training, creating a workforce with recognised, transferable engineering skills.

As the workforce continues to grow and develop new skills, Connected Competence means certificates and competence records remain with the individual and are accessible online. The output from the Connected Competence process will be recognised and integrated into the Energy Skills Passport, allowing for a seamless transfer between companies and energy sectors.

Digital skills

The Data and Digital Maturity survey 2023 conducted by the Offshore Energy Digital Strategy Group highlights the critical role of such skills in the energy sector's journey. There is a shortage of digital and data skills and this could prove an obstacle if these technologies are to be fully realised.

They are essential for the transition to cleaner energy production and ultimately UK net-zero targets.

The survey report recommends that industry and government stakeholders foster a culture that encourages data-driven work practices and equips employees with the skills and knowledge needed.

It highlights the important role that collaboration between the different stakeholders in the energy sector – operators and the supply chain alike – will play in effective cross-industry digitalisation.

Joined up thinking

A simplified skills landscape, including more collaboration, would also increase the value of existing efforts and limit the scope for duplication.

Existing efforts appear fragmented, with several government led/NSTD-related task forces working on common areas related to policy reform, building supply-chain capability/ raising local content and addressing current and future skills challenges.

As a leading representative body for the UK's integrated offshore energy industry, OEUK is well positioned to drive a more co-ordinated approach to addressing the growing demand for skilled people across the sector. To this end, OEUK is hosting a skills and jobs summit, with other leading trade bodies, in February 2024.

The summit will convene a wide group of inter-energy trade associations and skills bodies, energy companies, academic and government representatives to participate in a workshop style event with the objectives of:

- Identifying specific collective actions to address the shared challenge of skills shortages and agree responsibility to lead these – what levers can we pull?
- Pooling resources and agreeing how to work together across the broad energy industry;
- Encouraging sectors to collaborate, not compete;
- Identifying any absent stakeholders.

A single skills body for each devolved nation

We are hoping to partner with our counterparts in the wind, CCS and hydrogen industries and to engage the relevant skills bodies to agree priorities and take actions forward.

The transition to net zero will be the biggest series of engineering projects this country has ever seen, and that calls for co-operation with UK and devolved governments, trade unions, industry and academia to deliver high skilled jobs and economic growth. Our industry has benefited from having a single organisation as a focal point for skills development in Scotland, Skills Development Scotland (SDS, *see below*).

This has facilitated industry-government collaboration on programme development and skills interventions when the industry has experienced difficulties as well as in more prosperous times.

The ECITB is another example of how a national body can leverage the combined efforts of industry and academia to train people for the specific skills needed.

Skills Development Scotland (SDS)

Skills Development Scotland (SDS) is a government-funded organisation that serves as a critical link between individuals, education providers, employers and businesses. It provides career guidance, training, and support, aiming to reduce youth unemployment and offers online resources for learning and employment. It operates regionally, catering to local needs. SDS is a key player in Scotland's workforce development and economic growth.

The framework of Local Skills Improvement Plans (LSIPs) in England, though led by employer-representative bodies, is less efficient and tougher to navigate for an industry looking to resolve energy sector workforce challenges in the UK. Therefore, an overarching single contact point acting as an intermediary would be welcomed .

Vocational pathways

Meeting the rising demand for skilled technical trades, for example scaffolders and technicians, will require a different approach to promoting vocational pathways. For example, a recent report 'Skills for a Jobs Transition' published by the Future Energy Skills Programme Board states: "In the UK, we do not currently have enough young people choosing the vocational education route, favouring the university option which is resulting in a disproportionate amount of people entering the workforce who are overqualified and who do not possess the skills we currently need and will need in the future."

Engineering UK has published the results of its inquiry, run by Lord Knight and Lord Willetts, which has produced a five-point plan to bridge the gap: *Fit for the Future: Growing and sustaining engineering and technology apprenticeships for young people*[2].

However, several barriers have recently led

National Energy Skills Accelerator (NESA)

National Energy Skills Accelerator (NESA), established in June 2021, is a collaborative initiative between Robert Gordon University, the University of Aberdeen and North East Scotland College and is supported by key partners Skills Development Scotland and Energy Transition Zone.

NESA works with relevant businesses and training organisations to help create a more flexible and resilient workforce.

NESA promotes and delivers the skills development programmes required to ensure business has ready access to a competent workforce to accelerate the long-term drive towards meeting net zero targets.

OEUK and NESA are developing a Memorandum of Understanding to document and build on current collaboration.

[2]www.engineeringuk.com/researc-policy/fit-for-the-future-growing-and sustaining-engineering-and technology-apprenticeships-for-young-people/

to a decline in the number of apprentices recruited. These include: limited resources for businesses; concerns about training quality; the impact of the pandemic; lack of awareness and signposting; and financial obstacles.

This led Engineering UK to produce "a Five-Point Plan to grow engineering and technology apprenticeships." The five points are:

- Ensure that the secondary school system is fit for the future and there is genuine parity of esteem between technical and academic pathways.
- Provide better support for young people throughout their apprenticeship journey.
- Ensure long-term funding for apprenticeships at all levels and greater equity between vocational and academic routes.
- Enable more SMEs to play an active role in apprenticeships.
- Encourage employers to play their part in growing and sustaining apprenticeships for the future.

Action on apprenticeships

By dispelling misconceptions about apprenticeships, strengthening collaborations between industry and schools and implementing the Five-Point Plan, we can rejuvenate vocational pathways and meet the growing demand for skilled workers across the various offshore energy sectors.

Vocational pathways for young people and the economically inactive could help satisfy the shortfall in technical trades.

Generating a greater uptake in technical apprenticeships requires ongoing and good quality opportunities in all disciplines.

Teachers, parents and employers need to understand that the apprenticeships route can be the better one in terms of career potential. Many of today's industry leaders started as apprentices.

