

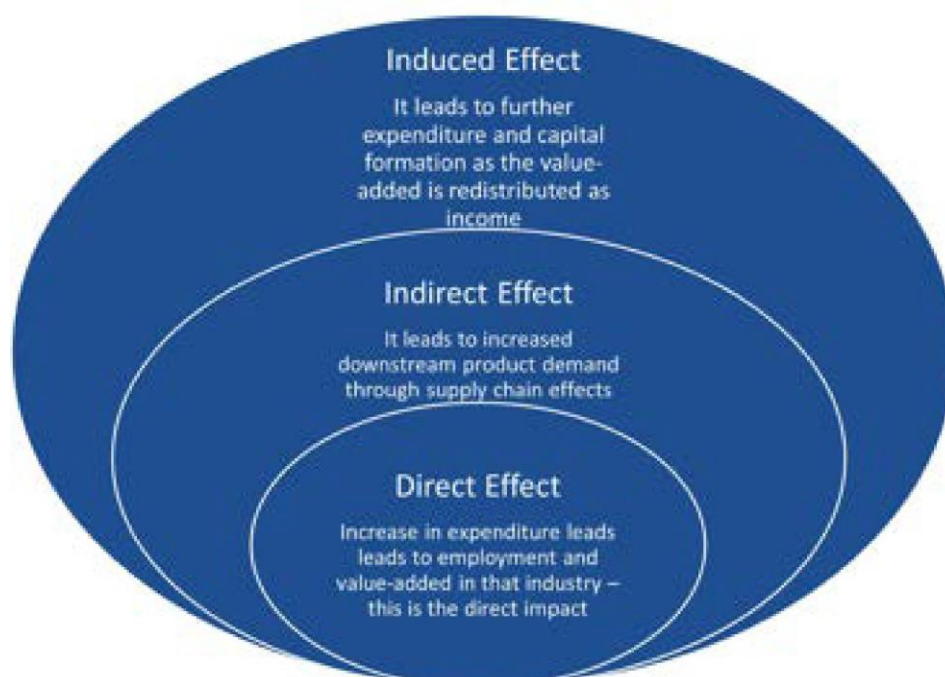
Estimating Employment and GVA impact of the UK Oil and Gas Industry

Stakeholder information document

The oil and gas sector plays an influential role in the global economy, it has made a sizeable contribution to the UK economy for many years and remains an important sector, both in terms of direct employment as well as supporting substantial employment in its supply chains.

Experian have conducted an independent assessment to estimate the economic contribution of the UK oil and gas industry at the national and regional level. The approach known as Input-Output (IO) model takes information on expenditure and investment by the oil and gas industry, provided by OEUK, to estimate the amount of activity supported across the entire economy through supply chain and wider economic effects using the latest official statistics.

Employment multiplier effect



UK employment impact

Employment Impact	2022	2023
Direct	27,600	26,000
Indirect	86,100	94,500
Induced	75,500	85,100
Total	189,200	205,600

- ✓ In 2022 and 2023, total investment by the oil and gas industry was estimated to support just under 189,000 and 206,000 jobs respectively, accounting for approximately 0.6% of all UK employment.

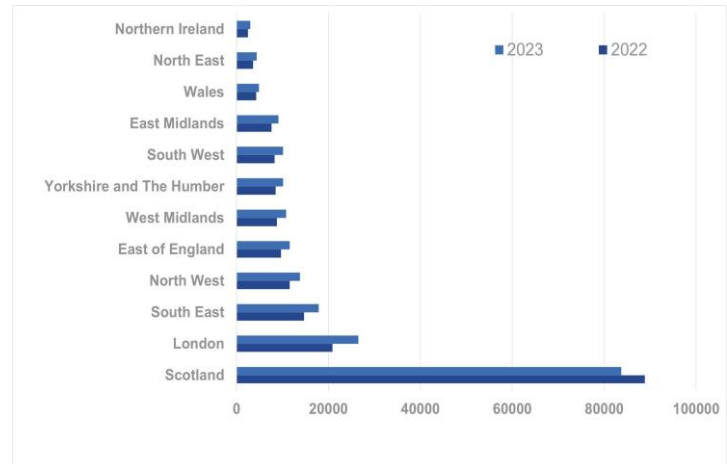
- ✓ Experian estimates that every £1 million of investment by the oil and gas industry generated 14.2 jobs in 2022 and 13.4 jobs in 2023.

