OGUK

WORKFORCE & EMPLOYMENT INSIGHT 2021

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WORKFORCE & EMPLOYMENT INSIGHT 2021

Foreword

This year's *Workforce & Employment Insight* comes at the end of what has been an incredibly difficult period for our sector. During this challenging time, our industry suffered a uniquely damaging 'triple whammy' brought on by the COVID-19 pandemic and the subsequent low and volatile oil and gas prices.

Before the events of 2020, our industry was predicting a relatively optimistic outlook, with job numbers stabilising as detailed within our *Workforce Report 2019*. This report, however, shows a stark contrast to this.

While it's important not to shy away from this reality, it's also worth noting that we are seeing some very tentative and small indications of recovery. These include the more promising figures announced by OGUK in June, showing that the number of personnel working offshore had returned to pre-March 2020 lockdown levels, as industry continues to focus efforts on keeping people well and safe, while recovering activity and investment levels.

This OGUK report highlights the choices governments and policymakers face in mapping a fair transition towards the government's net zero targets. By supporting a progressive transition that prioritises UK energy, jobs and homegrown solutions, governments will offer companies the confidence they need to invest. It means the oil and gas industry can continue to play a crucial role across a huge part of the economy, supporting jobs in the UK energy supply chain and creating exciting energy careers of the future as the sector increasingly supports lower carbon energy production.

Therefore, it is concerning that during 2020, it is estimated that almost 34,000 fewer direct and indirect jobs were supported by the oil and gas industry than before the pandemic and shows how many of our colleagues have sadly lost their jobs. However, anecdotal evidence suggests that while roles have been lost, increasing numbers of people are transitioning into lower carbon alternatives including renewables, with many of the companies employing people in these emerging energy areas having oil and gas heritage.

Indeed, a recent report from Robert Gordon University showed that around 200,000 people are likely to be required in 2030 to underpin the development of offshore wind, hydrogen, and carbon capture and storage, as well as the vital ongoing oil and gas activities in the UK offshore energy sector.

Taking this together reinforces the fact that the transition needs to be carefully managed and that the symbolic alternative proposed by some – a cliff-edge transition that operates in isolation from demand – would negatively impact people and their communities across the UK, while significantly undermining the nascent energy sectors that need the skills, expertise and investment from the UK's evolving oil and gas industry.

The ground-breaking North Sea Transition Deal agreed in March of this year sets into action an exciting plan to help deliver a managed change at pace. As an industry, we must all get behind this Deal so that companies from Southampton to Shetland can play their part in delivering the energy transition, anchoring the supply chain in the UK, retaining jobs and skills and creating a more diverse and inclusive workforce. We are already in action.

As well as governments' support for the North Sea Transition Deal, the industry needs the UK and devolved governments to actively back our domestic oil and gas industry by continuing to provide stable fiscal and regulatory regimes whilst promoting the ongoing importance of the sector in delivering the net zero future we all want.

Foreword (continued)

This report also highlights the sector's efforts towards fostering an inclusive environment for all. The results of OGUK's Diversity and Inclusion Survey provide, for the first time, a measurable indication of the perception of the workforce towards D&I across the industry, and highlights where greater action is needed.

UK oil and gas companies are global pioneers of low carbon technologies, and through the work of the North Sea Transition Deal and the implementation of the new Energy Services Agreement, we are creating a landscape where people will be able to work right across the UK's diverse energy mix – from oil and gas to hydrogen, CCUS, wind and tidal.

The positive impact the country's transition to net zero will have on our people, their jobs, and the energy communities across the UK is clear. With the right support, our changing industry can continue to unlock opportunities for the people and places we know have the expertise to deliver a homegrown transition we can all be proud of.

Deirdre Michie OBE
Chief Executive
OGUK

OGUK

Key Findings

It is estimated that in 2020 industry activity supported **117,400 direct and indirect jobs**

Based on activity and expenditure projections, this is **anticipated to rise slightly to 118,400** in 2021

Travel restrictions led to a significant drop in the number of EU and non-EU offshore workers

The number of **people travelling offshore** in 2020 **fell by more than 10,400** on 2019

Having dropped to around 7,000 in April 2020, **the offshore workforce has now increased** and mid-June saw more than 11,200 POB offshore

Personnel working in **maintenance roles were most affected by reduced offshore activity**, while catering and facilities management roles remained steady

The **average age of the core offshore workforce** remained at **44.1 years old**

Women made up 3.4% of the offshore workforce, down slightly on 2019

The workforce and the North Sea Transition Deal

A core component of the **North Sea Transition Deal** is securing, stimulating, and creating tens of thousands of high-quality jobs in industrial heartlands across the UK

90% of oil and gas jobs have high or medium transferability

Data from the **OGUK Diversity & Inclusion Survey** showed a **D&I Index score of 7.1 out of 10**

The new **Energy Services Agreement** will support contractor, workforce and union relations, and promote the Scottish government's Fair Work Principles

Find out more at oguk.org.uk/nstd

Total Employment

The impact of the pandemic

Whilst essential for public health, the restrictions imposed to manage the COVID-19 pandemic have had significant economic and social impacts, both in the UK and around the world.

