

# ENERGY SERVICES AGREEMENT

## Workforce Engagement Forum

On 17<sup>th</sup> November, we held the third workforce engagement forum for 2021, at which we welcomed Employee Representatives from across the Signatory Companies for the first time. In this issue we provide you with an overview of the topics discussed and ask for your input to help shape what the 2022 objectives will look like.

Thank you to the following workforce and employee representatives who attended and contributed

Drew Gilligan, Kaefer, Emp Rep  
Lee Gamble, Wood, Unite Rep  
Peter Welsh, Wood, Unite Rep  
James Bannerman, Ponticelli, Emp/Unite Rep

Don McKendrick, Altera, Unite Rep  
Johnnie Carr, Wood, Unite Rep  
Marc Kenmore, Stork, Emp Rep  
Tom Kerr, Wood, Emp Rep

If you are a trade union or employee representative and would like to take part in the quarterly Workforce Engagement forums, please speak with your trade union official, employer or get in touch via [esa@oguk.org.uk](mailto:esa@oguk.org.uk) with your details for an invite to be issued. The dates for next year's forums are, 22<sup>nd</sup> February 2022, 24<sup>th</sup> May 2022, 30<sup>th</sup> August 2022, and 22<sup>nd</sup> November 2022.

## 2022 Rate Increase

Each employer provided an update on the progress made regarding the implementation of the January 2022 rate review. Encouragingly this is progressing well, with no major issues raised, therefore the new rates will be in place effective 1<sup>st</sup> January with no requirement to backdate.

During this discussion it was agreed that we would provide more detailed explanations on how the Rate Adjustment Mechanism (RAM) is calculated to ensure there is a full understanding of the RAM across the offshore workforce. You can [access it here](#)

## Codes of Practice – Two new codes published

You can now access these two publications via the OGUK Website – or by clicking on the pictures below.



We are continuing to work on the remaining code of practice (Productivity, Performance and Delivery of Service) and hope to have it with you early in 2022.

## Looking Back on 2021

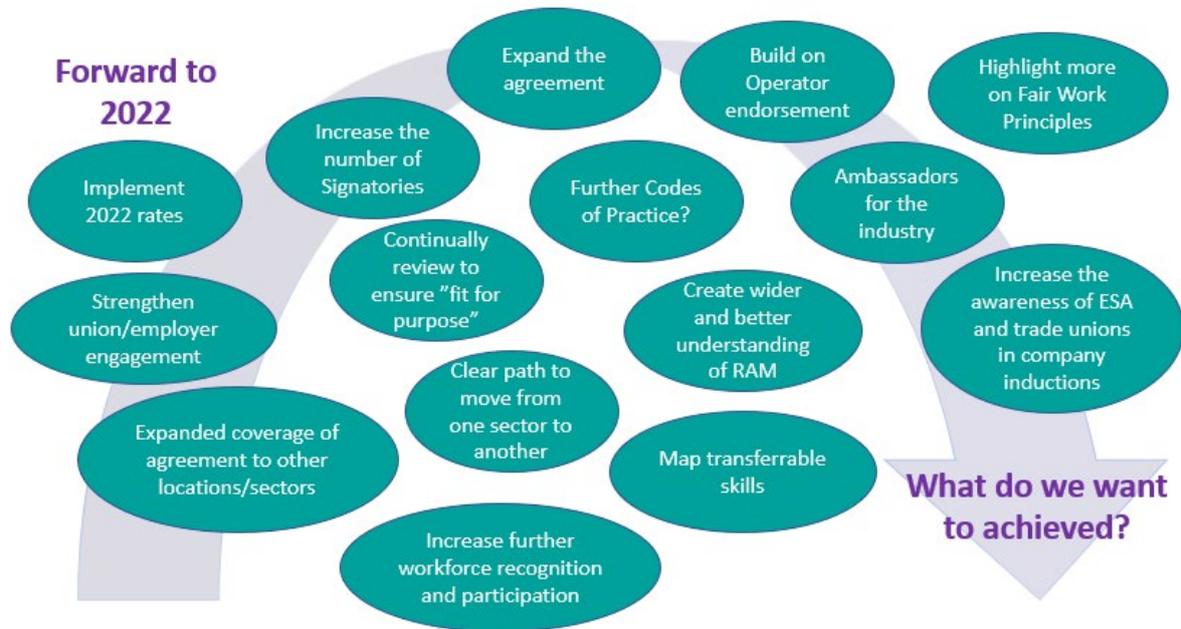
2021 has been a busy and eventful year in more ways than one. During the Workforce Engagement Forum, we took some time to reflect on what has been achieved during the year for the ESA

We had a great discussion on what the year may have looked like if we had not achieved all of the below and think it was a great reminder of all the hard work and effort that has gone in to get us all to this point.