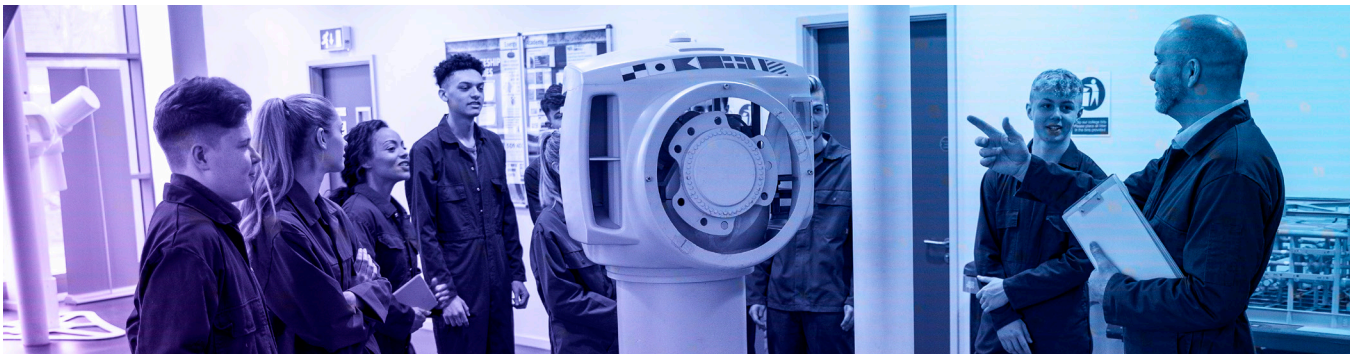
We need to promote flexible pathways such as Foundation and Graduate apprenticeships, engaging industries and schools to make it clear that they are open to all; or working with organisations like Developing the Young Workforce (DYW) to demonstrate the breadth and potential of opportunities throughout the offshore energy sector.

DYW plays a key role in building links between industry and schools, enabling quality work placements and opportunities to showcase career pathways. Every secondary school has a dedicated schools co-ordinator in DYW. This makes it much easier to organise company visits and offer work experience or mentoring. It also improves equality of opportunity as all schools are included.

OEUK and DYW are working with Skills Development Scotland (SDS) to run pilot sessions for careers advisers at schools, colleges and universities in northeast Scotland to share the depth and breadth of opportunities in the energy industry. If successful, these sessions will be rolled out across Scotland.

To enable employers to recruit more apprentices, graduates and other new entrants, employers must be assured of a visible and sustainable pipeline of work that will enable the supply chain to invest early in recruitment and development of personnel.

A reformed apprenticeship levy that will address skills gaps by providing the flexibility needed to meet employers' needs in all devolved administrations should be considered.



Case study: OEUK Wells Forum pledges support to DYW

OEUK was awarded the Young Persons Guarantee by Developing the Young Workforce (DYW) in July 2023. Our work with DYW moved up a gear when DYW attended the ShareFair event in February.

In the same month, OEUK Wells Forum raised concerns about attracting the next generation into the energy industry. OEUK Operations Manager Keith Wise wanted to build on the immediate collective willingness of 40 senior managers to get involved. Working with OEUK colleagues, who involved the Developing the Young Workforce Northeast team, five members of the Forum began working with DYW; in September, a further 18 companies pledged support and will work with DYW to develop an introductory energy framework for young people. This will be a template for designing further placements for work in the energy sector.

Employers will not have the confidence to spend unless government is committed to policy decisions that will encourage investment in oil and gas production and renewables, particularly offshore wind, as well delivering local content targets.

Employment data

The energy sector provides important job opportunities nationwide. By 2030, offshore energy spending could be 50% greater than it is now, but this will only be realised if the UK can attract companies and retain them.

Investment leads to activity which in turn leads to jobs. Because it accounts for 70% of the UK's energy production, oil and gas activity supports the bulk of offshore energy jobs. Data from both RGU's 'Powering up the Workforce' and the Energy Skills Intelligence Hub[3] show that direct and indirect oil and gas jobs account for around four in every five of the total UK offshore energy workforce .

OEUK estimates just under 220,000 roles were supported by oil and gas activity last year (on a direct, indirect and induced basis), which is consistent with the trend in recent years. This level of employment is closely related to levels of offshore expenditure and activity. This in turn explains OEUK's concern that relatively low investment in North Sea oil and gas activity will translate into fewer jobs. People working in these roles provide some of the most significant contributions to the UK economy.

While oil and gas activity supports about 0.7% of total employment, it represents around 1.5% of the economy with almost £30bn of gross value-added in 2022.

Oil and gas activity supports employment in three ways. OEUK estimates the following figures for each kind of employment: direct, indirect and induced.

Direct: around 30,000 people work in companies that provide specialist goods and services with a focus on oil and gas projects.

Indirect: around 100,000 people work in the wider supply chain whose roles are supported by oil and gas activity.

Induced employment: around 90,000 people in energy communities across the UK whose jobs are only viable because of the oil and

[3]https://www.enegyskillshub.co.uk

gas industry is active in the local economy.

Complex projects and operations require a wide range of specialist goods and services. OEUK has identified 36 industries that support oil and gas supply projects in this way, ranging from administration and support services, through to financial services, transport and logistics, steel and construction. These sectors would suffer significantly without oil and gas demand.

So many industries support oil and gas production that there is work all over the UK, not just in the major energy industry centres such as Aberdeen, Teesside and East Anglia. The regional diversity of the energy workforce will increase in the years to come as demand from offshore wind, CCS and low-carbon hydrogen grows further. These parts of the sector are likely to have a lower concentration of workers in Scotland than the oil and gas sector.

People working in oil, gas and offshore wind are at the heart of the energy system and will be vital to the success of the transition as it gathers momentum later this decade. This has been reinforced by the Offshore Wind Industry Council (OWIC) which says that the skills people have acquired from decades of oil and gas production provide the offshore wind sector with a golden opportunity.

As other parts of the offshore energy sector, such as offshore wind, mature and develop, their employment footprint and future skills requirements become better understood.

The workforce that supports offshore wind could grow from just over 32,000 now (54% directly and 46% indirectly) to more than 100,000 by 2030.

As OWIC recognises, those working on offshore wind construction are also working on oil and gas projects, for example in steel fabrication.

OWIC has outlined the breakdown of the current offshore wind workforce, but the categories and approach differ from those used in OEUK's oil and gas modelling. Offshore wind needs to take a skills-based approach owing to its projected expansion but an aligned approach is important.

Organisations such as the Institution for Engineering & Technology and the Carbon Capture and Storage Association also appreciate that the skills that a CCS industry will depend on can be found now in oil and gas projects.