In the UK, the unemployment rate was 4.5 per cent in 2020, or more than 1.5 million people. This subsequently grew to 4.8 per cent in Q1 2021, as further lockdowns were implemented. Overall, UK employment fell to 75.1 per cent in the 12 months after the start of the pandemic (down 1.4 percentage points).

While this has had a significant impact on many people across the country, the rate of change in employment levels has been lower than had been anticipated, with the UK government's Coronavirus Job Retention Scheme (CJRS) acting to protect jobs across society. The number of people on furlough peaked at almost 9 million in May 2020 and, more than one year later, 11.6 million employees from 1.3 million businesses have benefitted from the scheme at some point. The overall UK government expenditure on the CJRS, so far, is estimated to be almost £66 billion.[1]

Due to the diverse nature of the oil and gas supply chain, which spans a range of areas such as manufacturing and construction, it is not possible to provide a full view of the impact of the CJRS across the sector. However, data from the Office for National Statistics (ONS) show that 1,100 direct employees within the Mining, Quarrying and Utilities sector (of which the oil and gas industry accounts for a significant proportion of economic activity) were on furlough at the end of May 2021 (representing 2 per cent of jobs eligible for the scheme in this category).[2] This is a significant reduction compared with levels in May 2020, when more than 15,700 were registered as on furlough (representing 30 per cent of eligible jobs).

Oil and gas industry employment

As in other industries, the pandemic has had a significant impact on the oil and gas sector, with companies taking swift action to protect their people and operations from the impact of the pandemic and commodity prices falling as a result of economic shutdowns.

The average Brent oil price fell by 35 per cent in 2020 to $41.9 per barrel, as demand levels collapsed to those last seen in 1995, while gas prices also fell by 28 per cent compared with 2019. This severe uncertainty in the market had a significant impact on investor confidence levels. OGUK has estimated that projects associated with around £3 billion of expenditure have been deferred from 2020 and 2021 and it is anticipated that it could take two to three years to see much of this recovered.

[1] https://commonslibrary.parliament.uk/research-briefings/cbp-9152/

[2] www.gov.uk/government/statistics/coronavirus-job-retention-scheme-statistics-1-july-2021

As a result, overall expenditure by the industry fell by 23 per cent last year (from £15 billion in 2019 to £11.6 billion in 2020). It is anticipated that it will remain in the range of £11.5–12 billion in 2021.

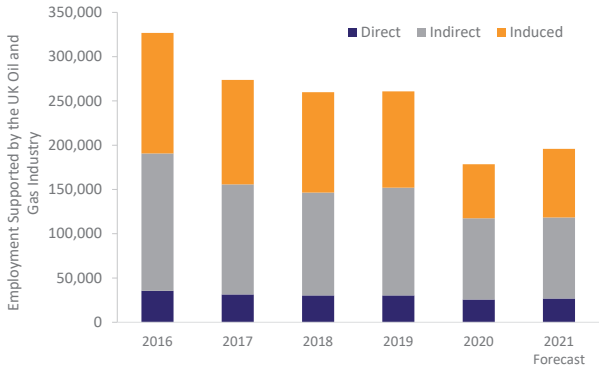
As employment across the sector is tied to investment and activity levels, there has been an inevitable impact on the estimated number of jobs that the industry supports. It is now estimated that the activity from the industry supported 117,400 direct[3] and indirect[4] jobs in 2020, representing a decline of 34,700 compared with 2019. Overall, including induced employment[5] of 61,100, the industry is estimated to have supported 178,500 jobs in 2020. Much of this change will be due to redundancies and loss of contracts, however it is also important to note that many roles will now be supported by demand from other sectors as the pace of company diversification increases.

Direct and indirect supported jobs are also forecast to increase slightly in 2021, to 118,400 – 33,700 fewer than prior to the pandemic.

When induced employment is included, this means that 0.6 per cent of all UK jobs are connected to activity in the oil and gas industry, compared to 0.7 per cent prior to the pandemic.[6]

[3] Those employed by companies directly involved in the production of oil and gas in the UK.
[4] Employment supported in companies from across the wider supply chain who supply goods and services in support of oil and gas production in the UK.
[5] Employment supported by the expenditure of income from the oil and gas sector e.g. accommodation, services.
[6] It should be noted that due to the effects of the economic conditions and measures such as the CJRS, the employment estimates for 2020 and 2021 are considered as having a greater element of uncertainty when compared with previous years.

