The people powering the energy transition offshore
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.

OEUK.org.uk
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Since OEUK’s last Workforce Insight report, the offshore energy sector landscape has continued to evolve. Offshore Energies UK has also expanded its remit to include wind, hydrogen and carbon capture, in recognition of the changing business environment, including the remit of many of our members.

This report considers 2021 employment data for the offshore oil and gas industry and the wider employment trends that will affect the offshore energy sectors as they integrate.

In common with many other industries, ours has had to find a way of operating within the new restrictions that were imposed in response to the pandemic of 2020.

This year, Putin’s invasion of Ukraine and the subsequent sanctions have tightened global supplies of oil and gas. This comes after some years of underinvestment in resources. The combined effect has pushed energy security to the forefront of concerns at a national and global level.

Prices continue to be very volatile and in the UK, domestic energy producers now face a 35% windfall tax on top of the existing rate of 40%, taking the headline rate to 75%.

This volatility continues to impact the offshore energy sector, which thinks and plans for the long term. Companies are less willing to invest across the breadth of domestic offshore energy projects if they cannot plan with reasonable certainty. This in turn makes it harder for the supply chain to plan, which will hit the research and development needed to unlock innovative approaches and technologies.

Consequently, the business of attracting, training and retaining a diverse range of talents is harder. But this is what underpins the delivery of secure supplies of home-produced, low-carbon fuel, power and products to millions across the UK.

As our report shows, the next decade will be crucial in determining how successfully the UK will deliver a home-grown transition to net zero, one that benefits the domestic economy, innovation and jobs and meets our climate goals. While a number of the performance indicators may cause concern, the North Sea Transition Deal agreed with government provides a solid framework upon which to accelerate the integration of the offshore energy sector.

Employment grew more than predicted last year, with 97% of companies who responded to our skills survey reporting shortages in appropriately skilled labour. These shortages will only worsen as project demand rises. OEUK is working with members to develop an accurate picture of the nature of the gaps, identify the reasons for them and recommend a course of action.

As the national recovery takes shape, competition for skilled people will inevitably increase. Major national engineering projects are also drawing from the same pool of workers. The People & Skills element of the Deal has made good progress. Led by the Offshore Petroleum Industry Training
Organisation (OPITO), the integrated People & Skills Strategy was published to assist with the transition of people and skills across the energy sector. On the back of the results of the workforce Diversity & Inclusion survey in 2021, the OEUK D&I Task Group has produced two tool-kits for members. One concerns the development of an inclusive leadership culture. The other focuses on flexible recruitment and promotion pathways. We are also undertaking the most comprehensive employer survey ever to ensure we have an accurate picture of our workforce. Working with our members, we are supporting voluntary ethnicity pay-gap reporting. Meanwhile, analysis of the gender pay-gap in our membership demonstrates the value of gathering data in order to understand the need for change. Though the results are moving in the right direction, there is no room for complacency.

There has been real progress regarding promoting workforce transferability, with OPITO, the Engineering & Construction Industry Training Board (ECITB), Renewables UK and others collaborating on the alignment of training standards for the 15 commonest offshore jobs. Work is well under way to develop an offshore energy skills passport to simplify the process.

However, set against this progress there is growing industrial unrest throughout the country, and high energy prices are fuelling record inflation. Our industry is no exception and we saw wildcat action in May. Thankfully, the Energy Services Agreement (ESA) cleared the first hurdle of the Rate Adjustment Mechanism, but at the time of writing, it faces challenges as all stakeholders seek to navigate the economic storms battering the whole country. Effective workforce engagement remains a priority for energy producing companies and their supply chains. As our report shows, some 26,000 potential UK jobs could be created through the expansion of carbon transport and storage, hydrogen production and by using wind to power offshore oil and gas installations.

Our Economic Report showed industry is expected to invest £200bn in offshore energy over the next decade. Securing this opportunity for the domestic economy therefore requires long-term political and fiscal commitments from governments.

While industry continues to remove barriers and unlock opportunities to enable a successful energy transition for people and skills, this report underlines the fact that political agreement and support for the sector remain fundamental pillars for our industry. They require urgent attention if we are to realise the true potential of the UK’s world-leading offshore energy sector.