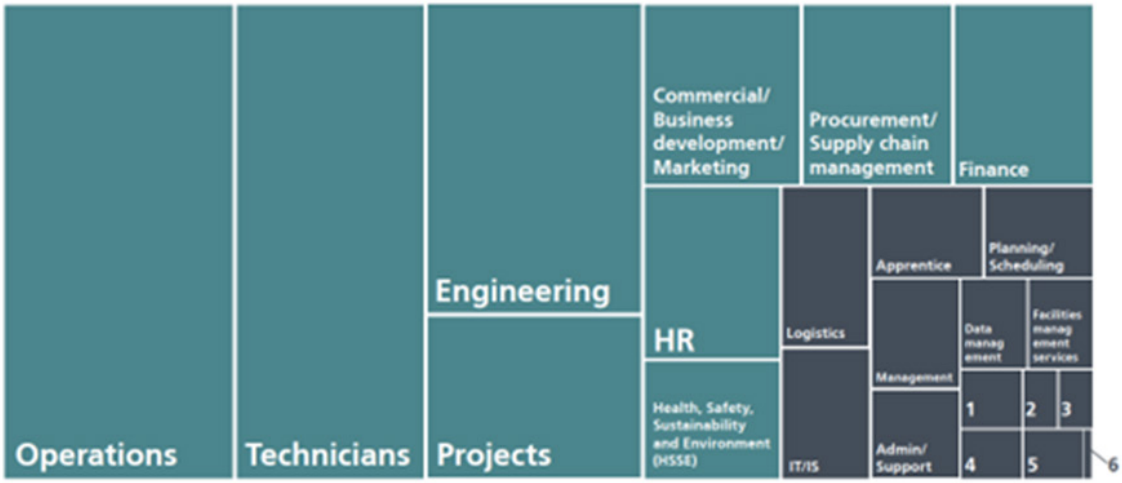
RGU has said by 2030, four in five workers supporting oil and gas, offshore wind, CCS and hydrogen will fall into one of nine key categories (*see Table 1*).

Because some of the roles will be so highly valued by the new energy sectors as well, current and future skills requirements and challenges must be considered from both perspectives. A streamlined approach to workforce modelling and tracking needs to be agreed, to avoid fragmentation into different parts of the sector. OEUK is working closely with governments and partner trade bodies to ensure this risk is factored in early.

Table 1

Key findings

Around 80% of the UK offshore energy jobs in 2030 are projected to be in nine key job families