Figure 1: Employment Supported by the UK Offshore Oil and Gas Industry



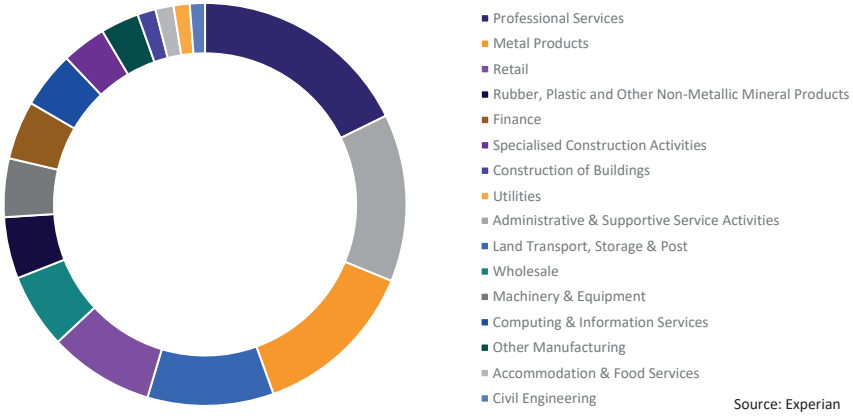
Source: Experian

	2016	2017	2018	2019	2020 Estimate	2021 Forecast
Direct	35,600	31,400	30,400	30,400	25,700	26,900
Indirect	155,100	124,300	116,100	121,700	91,700	91,500
Induced	136,200	118,100	113,400	108,700	61,100	77,500
Total	**326,900**	**273,800**	**259,900**	**260,800**	**178,500**	**195,900**

The effects on the level of employment the industry supports reinforces the importance of building a recovery in activity and investment levels across the sector. It is crucial that government and other key stakeholders continue to work with industry to ensure that business conditions attract and retain companies in the UK – fostering a strong, sustainable and resilient sector throughout the transition to net zero. This is essential for the retention of skills required for future net zero projects, for the contribution to the wider economy and to UK energy security. A focus on the implementation of the North Sea Transition Deal (NSTD) can act as a catalyst for achieving this, together with driving support for the industry's Supply Chain Principles, which will help promote good business conditions.

As the energy mix continues to evolve over time, and demand from emerging low carbon sectors increases, opportunities for workers within the oil and gas industry to transfer their skills will also increase. However, this transition will not be linear and many workers will apply their skills to a range of projects alongside oil and gas. By 2030, alongside new recruitment, it is estimated that around half of the skills demand from the offshore energy sector will be met by people transferring their expertise to emerging low carbon energy sources, applying their skills to new areas as well as oil and gas.[7] Continued investment in oil and gas projects is key to ensuring that this skills transfer can take place. A further fall in investment risks a loss of capability with no new roles to move into, as demand from sources such as offshore wind, CCUS and hydrogen will take time to build.

Figure 2: Oil and Gas Indirect Employment



Source: Experian

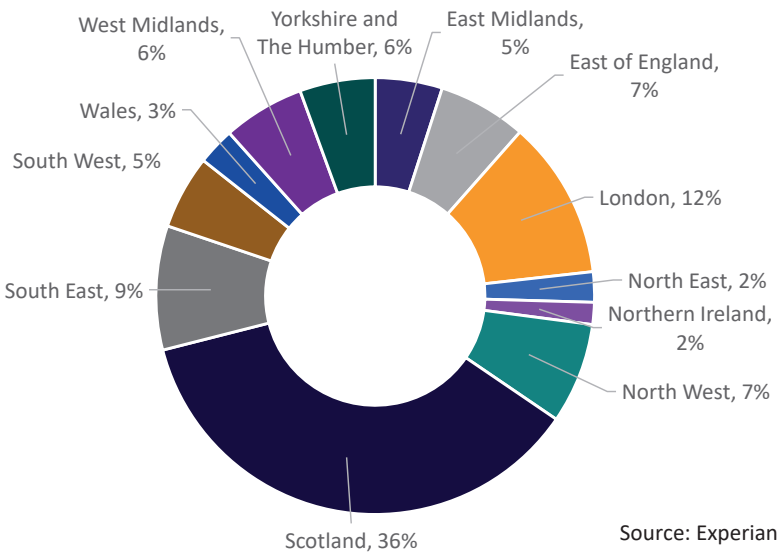
[7] www.rgueti.com/wp-content/uploads/2021/05/workforce-transferability-report.pdf

In addition to direct employment, oil and gas investments indirectly supports jobs across over 35 industries which contribute towards the sector's broad and skilled supply chain. This ranges from professional services such as specialised legal firms and consultancies, clothing and PPE manufacturers and accommodation providers, through to construction and computing firms. This ultimately means that a loss of investment from the oil and gas sector also has consequences for employment levels across a wide range of sectors of the UK economy.

The sector supports jobs across all regions of the UK, however the largest proportion of the workforce are situated in regional hubs. A sizeable proportion of the workforce is also located in the Greater London area, much of which is related to professional services and engineering. Figure 3 provides an overview of this, including induced employment.

Many of these 'energy hub' areas have seen greater changes in wider employment rates than the national average, which underlines the significant economic impact of the oil and gas sector across the whole country. Data from the Department of Work and Pensions show that the Alternative Claimant Count (a measure of the number of people claiming unemployment related benefits) more than doubled in Aberdeen and Aberdeenshire between February 2020 and February 2021, an increase of almost 8,500. The same measure shows an increase of more than 90 per cent in the Norwich area (a rise of more than 3,000) and 50 per cent in the north east of England (an increase of more than 40,000).