K M Heidenreich
Key findings

Total employment in 2021 up by 22,000 and forecast to grow in 2022

Direct and indirect employment up by almost 5,000

Gender pay-gap narrows by three percentage points

Potential for 26,000 jobs in carbon transport and storage, hydrogen production and offshore electrification – but dependent on maximising local content and early investment

Skills shortages are cited as a major challenge across industry – yet on average, companies expect the workforce to grow by 11% in the next two years

There is an onus on employers to focus on workforce planning and further invest in training

Two employer D&I toolkits published and employer survey launched

Total employment in 2021 up by 22,000 and forecast to grow in 2022

Direct and indirect employment up by almost 5,000

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Two employer D&I toolkits published and employer survey launched
Call to action

Workforce engagement is imperative

Greater diversity & inclusion is a business imperative. It will make it easier to access finance and to attract and retain talent. OEUK encourages industry to use its D&I Toolkits and welcomes feedback.

Long-term government support for the oil and gas industry and its expansion into new offshore energy is crucial to recruiting and retaining talent

Industry collaboration is needed to shape policies that attract and retain skills

Long-term fiscal, regulatory and commercial confidence needed to unlock company investment in training and technology

Government support for the energy industry could reduce the triple risk of spiralling costs, the labour market overheating and projects being delayed as major onshore engineering projects mount
Total oil and gas employment

OEUK estimates that the offshore oil and gas industry supported 200,800 UK jobs last year, which is 22,300 more than in 2020. Direct, indirect and induced job numbers all rose, by 2,600, 2,200, and 17,500 respectively. However the total supported employment was almost a quarter lower than before the pandemic owing to cutbacks in industry spending.

The skills, knowledge, and expertise of people whose roles are supported by the oil and gas sector are crucial to the development of the UK’s future, lower-carbon energy system. However, the transformation of the system will take place over decades. It is therefore more efficient to retain these skills through ongoing and new investment in the UK’s oil and gas resources while projects in the new energy sector develop momentum.

Last year’s rise was largely due to the easing of restrictions introduced during the pandemic which allowed more people to travel offshore. Induced job numbers rose as many parts of the wider economy opened up for business again. OEUK expects to see further increases in total supported employment this year, driven by an anticipated rise in industry investment and more and more people working offshore.

The employment footprint from the sector covers a wide range of industries crucial to oil and gas production. OEUK can identify 35 industries, ranging from construction, steel and chemical plants, through to logistics, professional services and accommodation and food service providers. The spread of this indirect employment is defined by how the oil and gas sector invests.

In recent years operating expenditure has gone up from around a third to over a half of spending, as capital expenditure has fallen. This has resulted in activities such as professional and administrative services, logistics and accommodation services gaining a larger share of indirect employment. On the other hand, roles that depend on capital expenditure, such as construction and metallurgy, have taken a smaller share than before.
This wide-ranging industrial footprint means that oil and gas activity supports jobs across all regions of the UK, with some key hubs attracting the most investment. Scotland (in particular the northeast), London, the east of England, the northwest of England and the East Midlands contribute three quarters of the total employment that is supported by the offshore oil and gas industry, reflecting the clustering of industrial and supply chain capabilities in these regions. The Deal committed industry and government to ensure that at least half of the work on energy transition projects is delivered by UK companies. If this target is met, domestic job opportunities will be substantial.

Figure 1:
Distribution of oil and gas sector jobs by region

Figure 2:
Distribution of oil and gas sector jobs by description
The Skills challenge

Following informal feedback from industry, as well as national reports of full employment and a tight labour market, OEUK undertook a survey this summer to ascertain which disciplines were in short supply and why they were. The oil and gas sector has long experienced peaks and troughs in its workforce, reflecting the cyclical trends related to volatile commodity prices and therefore activity levels.

OEUK is aware of several factors affecting the skills landscape. These include:

• A tight labour market across the UK as a whole.
• UK large-scale infrastructure projects such as planned nuclear projects demand extensive resources, particularly in the fields of engineering, procurement, installation & construction.
• Less activity and short-term fragmented work scopes, owing to lower investment, combined with low visibility on upcoming work, have hit the supply chain’s ability to commit to apprenticeships or other training programmes.
• Supply chain contract margins do not encourage large-scale investment in training.
• Reduced opportunities for non-UK workers.
• Competition for resources between energy sectors, as project demand increases.