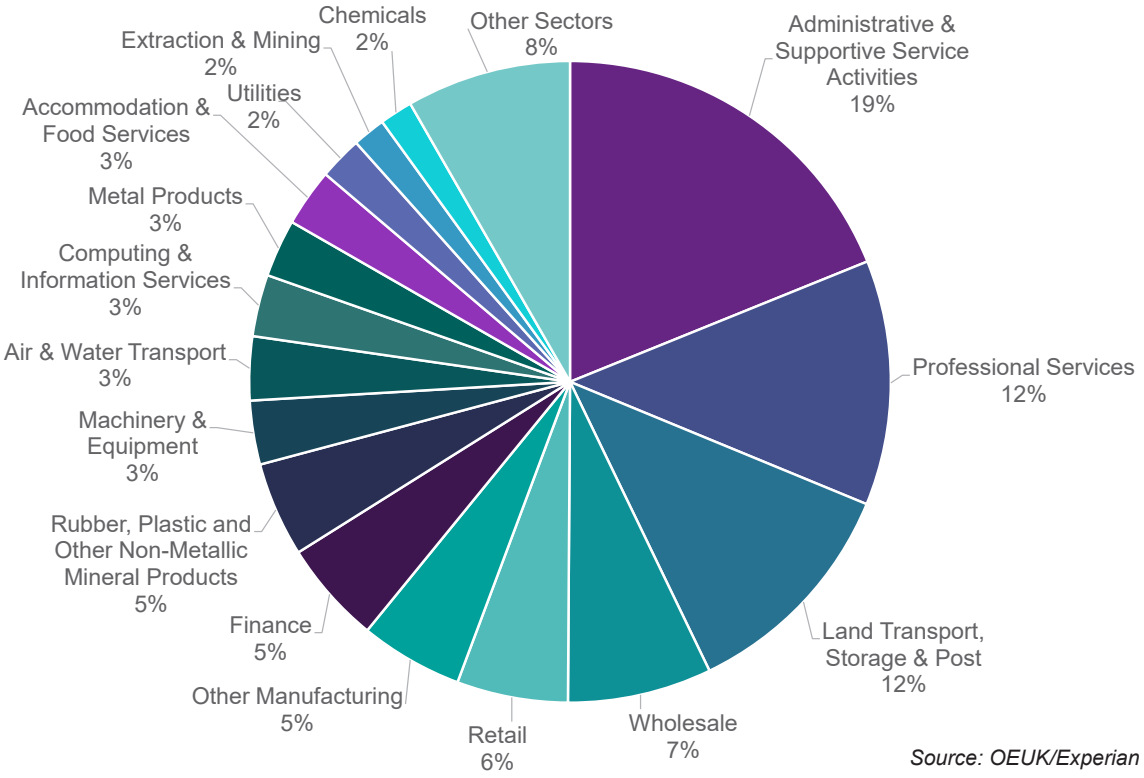
Source: RGU/ Powering up the workforce

Figure 2

Oil and gas supports jobs across all areas of the UK

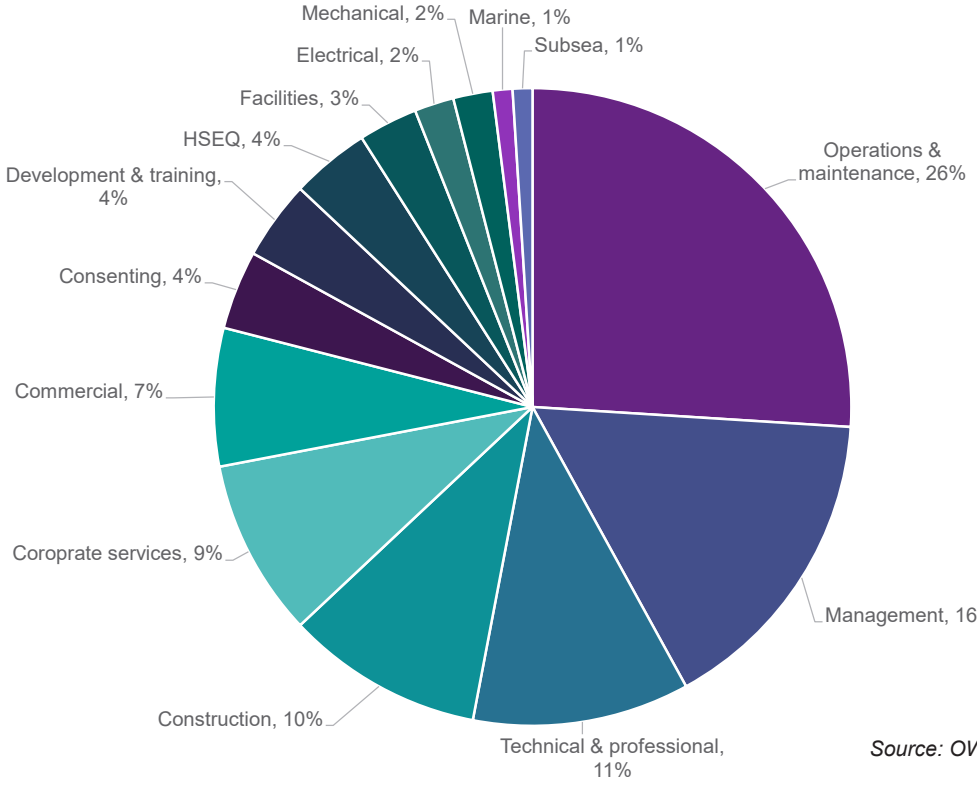
Source: OEUK,/Experian

Figure 3
Oil and gas indirect employment



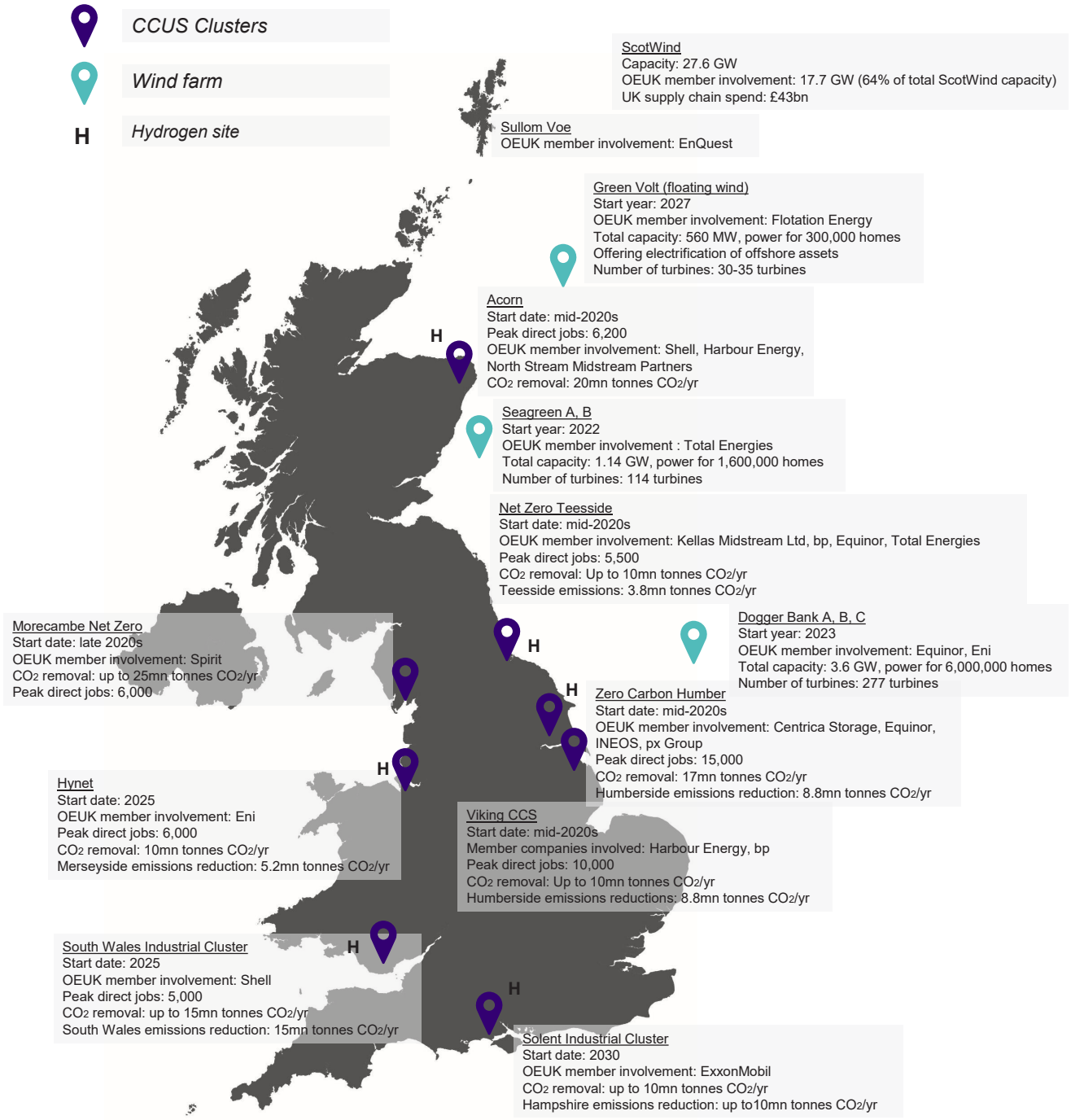
Source: OEUK/Experian

Figure 4
Offshore wind employment



Source: OWIC/Opergy

Figure 5
Examples of OEUK member projects in offshore wind, hydrogen and CCS



Source: OEUK

Oil and gas offshore workforce statistics

This section provides a snapshot of the current offshore oil and gas workforce, defined as those whose work takes them offshore. This includes core workers (those who spend over 100 nights/year offshore) and those who work offshore on a more ad-hoc, or non-core, basis. About one in six workers in the total direct and indirect workforce are 'core workers'.

Table 2	2020	2021	2022	2020-2022 % diff.	2021-2022 % diff.
Offshore travellers	**38,846**	**36,946**	**38,933**	**0.22%**	**5.10%**
Non-core workers	22,630	19,201	19,684	-14.97%	2.45%
Core workers	16,216	17,745	19,249	15.76%	7.81%

38,933

In **2022, 38,933** workers travelled offshore, almost **2,000** more than in 2021 – a year greatly affected by pandemic restrictions. On average there were **9,276** people working offshore at any one time.

1/5

The bulk of this increase **(1,500)** was core workers. But the total number of travellers was significantly lower than before the pandemic, down by about a fifth or over **10,000**, relative to 2019.

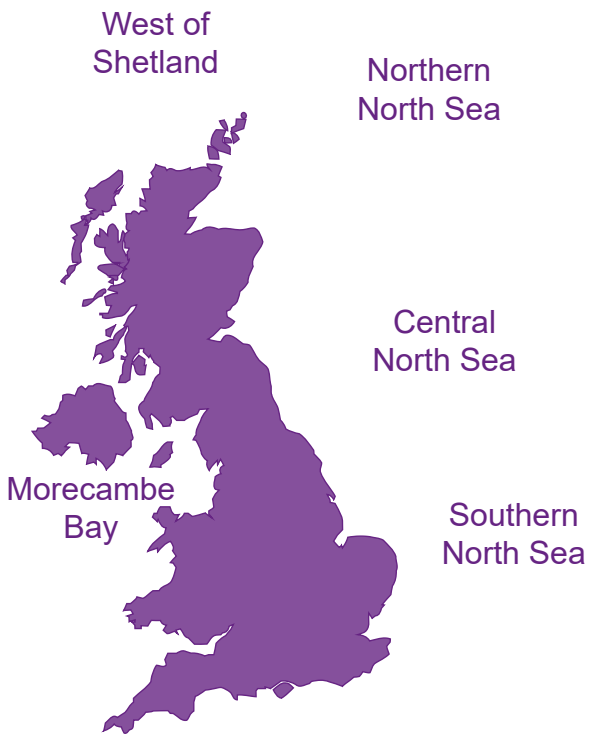
6,700

The numbers of core and non-core workers were roughly equal; and non-core travellers have reduced the most in recent years, down by almost **6,700** since 2019 (one quarter). This is likely to reflect fewer non-essential offshore trips taking place and may also be a sign that new technologies – such as use of drones – mean that fewer offshore visits are necessary.