Figure 3: Regional Oil and Gas Employment



Source: Experian

Offshore Workforce Profile

Overview

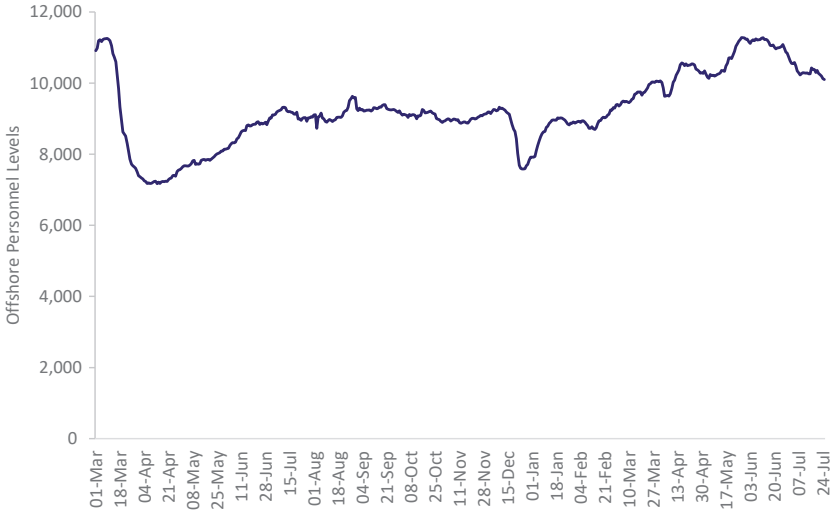
While this report will provide its usual examination of offshore demographics, it is important to bear in mind the continued impact of restrictions as a result of managing COVID-19. When combined with the impact of commodity prices, this makes it difficult to ascertain trends in offshore numbers that may have been seen without the pandemic.

Last year's *Workforce Insight* report included a snapshot of the offshore figures from the beginning of the UK's first lockdown, until August. This showed an immediate drop in the number of people offshore from around 11,000 to 7,000 in less than a month during March-April 2020. Numbers picked up over time but only reached just over 9,000 by the end of August 2020.

Figure 4 shows that numbers have recovered further, with mid-April this year seeing close to 10,500 average personnel on board (POB) and numbers in mid-June slightly above pre-lockdown figures, a welcome sign of recovery. The further dip from 26 June reflects the end of shutdown campaigns that take place at this time of year, particularly the Forties Pipeline System (FPS) shutdown in 2021.

The recovery in numbers was made possible in no small part due to industry working together under the guidance of the Pandemic Steering Group, which worked with key stakeholders to put in place the necessary COVID barriers to enable people to return to work safely. These included the introduction of pre-mobilisation temperature checks and testing, snoods for offshore travel, COVID-secure medevac capabilities and safe passage arrangements to allow offshore workers to travel to heliports.

Figure 4: Offshore POB



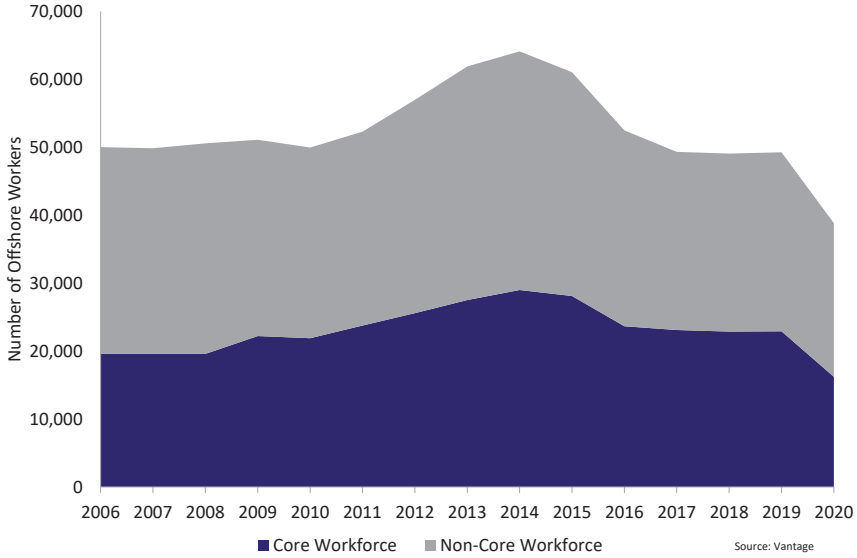
Source: Vantage

Core and non-core workforce

To get a more accurate picture of the workforce, the total number of people travelling offshore is divided into core (those who spend more than 100 nights offshore in a year) and non-core. The core workforce is therefore those who work offshore full time, as opposed to others who may be regular travellers or occasional visitors to perform specific pieces of work, but whose primary place of work is not offshore.

As would be expected, the total number of people travelling offshore in 2020 showed a marked fall from the year before. The need to ensure COVID compliance meant that cabin occupancy had to be reduced and changes made to work arrangements and communal areas to enable social distancing. As Figure 5 shows, the drop in numbers travelling offshore was seen in the core offshore workforce almost as dramatically as non-core personnel. Overall, the reduction amounted to just over 10,400 personnel compared with 2019.