UK GVA impact (£ Million)

GVA impact	2022	2023
Direct	16,500	12,200
Indirect	6,500	7,600
Induced	4,700	5,200
Total	27,700	25,000

- ✓ In 2022 and 2023, total expenditure by the oil and gas industry was estimated to have generated £27.7 billion worth of GVA contribution to the UK economy respectively, accounting for 1.2 % in 2022 and 1.0 % in 2023 of total UK GVA.
- ✓ Experian estimates that every £1 million of investment by the oil and gas industry generated £2.1 million of GVA in 2022.

Regional employment impact

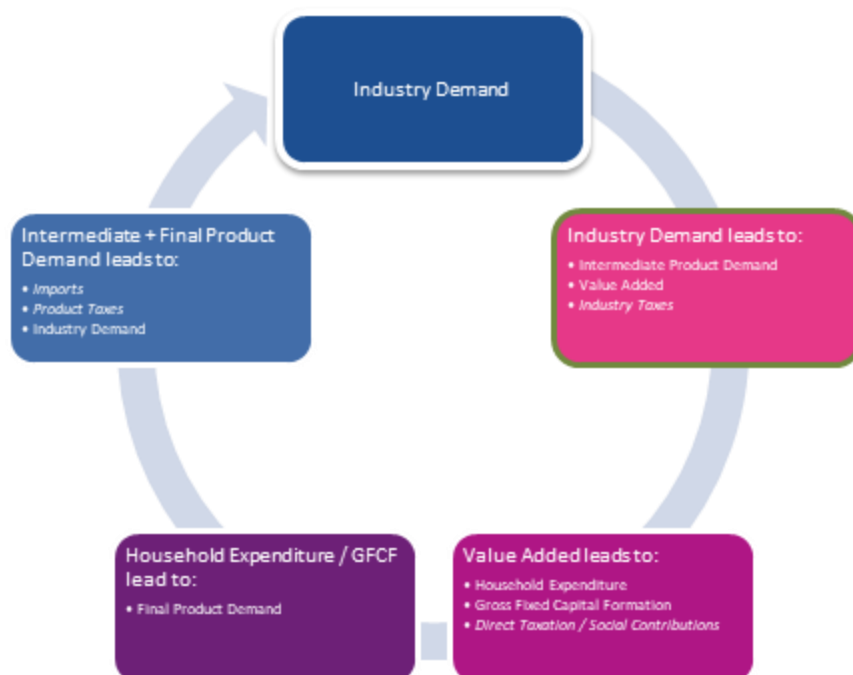


- ✓ The majority of employment supported by the oil and gas industry is found in Scotland. In 2022, it is estimated that 47% of total employment (including direct, indirect, and induced employment) is in Scotland and 41% in 2023, with estimated figures of around 88,800 in 2022 and 83,700 in 2023. The regional employment estimates may vary depending on several factors, including the expenditure profile of the industry.
- ✓ In terms of those directly employed in oil & gas extraction and support services, 82.7% of the jobs are estimated to be in Scotland. Outside of Scotland, London and the Southeast are home to the second largest number of jobs supported by the industry, with the two regions accounting for 19% of total employment in 2022 and 22% in 2023.

The modelling framework involves tracing the flow of the initial amount of investment through the economy. The expenditure is continuously recycled and each cycle consists of a number of steps. At each stage of a cycle, it is assumed that an increase in final demand will lead to an equivalent increase in the output and employment of the oil and gas industry and its supply chains. As a result of the increase in employment, the level of household income throughout the UK economy will increase following increased employment. A proportion of this increased income will be spent on domestically produced goods and services, which in turn leads to further increase in economic activities. In theory, the cycle is infinite. However, leakages ensure that the amount recycled each time falls with each cycle; after a finite number of cycles, it falls to effectively zero.

The diagram below shows the stages:

Stages to estimating the oil and gas industry economic impacts



When referencing figures derived from economic models, including Input-Output (IO) models, it is important to recognise that any modelling results should be interpreted as estimates to give broad indication of the possible economic impact based on a set of assumptions as such any changes in the assumptions derived from official statistics is likely to lead to revisions to these estimates.