When we conducted the last survey in 2019, there were a few disciplines that were difficult to recruit for and only a handful of companies struggled. Overall, there was not enough concern to take any specific action.

However, that picture has changed this year. Of the companies that employ craft workers, 85% reported difficulties in recruiting, followed by drilling (81%) and design engineering (80%). In terms of specific disciplines, reservoir, mechanical and electrical engineers, electricians, and supply-chain management were all highlighted as difficult positions to fill. Shortages of environmental, process, instrument and mechanical engineers were a problem for 18% of companies.

Figure 3: Hurdles to recruiting/retaining personnel

- Competition from within the sector
- Lack of skilled applicants
- Financial reward package
- Competition from other sectors
- Contractual status
- Job security
- Lack of flexible working conditions
- Lack of interest in offshore work
- Lack of career progression
- Lack of willingness to relocate
- Visa requirements / immigration policy
- Lack of applicants
- Other

Source: OEUK
Of the 75 respondents, 97% stated that attracting appropriately skilled staff is difficult, so it is not surprising that 69% cited labour costs as a challenge. As another challenge, competition from outside the UK (38%) was cited almost as often as competition from within the UK (44%).

Companies were asked to give reasons for their vacancies being difficult to fill and the results are summarised in Figure 3.

Competition from within the sector was a problem for 84%, the same number that found a lack of skilled applicants to be the problem. Half said competition from other sectors was a problem. However only 5% cited visa requirements or immigration policy.

Staff retention is just as important as the ability to recruit new personnel. Most organisations (78%) stated that competition from other employers negatively affects their organisation’s ability to retain staff. This was followed by the financial reward package (69%). Almost a fifth (19%) said that competition from other sectors, including renewables, makes it harder to retain staff.

Despite these difficulties, on average companies expect the workforce to increase by 11% over the next two years. Furthermore only one in five respondents has taken specific action to encourage their older workers to stay. Finding ways to encourage this employee group to stay longer would also help address the near-term skills gap.

As outlined in OEUK’s *Economic Report*, project activity across the offshore energy sector will increase in the coming years, mainly driven by capital projects. As well as ongoing oil and gas activity, there will be the significant scaling-up of offshore wind and the first wave of carbon capture and storage (CCS) and hydrogen production projects. These activities could trigger over £200bn in project expenditure. Additionally, several major onshore energy and infrastructure projects will require a similarly highly skilled workforce.

Managing the movement of skilled workers and collaboration within and between sectors will be key to solving the resource challenges ahead. OEUK will dedicate resources to this problem in the coming months.

**Figure 4:**

*Business expectations in different sectors*
The Deal: People & Skills

The North Sea Transition Deal – the first to be agreed between a G7 government and its upstream sector – will accelerate the energy transition, reduce UK emissions, and create new jobs across the UK. It is a prime opportunity for us to take the next big step in leading the UK into a net-zero future.

There are five key commitments made between the industry and the UK government under the Deal agreed in 2021. It will harness the capability of the offshore oil and gas industry – including its people – to help the UK meet its climate ambitions of becoming a net-zero carbon emitter by 2050.

Within the Deal, there is a commitment to create an integrated people and skills strategy to assess the industry’s future skills and training and standards requirements to enable the workforce to transition as needed. Led by OPITO in collaboration with other skills providers, this strategy is progressing a skills passport which enables skilled workers to move easily across sectors, creating a more mobile and flexible workforce. The strategy also further develops and promotes the My Energy Future STEM programme, maps existing training standards and asks for clear pathways across each sector of the industry to make opportunities visible for all.

Last year’s Workforce Insight explored progress against the People & Skills commitment, focused on securing and creating tens of thousands of high-quality jobs in industrial heartlands across the UK. Many of our members are already active in related energy sectors, such as carbon capture and storage (CCS), hydrogen; and offshore floating wind power generation, as well as more established alternative energies such as nuclear.

The Deal provides a positive pathway to transition the sector from purely oil and gas to a diverse and integrated offshore energy industry. This includes careful planning to manage the decline in domestic oil and gas production with preparations to resource new sectors, all of which will have a long lead time. This objective goes hand-in-hand with industry’s supply-chain strategy which

Figure 5:
Potential jobs that the Deal supports (by family)

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1 The five commitments relate to: supply decarbonisation (emissions reduction); carbon capture & storage; hydrogen production; supply chain transformation; and People & Skills. More information about the Deal can be found LINK.
supports companies in the transition to a diverse energy supply chain.