Figure 5: Number of Travellers Offshore

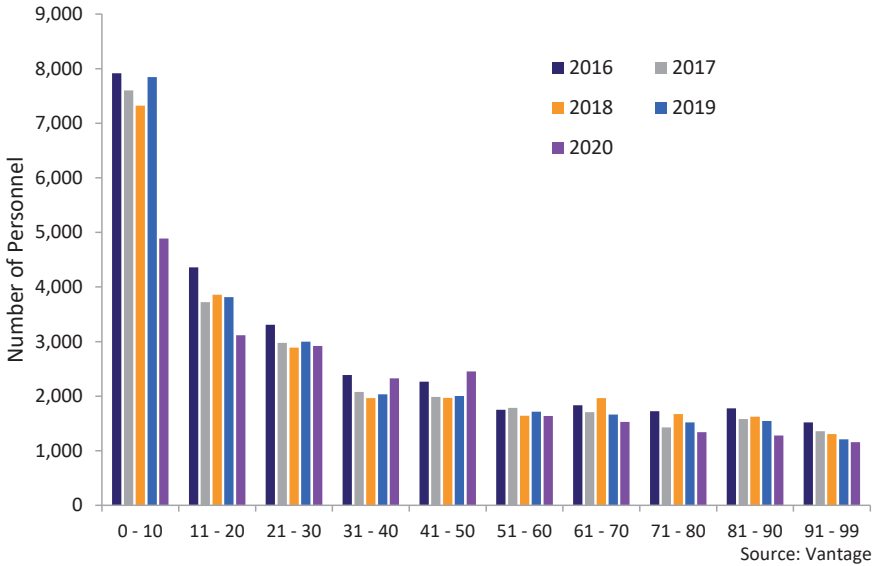


Nights spent offshore

Data in last year's report showed a welcome stabilisation in the numbers of personnel travelling offshore in 2019, with overall numbers since 2017 trending in line with 2006–10. Unsurprisingly, the picture in 2020 was vastly different, due to the reduction in offshore activity.

The biggest fall was seen in those spending less than ten nights offshore, followed by 11–20 nights, reflecting the curtailing of non-essential offshore visits.

Figure 6: Nights Spent Offshore



Source: Vantage

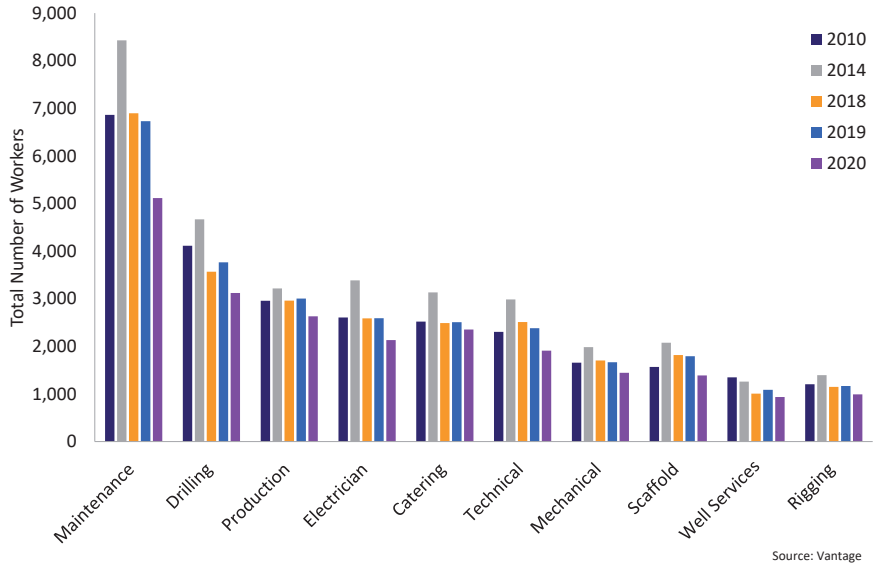
Offshore job roles and employees

Over the years of producing this report, the ratio of operator to supply chain employees has remained constant at around 20 per cent and 80 per cent, respectively. However, the split has been reviewed again to ascertain if the events of 2020 had a greater impact on one population compared with the other. The figures do show a change, with the operator population making up just over 24 per cent last year, as a result of reductions in activity.

Figure 7 illustrates the population of personnel across the ten largest disciplines, showing a marked fall in maintenance personnel. This is to be expected given the postponement of some non-essential maintenance work to reduce POB numbers and enable compliance with COVID restrictions, although safety-critical work was continued.

Catering numbers – which include roles such as facilities management – appear the least affected, as operators retained personnel to implement COVID barriers such as reduced cabin occupancy, extended meal times and more extensive cleaning of communal areas.

Figure 7: Offshore Employment by Top Ten Disciplines



Source: Vantage

Geographical distribution on the UKCS

There has been little change in the geographical distribution of the offshore workforce, other than small increases in the proportion of personnel in the Northern and Central North Sea sectors (two and three percentage points, respectively). However, the number of people who worked in multiple sectors fell markedly, from 25 per cent of the total to 20 per cent – a drop of almost 4,300 people.

This correlates with the reduction in maintenance activity, which involves campaign work, particularly during annual shutdowns. A number of shutdowns were reduced in scope or postponed, most notably the FPS shutdown originally scheduled for summer 2020.