Table 3 **Nearly all – 33,737 (87%) – the offshore travellers live in the UK, a similar proportion to 2021.**

Place of residence	Numbers	% of total
Scotland, *of which*	21,137	63
Aberdeenshire	10,161	30
England & Wales	11,964	35
Northern Ireland	232	1

Figure 6: distribution of UKCS workforce (by basin)



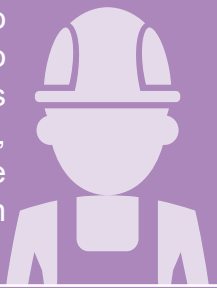
Region	No.	Percentages
Central North Sea	20,224	52%
Morecambe Bay	648	2%
Northern North Sea	4,112	11%
Southern North Sea	3,547	9%
West of Shetland	1,129	3%
Multiple	9,273	24%

The average offshore traveller is 44 years old (45 for core workers and 43 for non-core). This is a slight decrease from 2021 (45 overall, with 46 for core and 45 for non-core). All these people will be the core workforce in 2030.

Just over half (52%) of offshore travellers worked in the central North Sea, with 24% travelling to more than one region last year. This shows that the central North Sea is the greatest area of activity, home to almost 70% of the UKCS fields and accounting for around 55% of total offshore oil and gas production.

The UK is home to a world-renowned and highly exportable workforce.

Our workforce is highly valued across the globe. For example, Kent, a UK based global company that designs, builds, commissions and maintains assets across all energy sectors, is bringing to life its purpose to deliver responsible energy, and is leveraging its UK based talent for global operations from the US to Australia, Middle East to mainland Europe, on projects in asset emission reduction, fixed and floating offshore wind, CCS, green hydrogen and petrochemicals.



Diversity & Inclusion

To attract and retain talent, the sector needs to ensure it is also an inclusive and appealing place to work and therefore a sustained focus on diversity and inclusion in the workplace is vital. This was recognised by our commitment in the NSTD.

As with other comparable industries, the oil and gas sector still has some way to go in terms of improving representation of minority groups in its workforce and reflecting modern society better.

However, to reap the full benefits of a diverse workforce, it is vital to have an inclusive environment to enable every individual in an organisation to participate, contribute and achieve their full potential. Additionally, good D&I practices benefit businesses, according to the Chartered Institute of Personnel and Development.

The three main benefits are hiring and retaining staff; market competitiveness; and corporate reputation.

To improve this, the industry committed to regular employer and employee surveys as a means of measuring progress and change.

OEUK's Workforce (Employee) Survey aims to understand workforce sentiment in order to take the most effective action.

Following the 2021 survey, the OEUK D&I Task Group created two toolkits focusing on weak points. These are: 'transparent and flexible recruitment and promotion pathways'; and 'developing an inclusive leadership culture.'

Case study: ASCO delivers change with OEUK's D&I toolkit

ASCO is an international logistics company operating in nine countries with about 1,500 employees.

ASCO recognised the need to consolidate its equity, diversity and inclusion (ED&I) initiatives and bridge existing gaps. This led to the establishment of a global team of volunteers tasked with forming a committee focused on targeted improvements in the ED&I space. This proactive approach acknowledges the complexities faced by large organisations with international presence, where ED&I efforts can sometimes be fragmented because of insufficient dedicated resources.

To streamline and bolster their ED&I efforts, ASCO utilised OEUK's toolkits. These comprehensive resources provided ASCO with a structured framework for evaluating their existing initiatives, engaging in meaningful discussions with key stakeholders, and refining their goals and objectives. Benchmarking their current approach against the toolkits, ASCO discovered that it had already implemented several commendable initiatives, such as annual risk reviews, strategy focus groups and an ED&I committee with cross-country representation.

ASCO's journey toward greater ED&I involves quarterly focus themes, cultural awareness initiatives, expanded training programmes and translating key documents into local languages.

It is also exploring ways to attract women to traditionally male roles, implementing competency standards and career development processes and enhancing their HR system for improved ED&I reporting. ASCO also aims to contribute to industry-wide data efforts by collaborating with OEUK's D&I Data Subgroup to establish standardised metrics for workforce demographics.

OEUK's D&I toolkit can be downloaded at: www.oeuk.org.uk/toolkits/

OEUK D&I Employer Survey

OEUK's Employer Survey was launched in 2022 to identify the composition of the workforce and establish a baseline for sex, ethnicity, age, disability and sexuality. The employers were also asked whether they had previously collected D&I data and if not, why not; whether they had set D&I targets; and whether they measured the impact of D&I on business performance. Links between D&I performance and executive reward and voluntary ethnicity pay-gap reporting were also examined.

Because less than 5% of the 400 or more member companies responded and of those, only seven completed it with data other than age and gender, there is not enough information to share. The task group concluded that much more participation in the survey is needed for it to be meaningful.

At the time of writing, an OEUK Task Finish Group is developing guidance that members can use to improve the survey response rate.

2023 Workforce D&I survey results

By contrast, the employee survey results can be shared in summary, while full data analysis is underway at time of writing (mid-November 2023). In 2021, the overall sentiment index was 7.1/10. This year, that has increased slightly to 7.27/10 (*see Table 4*).

There was also a welcome improvement in sentiment relating to leadership, culture and the impact of D&I. Though the change is modest, it does prove progress has been made and that there is a sound base from which to build D&I initiatives.

Table 4

Employees score their company culture (out of 10)

	2021	2023
The UKCS D&I Index	7.1	7.27
Belonging & Openness	7.7	7.79
Respect	7.9	7.89
Career & Opportunities	6.9	6.88
Organisation	6.4	6.56
Culture	6.9	7.18
Leadership	7.2	7.43
D&I Impact	6.6	7.07
Flexibility	7	7.35

Source: OEUK

Gender pay-gap reporting

A key part of building a country that works for everyone is ensuring equal opportunities for all to fulfil their potential. Helping women to reach their full potential is not only the right thing to do: it makes good economic sense and is good for British business.

The measure of the gender pay gap is the percentage difference between average hourly earnings for men and women. Mandatory gender pay-gap reporting was introduced in 2017 as a way to help eliminate work-related gender gaps and help women to reach their full potential.