As part of the Deal, industry has committed to an ambitious voluntary target of 50% for local content in CCS, hydrogen and supply decarbonisation and decommissioning. This means at least half of the spend on these projects will go to UK companies wherever possible, helping drive new opportunities for jobs, innovation and exports.

There is also a regional focus, ensuring energy communities such as those in Aberdeen and Teesside can transition in a way that retains and builds on their skilled labour forces. This focus is seen in the CCS cluster projects such as HyNet Northwest and the East Coast cluster. Both have been granted Track 1 status by the UK government.

As previously noted, clearer future workforce requirements would support both the employer and the employee in the oil and gas sector as they deliver low carbon energy. With this in mind, OEU UK commissioned Robert Gordon University’s (RGU) Energy Transition Unit to carry out employment modelling in related sectors: specifically, the electrification of offshore facilities; carbon transport and storage (but not capture); and hydrogen production.

RGU looked at three scenarios, derived from the government’s British Energy Security Strategy. These indicate that the size of the workforce, on and offshore, will range between 8,000 and 26,000 by 2030, depending on investment: that is the potential size of the prize.

In terms of the type of roles, RGU has done a breakdown by job family, as seen in the figure (left). Note that these figures do not include oil and gas, offshore wind, or carbon capture but they do include carbon transport and storage and relate to scenario 1: 26,000 jobs.

A previous study by RGU on transferability concluded that 90% of jobs had medium or highly transferable skills and therefore training gaps should be largely contextual, such as preparing for work in a different environment. So those working in oil and gas or thinking about a career in offshore energy can be certain of being highly employable offshore in the future.

A timeline is needed that outlines when jobs are coming up in adjacent sectors so the transition can be effectively managed, and people do not pay for training for jobs that do not yet exist.

To help enable this, OPITO – the skills body that convened the Energy Skills Alliance – is working to align safety and technical training standards between key stakeholder groups. These include: the Engineering Construction Industry Training Board (ECITB), Cogent, the Global Wind Organisation (GWO), Renewables UK (RUK), and the International Marine Contractors’ Association (IMCA). The first phase of this work is looking at survival training and 15 key roles which cover most offshore workers:

1. Electrical maintenance
2. Instrument and control maintenance
3. Mechanical maintenance
4. Production technician
5. Operations technician
6. Electrical engineer
7. Mechanical engineer
8. Structural engineer
9. Rigger
10. BANKSMAN SLINGER
11. Welder
12. Plater
13. Site manager/offshore installation manager
14. Project manager
15. Maintenance supervisor & team lead

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1 UK Offshore Energy Workforce Transferability Review 2021, Robert Gordon University 2021
The output from this work feeds directly into the development of the skills passport. In both cases the objective is to make it as easy as possible for workers to move between offshore sectors.

The Deal also highlights the importance of more diversity and inclusion in the offshore energy industry (see pp18-21).

**GeoNetZero Centre for PhDs**

The Centre for Doctoral Training (CDT) in Oil & Gas is a UK-wide collaborative partnership between academia and industry. It was originally established in 2013 by a £3mn grant from the UK Research & Innovation (UKRI) fund, in response to a competitive tender.

The CDT attracted funding from academia, government and industry that resulted in a £17mn initiative.

The initial programme supported 128 doctorate-level students over the five years of entry (2014-18). The students undertook bespoke research projects aligned with oil and gas and a 20-week accredited industry-supported training programme and internships in the industry.

Over half of the students have now completed their studies and all have been employed in a relevant discipline.

The success of the original CDT led to an expanded remit to face the challenge to decarbonise and meet net-zero emission targets. The CDT was rechristened GeoNetZero and a bid for further funding resulted in an award of £2.5mn in 2019. This was match-funded by 12 universities, of which 11 had formed part of the precursor, to launch the GeoNetZero CDT.

The new programme addresses the full bandwidth of the energy transition, of which oil and gas remain a crucial part. It is funding 48 doctorates (PhDs), a third of which started in 2020 and 2021.

The final cohort of 16 began their research studies late this year. All the PhD projects address the theme of the role of geoscience in the energy transition and how to meet the net-zero emissions targets.