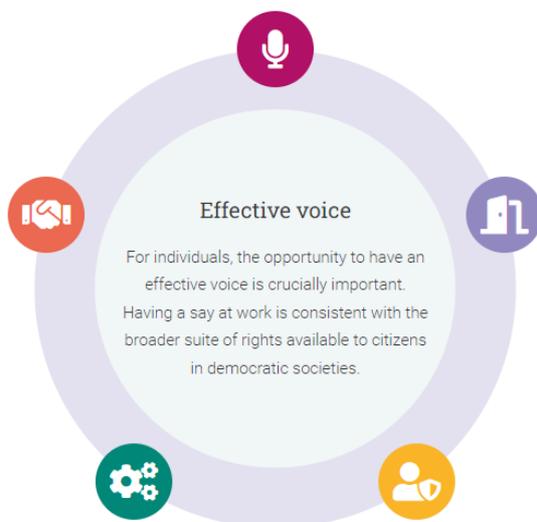
## So, what's next for 2022?

We asked what we need to achieve in 2022, you will see below some of the suggestions received. These suggestions will be put forward to the signatories of the ESA, to help define and agree the 2022 objectives.



Thank you to everyone who has helped and supported the creation, implementation, and administration of the ESA during 2021 and we look forward to working with everyone again in 2022 to achieve even more. Best wishes over the festive period to you and your families too.

## Challenges of Engagement



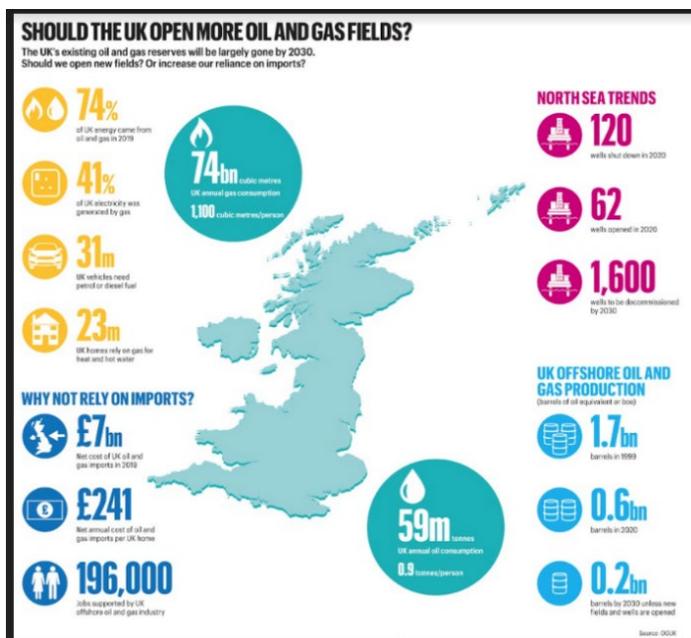
At the forum there was a great discussion on the Challenges of Engagement, with the employers sharing what has been put in place to improve workforce engagement.

Many of the employers had implemented more Teams calls with offshore representatives and employees to replace the offshore visits. There was a good reaction to the fact that offshore visits were commencing again as some Covid-19 restrictions were easing. Opportunities to have face to face discussions were recognised as being effective and it was encouraging that these were starting again.

Discussions continued to focus on other factors that affect workforce engagement, including response times to questions and queries raised, seeking views and opinions from those affected before decisions are made. These discussions recognised the importance of the working environment and how this will affect morale and also engagement. This discussion provided us some great insights and reminded us all, about why the foundation of the ESA was built on the principles of Scotland’s Fair Work Convention outputs.

## Should we open new Oil and Gas fields?

Believe it or not the UK’s oil and gas industry is the nation’s best bet for building a green and low-carbon future – and that includes opening new oil fields like Cambo, says Katy Heidenreich, operations director at OGUK which represents the UK offshore industry.