As well as pay gap figures themselves, employers are also encouraged to publish an action plan alongside their figures, demonstrating the steps they will take to close it.

The Office for National Statistics (ONS) highlights that at the height of the Covid-19 pandemic (2020), earnings estimates were affected by changes in the composition of the workforce and the impact of the Coronavirus Job Retention Scheme (furlough), which made it hard to interpret data; data collection disruption and lower response rates also meant that, for 2020 and 2021, there was more uncertainty about the accuracy of the data. Long-term trends, rather than volatile year-on-year changes, are now the focus.

The ONS reported that the pay-gap for full-time employees across all industries was 8.3% in 2022. This was up from 7.7% the previous year but still below the pre-Covid-19 level. It also notes that the pay gap is larger for those over 40 than for those below, at 10.9% and 3.2% respectively.

Since Covid-19, the pay-gap has narrowed most among managers, directors and senior officials, dropping from 16.3% in 2019 to 10.6% in 2022, suggesting more women are holding higher-paid managerial roles. The gender pay gap is wider in every English region than it is in Scotland and Northern Ireland.

Mean gender pay gap

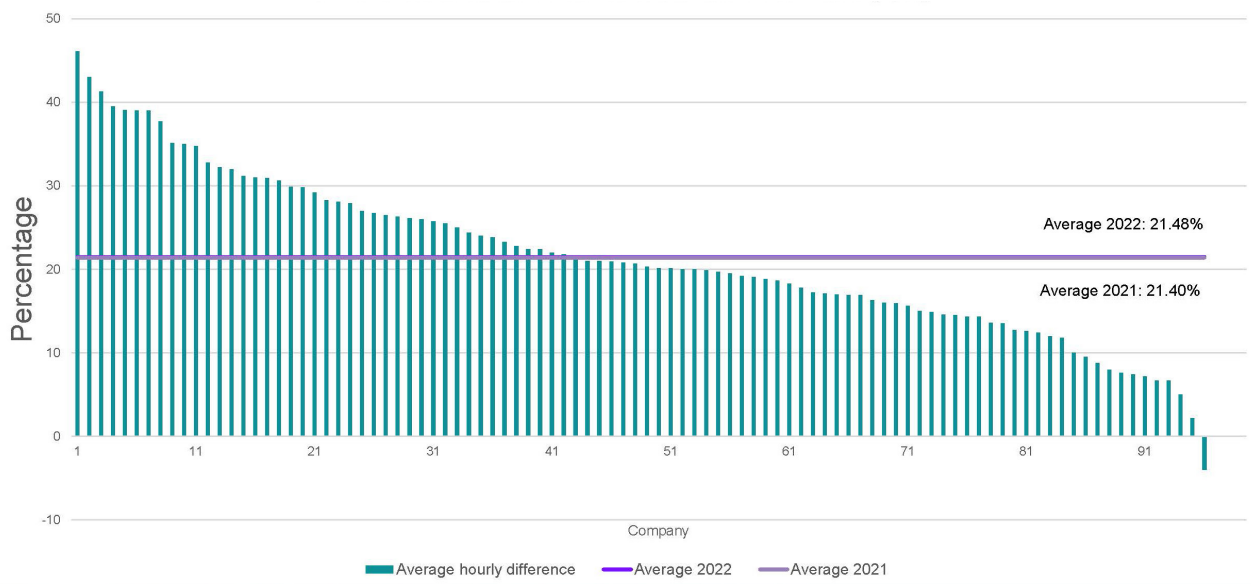
Analysis of our members' gender pay-gap reporting for this year (2022 snapshot date of April 5) reveals virtually no change in the mean gender pay gap. Figure 7 illustrates that the gap for both 2022 and 2021 has widened very slightly: 0.08%. This contrasts with the previous year's analysis, which showed a reduction of almost 3 percentage points between 2018 and 2021. The causes of the gender pay gap are complex and overlapping. Though there is no ‘quick fix’, given the speed at which the demographics of the workforce change, these results demonstrate there is no room for complacency and it will take continuous effort to eliminate the disparity.

Bonus payments

Between 2022 and 2023, there was a change in the percentage of male employees receiving bonuses, averaging about 61.92% (up from 57.69% in 2021), while for female employees it was around 60.22% (compared with 55.6%). This indicates a slight reduction in the gender gap where bonuses are concerned (*see Figure 8*).

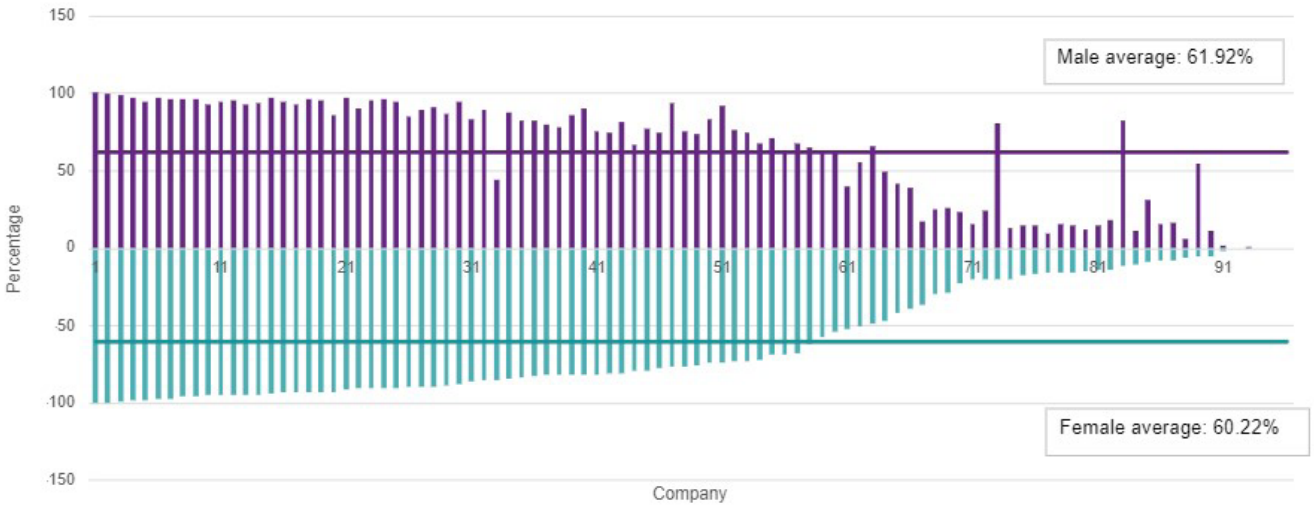
It is also worth noting that more employees received bonuses overall compared with the previous year.