The next wave of funding, £3mn over seven years, is being sought for this year. Universities have already committed to matching this and nine OEUK member companies have committed to fund the 20-week-long Geological Society-accredited training programme that runs alongside the research. If your organisation is interested in funding the CDT, please contact Alix Thom (athom@oeuk.org.uk).
The importance of offshore workers in providing our daily energy needs

**POWERING THE NATION**
How 11,500 people living on oil and gas installations far out to sea provide us with the energy needed to heat our homes, cook our food, fuel our cars and generate our electricity

11,500
People are living offshore on the UK’s 250+ oil and gas installations at any one time

35
Gas-fired power stations are the backbone of the UK’s electricity generating system

42%
Proportion of UK electricity generated by gas. This can rise to 65% on windless days

23 million
UK homes rely on gas boilers for heat and hot water

11 million
UK homes have gas ovens

400 million
Cubic metres/day: historic UK winter gas consumption
"Core" refers to staff who spend more than 100 nights offshore in a year. The figures below are a snapshot of the current offshore workforce. As the energy transition progresses in the move to decarbonisation, the offshore profile will inevitably change as employment in adjacent sectors grows, offering continued long term exciting careers in solving one of the greatest challenges facing society.

Table 2: The demographics of offshore travellers

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<thead>
<tr>
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<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2019-2021 % +/-</th>
<th>2020-2021 % +/-</th>
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<tr>
<td>Offshore travellers (total)</td>
<td>49,268</td>
<td>38,846</td>
<td>36,946</td>
<td>-25%</td>
<td>-5%</td>
</tr>
<tr>
<td>Non-core workers</td>
<td>26,346</td>
<td>22,630</td>
<td>19,201</td>
<td>-27%</td>
<td>-15%</td>
</tr>
<tr>
<td>Core workers</td>
<td>22,922</td>
<td>16,216</td>
<td>17,745</td>
<td>-23%</td>
<td>9%</td>
</tr>
</tbody>
</table>

- **36,946 workers**
  - 36,946 workers travelled offshore in 2021. This is 5% (1,900) less than in 2020 and 25% (12,322) less than in 2019.
  - The pandemic continues to impact activity. Some restrictions remain to ensure the health and safety of workers.

- **15%**
  - The reductions were mainly in travellers who spent less than 100 nights offshore (non-core workers).
  - Non-core workers fell by 15% last year (3,429 fewer people): 27% less than 2019 (7,145).

- **48%**
  - 48% (17,745) spent more than 100 nights offshore as 'core workers' – which was 9% higher than in 2020 (up 1,529).
  - However, this was also 23% lower than 2019 (down 5,177).
Maintenance workers saw the largest reduction in 2021: down 35%.

- There was an average of 9,865 people offshore at any time last year, reaching an average of 10,391 throughout 2022.
- This rise is due to activity picking up after the pandemic and the effective management of those restrictions.
- Offshore levels were around 11,500 between August to October 2022.

• The largest proportion of people (49%, 18,084) travelled to the central North Sea, reflecting the area of greatest infrastructure. The breakdown for the other regions is:
  - 4% - West of Shetlands
  - 11% - Northern North Sea
  - 10% - Southern North Sea
  - 2% - Morecambe Bay
  - 24% - More than one area

- Almost 90% of offshore workers were from the UK in 2021 (33,040), of which:
  - 62% from Scotland
  - 29% from the Aberdeen area
  - 36% from England, 22% from the east of England
  - 1% from Wales
  - 1% from Northern Ireland
  - 6% of travellers came from EU countries, with a declining proportion since Brexit
  - 1% from workers from other non-EU countries has fallen to 4%, down from 10% in 2010. Visa requirements and immigration policy limit the number of international workers.

- Only 3.4% (1,274) of offshore travellers were female:
  - This is 36 fewer than 2020 and 521 less than 2019
  - The proportion of females has been relatively consistent in recent years.

- The average offshore traveller was 45 yrs old in 2021:
  - 12% - 18-24
  - 45% - 30-45
  - 36% - 45-59
  - 7% - over 60
2. Diversity & inclusion: a business imperative

Almost two years after the Deal, OEUK is actively supporting the nation’s transition to a lower-carbon future, but there is still some way to go. Diversity of thought as well as differences of perspective and background continue to harness new ideas, disrupt old practices and bring in innovations that will propel the sector forward.