Figure 8: Geographical Distribution of the Offshore Workforce on the UKCS*

West of Shetland		
	Total	% of Total Workforce
2010	1,508	3%
2014	1,704	3%
2018	1,708	3%
2019	1,991	4%
2020	1,597	4%

Morecambe Bay (incl. East Irish Sea)		
	Total	% of Total Workforce
2010	844	2%
2014	1,261	2%
2018	1,078	2%
2019	1,011	2%
2020	960	2%

Multiple Sectors		
	Total	% of Total Workforce
2010	12,122	24%
2014	15,235	24%
2018	12,502	25%
2019	12,238	25%
2020	7,948	20%

Northern North Sea		
	Total	% of Total Workforce
2010	7,341	15%
2014	8,482	13%
2018	5,177	11%
2019	5,464	11%
2020	4,880	13%

Central North Sea		
	Total	% of Total Workforce
2010	23,142	46%
2014	31,408	49%
2018	24,082	49%
2019	23,840	49%
2020	20,316	52%

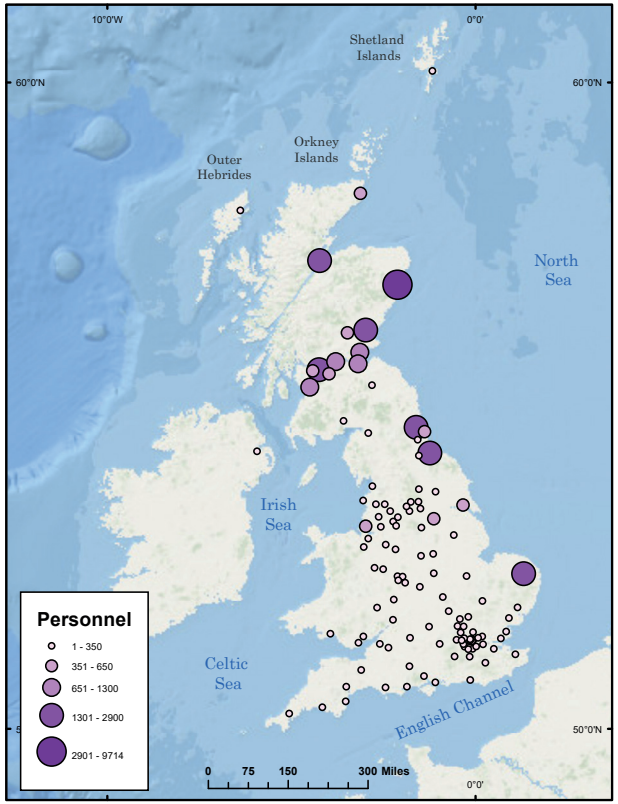
Southern North Sea		
	Total	% of Total Workforce
2010	4,919	10%
2014	6,023	9%
2018	4,532	9%
2019	4,436	9%
2020	3,145	8%

*The percentage figures for some years may not add up to 100% due to rounding.

Residential location

Figure 9 shows that the offshore workforce remains spread across the UK, from Shetland to Southampton. However, there are larger numbers in the east and north east of England, the north east of Scotland, Tayside and the Highlands and in the Central Belt.

Figure 9: Residential Locations of Offshore Workers

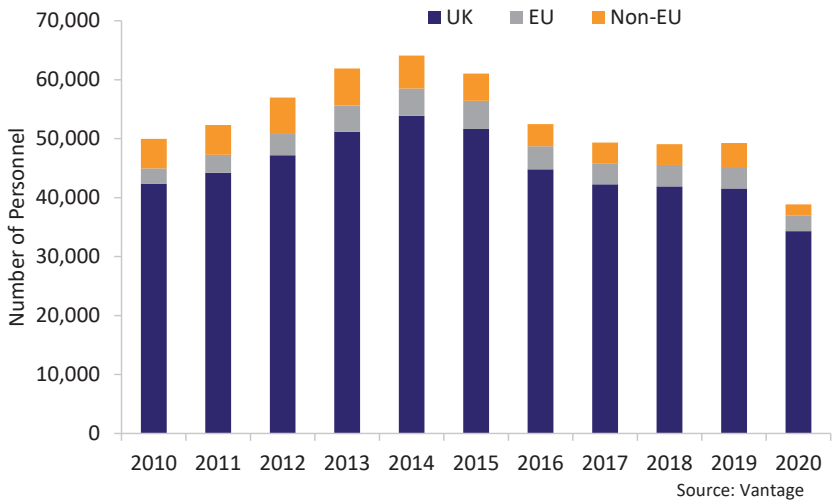


Nationality

Figure 10 shows a drop in overall personnel in 2020, and that the number of people from both EU and non-EU countries has contracted. There was a 27 per cent fall in workers from the EU (970), alongside a 54 per cent reduction in those from non-EU countries (2,187). By contrast, the UK workforce fell by 17 per cent (7,300).

The disproportionate impact on EU and non-EU workers can be explained, at least in part, by travel restrictions and quarantine arrangements arising from the pandemic.