Shell’s decision to suspend its involvement in Cambo, the UK’s next big oil field development, sent shockwaves through our industry the other week. And when I say ‘our industry’ I’m thinking not so much about the companies involved in oil and gas – though they are important – but of the 200,000 or so people whose jobs and livelihoods will now be feeling just a little less secure.

They are the backbone of an industry that works through the year to keep our country running. They supply the gas that helps heat 24 million (83%) of UK homes and generates nearly half our electricity.

They also produce oil that gets refined into the petrol, diesel and other fuels that

power our cars, vans, buses and trains.

Right now, 10,000 of them are living offshore on 250 oil and gas installations in the North Sea, the Atlantic waters north of Scotland and the Irish Sea. Those workers come from all over the UK - but especially from regions like East Anglia, Liverpool, Newcastle, Middlesbrough, Scotland’s central belt, Dundee, Aberdeen and Inverness.

Hundreds live in or around London and some come from as far afield as Cornwall, Wales, and Northern Ireland. Wherever they live they are contributing to the economy of their region.

When offshore, however, their job is to keep the energy flowing to heat our homes, cook our food and power our roads and businesses. Tens of thousands more are working onshore in the supply chain, with firms based all around the UK providing engineering, manufacturing, and other services.

Our country relies on those workers – the UK gets 73% of its total energy from oil and gas. For Scotland the levels are even higher – in 2020 it relied on oil and gas for 78% of its total energy and 91% of its heating.

In the future we will rely on them for new forms of energy too. Over the next couple of decades, the oil and gas workers of today will become the people who build and maintain our wind turbines, carbon

capture systems, hydrogen production factories and other hardware needed for Britain's low carbon future.

That future needs a lot of work and a detailed plan. The UK has a target of becoming carbon neutral by 2050. But we will not hit that target by shutting down our existing oil and gas fields or stopping new ones being developed.

In fact, stifling our existing energy industry would have exactly the opposite effect. It would wipe out the jobs and the workforce skills, such as marine engineering and construction, which are essential to hit that 2050 target.

It would also be expensive. At the moment the UK produces only half the 74 billion cubic metres of gas it consumes annually. It also produces 53 million tonnes of oil – and consumes 59 million tonnes. Last year importing the extra gas and oil needed to make good those production gaps cost the nation about £7 billion net – around £250 per household.

**Why, though, do we need new oil and gas fields on top of the ones we've already got?** This is down to geology – the UK is blessed with lots of oil and gas, but it's not found in massive reservoirs like those found in Russia and the middle east. Instead, it's spread out across hundreds of smaller reservoirs. That means some are always becoming depleted and so need to be replaced by new ones.

The next ten years, for example, will see 1,600 oil and gas wells being decommissioned. These closures would also see UK production of oil and gas plummet by 75% - unless we open new fields. That decline would be far sharper than any reduction we could achieve in demand – so imports would surge with householders and businesses facing all the extra resulting costs.

This is why we need new fields like Cambo. They won't boost overall production, but they will maintain it. And that will help maintain the flow of energy needed to see us through till 2050. By then, hopefully, there will be far less need for new oil and gas fields

There are big challenges ahead. We need the government's help to persuade the drivers of 32 million diesel and petrol vehicles to switch to an alternative. How can we affordably change the boilers, gas cookers and fires that heat 24 million UK homes? There's also the 35 or so gas-fired power stations that provide nearly half our electricity.

Those challenges are for the government and for all of us as consumers – but the point is that if we don't cut demand then emissions are never going to decline. We could shut down the whole UK oil and gas industry, but the only result would be to send imports surging – with no reduction in emissions. The reductions will come only when we find low-carbon replacements for the machines, vehicles and appliances that power our homes, businesses, and transport.

Planning and implementing that transition will take years of painstaking work and research. For environmental groups that's a much tougher and less attractive task than firing broadsides at the oil and gas industry. Our industry, by contrast, is already working to build the low-carbon infrastructure for our future.

We are building two UK projects to capture CO<sub>2</sub>, the main global warming gas, and planning three more. We are also looking at hydrogen production plants and building and operating ever-larger wind and solar farms. The environmental groups want to tear down the past, but my industry is, literally, building a sustainable future.