Since last year’s report there has been notable progress on the plan of work developed from the workforce survey conducted in 2021. That survey flagged two areas that could be improved: flexible and transparent recruitment and promotion routes; and the importance of an inclusive leadership culture.

In response, the OEUK D&I Task Group prioritised the production of two toolkits to support industry in addressing these two themes. These products can be accessed on the OEUK website. They form a step-by-step guide for employers at the start of their D&I journey, while employers further along the road can select the parts relevant to them. Employers can also measure their performance against specific components in the toolkits, such as the diversity of shortlisted candidates.

In July, OEUK launched its most comprehensive employer survey to date which set out to gather data on workforce demographics. Until now, the focus has principally been on gender and age, because that data is the easiest to obtain. However, this time OEUK is asking members to gather data on a number of other characteristics, including ethnicity, sexual orientation and gender identity.

This will be a challenge as few members collect this data at the moment. But armed with data, we can truly understand the make-up of our workforce and establish a baseline against which to measure our sector’s progress. Furthermore, OEUK has committed to promoting and supporting members with voluntary ethnicity pay-gap reporting from 2023. Currently, 19% of UK employers voluntarily report this, including some of our larger members.

The task group is not planning to rest on its achievements of the last year, however. As previously mentioned, the introduction of voluntary ethnicity pay-gap reporting is a key goal for the coming year, as well as developing understanding and raising awareness of some of the less understood aspects of diversity such as social mobility and neurodiversity.

This is not simply because it is the right thing to do. D&I performance has moved up the boardroom agenda as investors and lenders demand evidence that the companies they work with are socially responsible. This is particularly clear in environmental, social and governance (ESG) reporting. Until recently the environmental aspect was the main focus of concern, but social and governance criteria are now in the spotlight. The areas of D&I under consideration include policies and plans, with measurable goals, demonstrating diversity in governance structures, fair employment terms and commitment to pay reporting beyond what is mandatory, such as ethnicity pay gap reporting.

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3 Building a Baseline: OGUK Diversity & Inclusion Survey Report, April 2021, Professor Paul de Leeuw
4 https://oeuk.org.uk/product/oeuks-diversity-inclusion-leadership/
D&I is not confined to individual companies either: clients want to ensure that the other companies in their supply chain also meet diversity performance criteria when they tender for work. Furthermore, employees and customers want to work for or with organisations that reflect their own values. Policies that rebalance the workforce and provide a culture where everyone can bring their whole self to work significantly enhance an employer’s brand. Brexit and Covid-19 have between them tightened the UK’s labour market so that demand exceeds supply. Competition will only increase and the offshore energies sector will be challenged by the national infrastructure projects already underway or scheduled to begin this decade. To deliver business as usual and the capex activity required to meet our net-zero carbon emissions commitments, our members must be able to attract workers from every facet of society. In short, D&I is a business imperative.

Why do we need this information?

AFBE

"One of the most important ways to make our workplaces truly representative of the communities in which we operate, is to establish a baseline by capturing ethnicity data. Establishing a baseline is vital because it enables us to track progress, improve representation at all levels and understand the impact of the measures we put in place to address racial inequity in our sector."

Dr Ollie Folayan, Chair AFBE-UK, Scotland

InterEnergy

"To create an environment which enables people with diverse backgrounds, insights and experiences to work together openly, respectfully and collaboratively we need to understand the population. By gathering anonymous data on gender identity and sexual orientation, employers can better identify the specific needs and barriers faced by the LGBTQ+ community working in the energy sector and work towards targeted improvements which allow members of our community to thrive in the workplace."

AFBE InterEnergy
Gender pay-gap reporting
This year we have been able to monitor the gender pay-gap reporting by our members. Companies’ obligations were eased during the height of the pandemic.
As Figure 6a shows, data from the snapshot date of April 5, 2021 indicates that the average gender pay-gap has narrowed almost three percentage points between 2018 and 2021.
The data is insufficiently detailed to allow for certainty regarding the reasons that lie behind this decrease, but the trend is at least in the right direction and suggests that women in the industry have not fared worse on the whole than men during the pandemic. If the reverse were true, then the gap would have widened.
However, Figure 6b, which shows the percentage of women in the bottom quartile and top quartile of pay for each member company that reported, shows clearly that there is no room for complacency.