Figure 10: Nationality of Offshore Workers



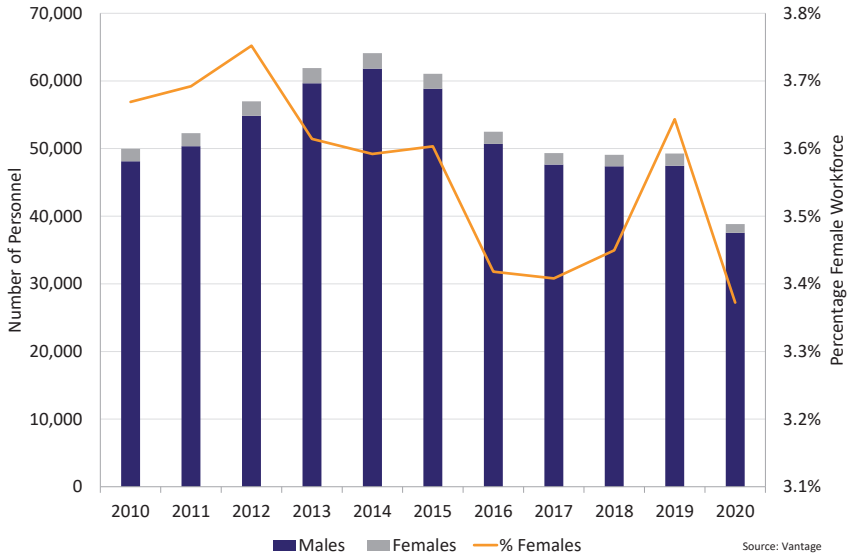
Source: Vantage

Gender

The proportion of female offshore workers offshore was 3.4 per cent last year, as was the case in 2017 and 2018. In 2019 there had been a very small increase to 3.6 per cent. The fall in 2020 equated to 485 women, a reduction of 27 per cent. The number of men, by comparison, fell by 21 per cent.

The age breakdown for female offshore staff shows that 42 per cent are aged 34 or younger, and 28 per cent are in the 18–29 age group, suggesting young women are entering the workforce, albeit in small numbers. There is another small but positive sign from the 2021 intake to the Oil and Gas Technician Apprenticeship Programme (OGTAP). Though the level of applications from females remained low (circa 5 per cent), the proportion of female recruits increased dramatically, with women making up 16 of the 60 recruits for 2021 (27 per cent).

Figure 11: Male and Female Workers



Age

Data from 2020 show that the average age of all offshore travellers has continued to rise, albeit by only six months, to 43.7. This change is uneven across the workforce; the average age of the core workforce remained the same, at 44.1, while the age of non-core workers increased again from 42.4 to 43.4.

Figure 14 shows that the proportion of the workforce in the 18–29 cohort continues to fall, down to 9.4 per cent from 12.7 per cent two years ago. A likely explanation is that the proportion of the workforce made up by new recruits is smaller as the impact of the downturn of 2015 continues and activity reduced as a result of the pandemic.

Figure 12: Age Profile of Core versus Non-Core Workforce, 2020

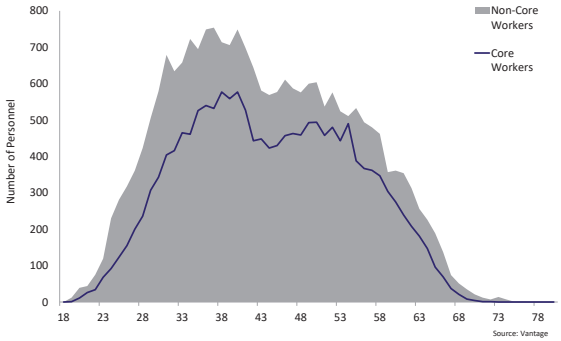


Figure 13: Age Profile of Core Workforce

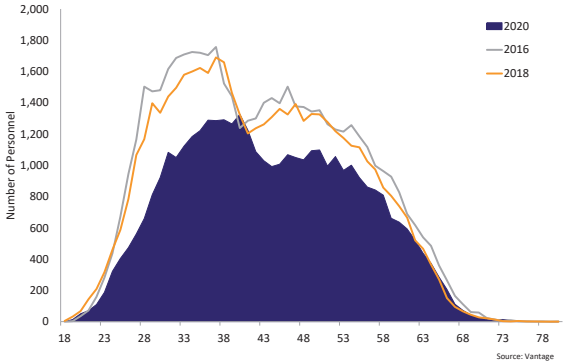


Figure 14: Offshore Workforce by Age Group

	18–29	Per cent	30–44	Per cent	45–59	Per cent	60+	Per cent
2014	12,836	20.0%	26,937	42.0%	20,184	31.5%	4,156	6.5%
2016	6,743	12.8%	23,016	43.9%	18,499	35.2%	4,228	8.1%
2018	6,232	12.7%	21,811	44.4%	17,585	35.8%	3,449	7.0%
2020	3,660	9.4%	17,373	44.7%	14,464	37.2%	3,349	8.6%

The Energy Services Agreement

Background

Since its creation in 1995, the Offshore Contractor's Association (OCA) worked directly with trade unions and member contracting companies to negotiate minimum rates of pay and standards for employees, as part of a collective bargaining agreement known as the Offshore Contractors' Partnership Agreement (OCPA), which applied to thousands of offshore workers across (latterly) seven key member companies.

In October 2019, the OCA conducted a stakeholder engagement project to ascertain the industry's views of the OCPA. The feedback received highlighted that widespread changes within the offshore industry over the last decade had led to less adherence to the OCPA, and there was a general view that the agreement was outdated. This culminated in the decision to end the OCPA and the OCA as of December 31, 2020.