Figure 7
Difference between men's and women's mean hourly pay



Source: OEUK/Companies

Figure 8
Percentage of staff that received bonuses in 2022



Source: OEUK/Companies

Women in highest/lowest paid quartiles

Figure 9 shows the percentage of women in the highest and lowest paid quartiles in each member company that reported. On average, the highest paid quartile has 23.72% of women, while in the lowest quartile they are about 46.91%. These numbers have not changed since last year.

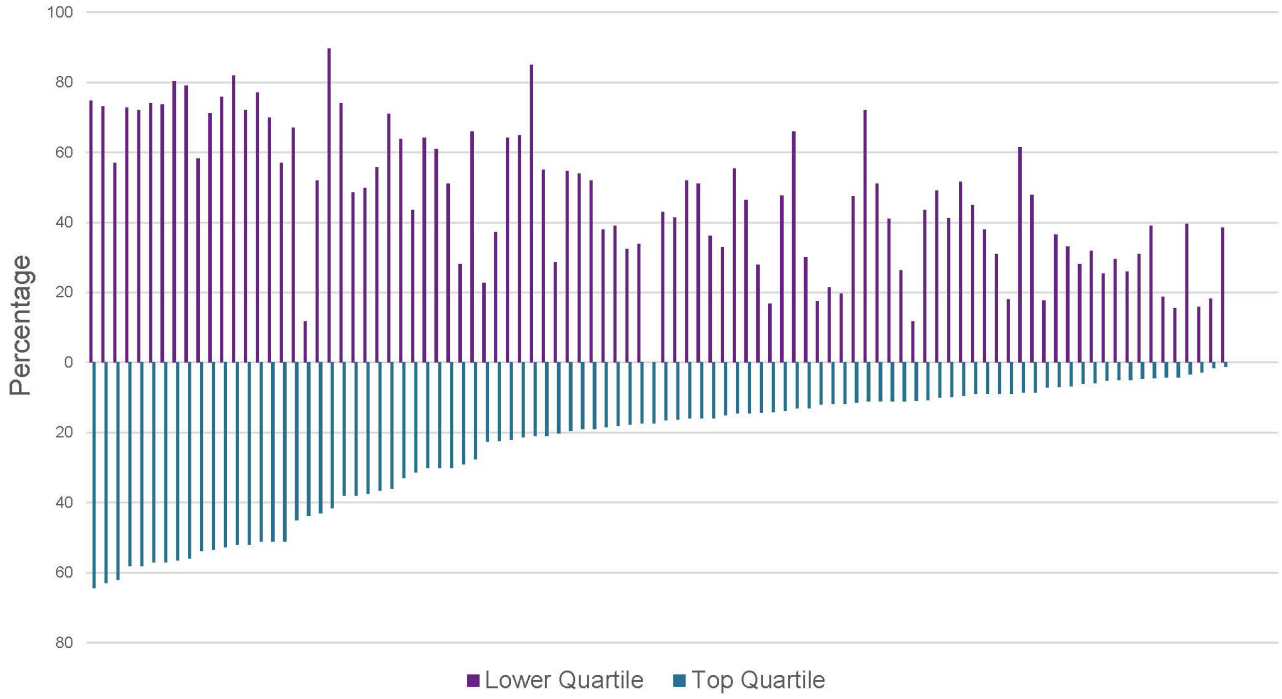
The explanation lies in company type. The companies on the left side of the graph have a higher proportion of women in both the top and bottom pay quartiles, which tend to be professional service providers like law or tax firms.

By contrast, the companies on the right side of the graph, which have fewer female employees, tend to be involved in offshore services – which by their nature attract fewer women than men.

Addressing the gender pay gap in male-dominated jobs, for example in engineering and construction, requires a multifaceted approach: promoting D&I, enforcing equal pay, offering mentorship and leadership opportunities for women, introducing truly gender-neutral parental leave and family-friendly work environments. This complex issue takes societal and organisational changes to achieve meaningful progress.

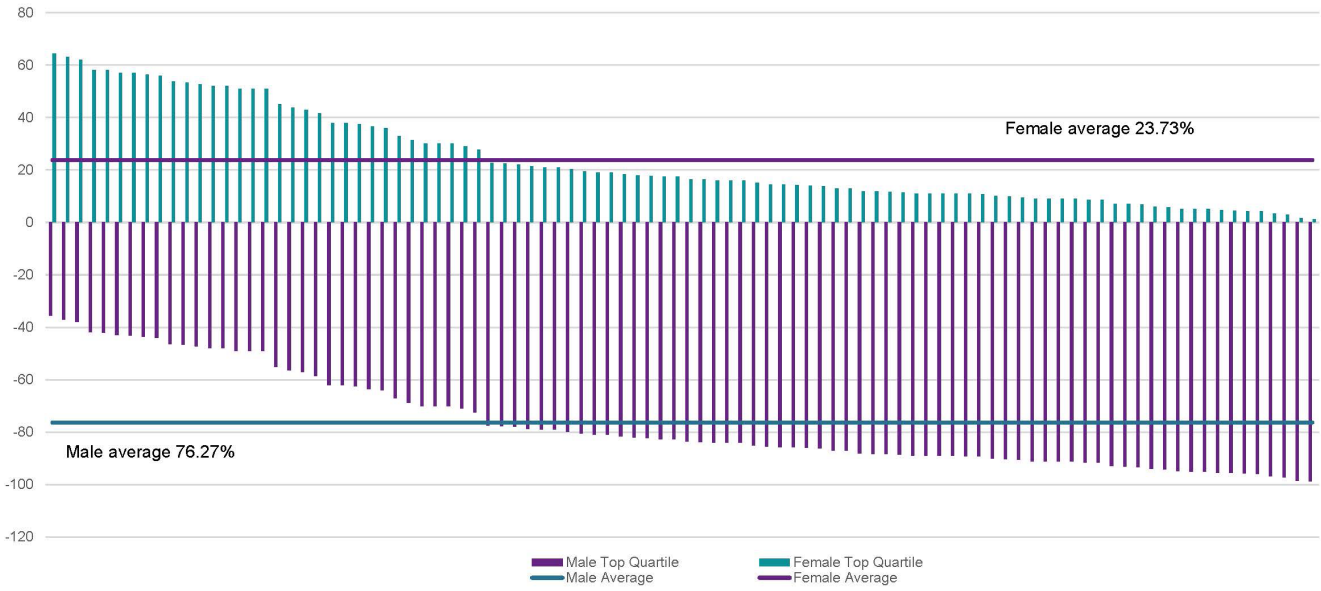
Figure 9

Women in lowest and highest paid quartiles (OEUK member companies)



Source: OEUK/Companies

Figure 10
Gender split in the top quartiles of pay



Source: OEUK/Companies

Men and women in top pay quartiles

Figure 10 displays the division of men and women in the highest paid quartile. On average, men hold 76.27% of these positions, while women hold 23.73%. These numbers have not changed since last year.