Figure 6a:
Average gender pay-gap for 2018 and 2021

Figure 6b:
Proportion of women in highest and lowest paid quartiles
Ethnicity pay-gap reporting

In 2017, the Department for Business, Energy and Industrial Strategy (BEIS) published a government-commissioned review chaired by Baroness Ruby McGregor-Smith, a Conservative peer, into the progress of ethnic minority groups in the UK labour market. One of the key recommendations was for the government to introduce mandatory ethnicity pay-gap reporting for organisations with 50 employees or more. The government response originally rejected the recommendation, preferring a voluntary, non-legislative approach.

However, in 2018, BEIS launched a consultation where it said: “The government believes it is time to move to mandatory ethnicity pay reporting,” referring to its manifesto commitment “to ask large employers to publish ethnicity pay data.” This promise remains unfulfilled.

The House of Commons’ Women and Equalities Committee said in February 2022: “The government should introduce mandatory ethnicity pay-gap reporting by April 2023 for all organisations that currently report for gender.”

The government response was unequivocal: “The government has accepted the Commission on Race and Ethnic Disparities’ recommendation that ethnicity pay gaps should continue to be reported on a voluntary basis... and will not be legislating for mandatory reporting.”

However, many organisations continue to call for mandatory reporting. The Chartered Institute for Personnel and Development (CIPD), ShareAction, the Confederation of British Industries, Business in the Community, the Equality & Human Rights Commission, The Runnymede Trust and others have been vocal in their support for ethnicity pay-gap reporting to address inequalities in the workplace and society. Support is gaining momentum: figures show that 19% of employers, including a number of OEU members, now voluntarily report on their ethnicity pay-gap, up from 11% in 2018.

OEUK firmly believes this is the right course of action for companies committed to improving inclusivity and addressing inequalities in the workplace. We are therefore asking members with more than 250 employees to voluntarily report their ethnicity pay data from 2023, and we will be working to support those who do not, learning from the experience of those who do.

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5 Ibid, p32, recommendation 4
7 BEIS, Ethnicty Pay Reporting: Government Consultation, October 11, 2018, p24
8 Ibid, p3 Ministerial foreword
11 Ibid
12 See footnote 9 (p4)
Energy Services Agreement

The Energy Services Agreement (ESA) was established in February 2021 by 14 signatory companies and three trade unions1. It is administered by OEUK. The biggest innovation is the Rate Adjustment Mechanism (RAM), which replaces lengthy and often adversarial pay negotiations with a mechanism based on both inflation (Consumer Price Index (CPI)) and oil and gas prices (Commodity Price Adjustment (CPA)).

As well as releasing additional time for more value-adding activities and discussions, the RAM enables all stakeholders to predict forthcoming rate changes, which will help companies to budget and to avoid the difficulties of backdating pay changes. During 2021, employers and employees were updated monthly on the RAM calculation, with the final figure to be applied to base rates from the start of this year, calculated in August. The increase was 1.02% CPI adjustment and 1.3% CPA, making a total increase of 2.32%.

It was testament to the ESA that the increase to base rates was applied in time and with client support. Industrial relations have been strained just when the importance of security of supply is at its height, reflecting growing industrial unrest across the country.
The challenge of 2022

In May 2022, unofficial strike action hit 16 offshore assets by employees of a major contractor that was not a signatory to the ESA and one asset by employees of one that was. Several signatory companies, as well as the non-ESA contractor, received collective grievance claims that covered as many as 27 issues including a significant pay claim.

Recognising the significant changes in the employment environment since the turn of the year and especially since Russia’s invasion of Ukraine, the signatory employers and trade unions have worked together to address immediate and longer-term concerns.

To mitigate the risk of losing workers to other sectors, employers have made an award of 3% on the base rates effective from July 1 and engaged an independent third party to carry out a comparison of terms and conditions between offshore and onshore comparable roles.

Furthermore, all parties have agreed to set up two work groups. This was achieved in November. The first looks at measures to ensure the UKCS remains an attractive place to work; and the second considers how best to reward workers for the acquisition and practice of new skills.

The continued strength of the ESA, despite the ongoing business challenges, is testament to the commitment and collaboration between the signatories, both the employers and the unions. It remains a leading example of impactful, cross-industry collaboration and continues to play a key role in maintaining stable industrial relations.

If you would like to find out more about the ESA, please contact the team at ESA@oeuk.org.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.

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