Despite the limitations of gender pay-gap reporting, there is no doubt that it has forced companies to gather and analyse data, enabling better understanding of the gender distribution of their workforce and shining a light on potential inequalities.

Ethnicity pay-gap reporting

The government published detailed guidance for employers in April 2023 (Ethnicity pay reporting: guidance for employers - GOV.UK (www.gov.uk). This stops short of mandatory pay-gap reporting, recognising that ethnicity pay-gap reporting is more complex than gender pay gap reporting because of the number of ethnic groups to be considered. But it sets out in some detail the method for collecting and analysing data.

Reporting on ethnicity pay gaps reveals the disparities or inequalities in a company's workforce and gives employers evidence to resolve them, such as undertaking a review of their recruitment, promotion and reward structures.

Industrial relations & the workforce

A positive climate of industrial relations can improve business outcomes and contribute to employees' wellbeing.

Where unions have a significant presence, specifically offshore, collective agreements provide an important mechanism for constructive dialogue on issues affecting the workforce and employers. Experiences gained over decades of work with trade unions can be shared with new energy sectors as they get to grips with possible challenges in industrial relations.

Employee relations in the energy sector had to navigate stormy waters in 2023. To inflationary pressures was added the burdensome Energy Profits Levy. But some companies reported record profits, mainly gained from overseas trade unrelated to their UKCS output. In some cases this led to industrial action.

As employee frustrations mounted, trade union membership increased and employees in both operator and contractor companies sought union support to address workforce concerns. It was undeniably a challenging time for all parties, including signatories of the Energy Services Agreement (ESA).

Despite the industrial relations challenges, the ESA has progressed significantly; there is a stronger, more collaborative relationship between the signatories that is illustrated by the way they continue to work together to champion the agreement and to develop a future proof solution that can be applied consistently.

In the first quarter of 2023, OEUK hosted an operator/contractor/trade union and employee engagement session, primarily focused on companies that had signed up to the ESA. But the issues applied to many other organisations too. The session aimed to foster stronger relationships and all parties left with a renewed commitment to make sure the offshore industry remains a positive workplace. Following the session, OEUK has been working on a framework for an Employment Charter to promote the importance of employee engagement and well-being, on and offshore, unionised and non-unionised. This effort encompasses fair and sustainable employment practices and an inclusive workplace culture. The charter seeks to address the key levers of engagement, including development opportunities, security, employee voice and leadership. The charter is being developed together with industry and OEUK is aiming for publication before the end of 2023.

OEUK relaunched its Employee Engagement working group which is a reflection of the importance of having employees who are engaged: enthusiastic about their work, they are willing to go above and beyond their job description and actively contribute to the success of the organisation. The group, whose representatives come from OEUK member companies, has been sharing ideas and best

practice, bearing in mind the challenges of remote/offshore locations and the benefits of face-to-face communication. The findings will become part of a dedicated OEUK Employee Engagement support hub.

An example shared during OEUK's Employment & Skills forum by operator Serica showcased the benefits of encouraging groups to engage in company initiatives. Among some offshore employees there was a perception the Environmental, Social & Governance (ESG) committee focused more on office-based onshore activities and therefore found it difficult to see the relevance and value in contributing to these initiatives. This led Serica to set up an offshore group called the ESG Champions.

The multi-disciplined group comprising Serica and contractor employees enabled people to focus on ideas and suggestions applicable to their working environment. It also sparked interest in other initiatives and employees felt encouraged to become involved in them.

The group promoted ESG in the offshore setting, acted as points of contact, encouraged suggestions from colleagues and then liaised with onshore colleagues to help make the changes happen. Having these people championing the initiatives has raised awareness and increased employees' hunger to find out more about ESG and the energy transition. This led Serica to promote and encourage the involvement of offshore workers in discussions about the energy transition in their own local areas.

Another example of effective engagement is demonstrated through the OEUK Finance Remuneration & Nominations Committee (FRANC) and the Offshore Co-ordinating Group (OCG), which convenes quarterly. Members of the OEUK Board meet with the Chair and Vice Chair of the OCG. The OCG was established in 2016 by offshore trade unions (UNITE, RMT, GMB, BALPA, and Nautilus, later joined by Prospect) to address issues related to jobs, worker safety and general terms and conditions. The OCG aims to ensure that trade unions contribute positively to achieving the objectives of the UK government of maximising the economic recovery of oil and gas from the UKCS while meeting net-zero emissions obligations.

The FRANC/OCG sessions serve the purpose of providing cross-industry updates and gaining firsthand insight into the challenges faced by trade unions and their members.Trade union representatives reaffirmed their strong support for initiatives like the ESA. The participants have also expressed their dedication to expanding the existing agreements and collaborating with the industry to demonstrate how initiatives such as the ESA can play a significant role in the transition to renewable energies.

There are many other examples of positive workforce engagement in the energy industry and the OEUK Employee Engagement group would like to showcase these as case studies for all to learn and benefit from.

Next steps

Strategic Themes	Deliverables
Stable industrial relations	**Promote high employment standards;** • Broaden and strengthen support for the ESA • OEUK Employment charter
Ensure a fair and managed transition	**Develop career pathways** • Cross sector collaboration to provide visibility of career opportunities across the integrated offshore energy sector **Deliver skills passport** • Career path mapping/ mutual recognition of standards • Deliver a digital solution **Promote oil and gas workforce capability and transferability** • *Employment Insight Report* (December 2023)
Ensure there are enough people with the right skills to service the oil and gas, CCUS, hydrogen and floating offshore wind sectors	**Employment forecasts** • *Powering up the workforce* (RGU) **Increase representation of certain groups** • Analyse workforce survey results and identify areas of focus • Reinforce business case for employer data gathering
Address skills shortages	**Collaboration with other sectors** • Skills summit – February 2024, to agree collective actions to alleviate skills shortages **Represent OEUK members in immigration policy discussion** • Engage with Migration Advisory Committee • Convene members to assess impact of immigration policy, including Offshore Workers' Visa Concession
Policy-maker and third-party engagement	**Cross-sector industrial strategy** • OEUK will continue to engage across sectors to strengthen the overall value of existing efforts; avoid duplication; and achieve a more unified approach • Continue to drive an integrated, unified approach on common asks of government

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Offshore Energies UK

Working together, we are a driving force of the UK's energy security and net zero ambitions. Our innovative companies, people and communities add value to the UK economy.

Join us today and help strengthen the UK offshore energy industry and your business. Contact: **membership@OEUK.org.uk**