Despite this, a key piece of feedback was that collective negotiations were much more efficient than individual company negotiations and so work began to forge a new agreement to succeed the OCPA. Hence throughout 2020, the OCPA'S replacement – the Energy Services Agreement (or ESA) – was developed.

The Agreement

The Energy Services Agreement is a new collective bargaining agreement which sets out base rates of pay and conditions for thousands of employees working offshore in the UKCS.

The Agreement promotes fair and sustainable employment conditions which will endure throughout variations in the markets and operating environment, and as the UK oil and gas industry plays its key role in the energy transition.

The ESA is a leading example of what impactful cross industry collaboration looks like in practice. Fourteen service companies (Aker Solutions, Altera, Brand, KAEFER, Muehlhan, Navitas, ODE, Oleochem, Petrofac, Ponticelli, Semco Maritime, Stork, Wood and Worley), three trade unions (GMB, RMT and Unite) and a dedicated project team worked together for 13 months to develop the ESA, liaising with OGUK throughout. These service companies and trade unions are now taking the ESA forward under the auspices of OGUK, which continues to promote and integrate the Agreement into the wider OGUK business plan.

The ESA is a living document which means that there is scope to change the agreement to ensure it remains fit for purpose. It outlines the minimum base rates of pay for hourly, day-rated and salaried employees. It also sets out conditions and expectations for the workforce in areas such as rest periods, delays, and training. Increasing transparency and understanding of base earnings was an integral part of the creation of the new agreement. The standards outlined within the ESA are minimum standards; employers can each determine their own terms and conditions, but they should be no less than those guaranteed by the ESA.

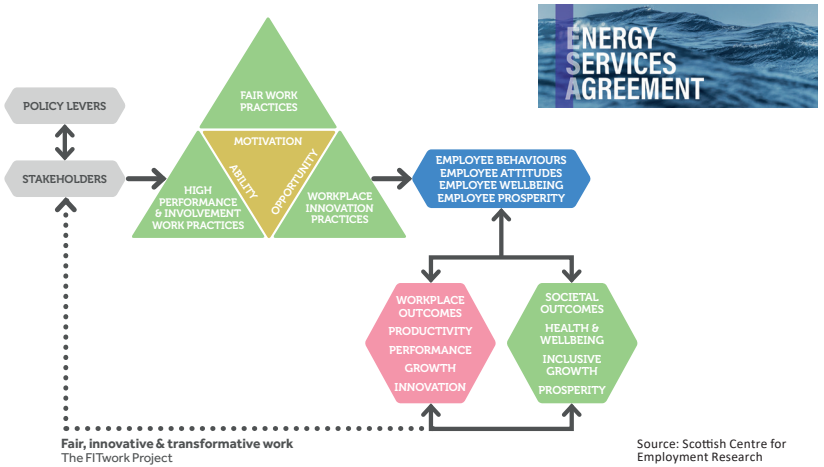
Arguably the biggest innovation in the agreement is the Rate Adjustment Mechanism (RAM), which replaces lengthy and often adversarial pay negotiations with a mechanism based on both inflation (Consumer Price Index) and oil and gas prices (Commodity Price Adjustment). As well as releasing additional time for more value-adding activities and discussions, the RAM gives transparency for all stakeholders of forthcoming rate changes, which will help companies budget and avoid the difficulties of backdating pay changes, something which impacts all stakeholders.

Engagement with the offshore workforce is at the heart of the agreement. All stakeholders are keen to make sure the views of the people who are covered by the agreement are captured, and that these views are incorporated into future planning. Engagement sessions with representatives from ESA employer companies, the trade unions, and the workforce via their representatives take place on a quarterly basis.

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

Fair Work Principles – ensuring our workforce are treated fairly

The vision behind the Scottish Government Fair Work Framework[8] is for "people in Scotland to have a world leading working life where fair work drives success, wellbeing and prosperity for individuals, business, organisations and for society by 2025."



In the context of the Framework, fair work has been defined in terms of five dimensions: effective voice, opportunity, security, fulfilment, and respect. These components, which are also reflected in other national reports, such as those of Engage for Success,[9] underpinned the development of the ESA. Recognising when workers feel, and believe, they are being treated fairly provides a greater benefit to all stakeholders and supports greater job satisfaction, safer working environments, improved performance and productivity, increased engagement, healthier lifestyles, and improved wellbeing as highlighted in the image above.[10]

Through workforce engagement it is our intention to address and resolve issues that concern and impact all stakeholders, recognising that our industry is changing, and we need to do things differently. Everyone deserves to feel like they belong, that they can and are adding value, and that their views and opinions matter.

[8] www.fairworkconvention.scot/the-fair-work-framework/

[9] www.engageforsuccess.org/

[10] Scottish Centre for Employment Research (2016) *Harnessing knowledge, research and networks to drive fair, innovative and transformative work in Scotland. The Fair, innovative and transformative work (FITwork) Project, Year 1 Report.* Diagram reproduced in *Fair Work Convention (2016) Fair Work Framework.*

A sustainable future for the UKCS workforce

The UK's offshore oil and gas industry is changing. It remains a crucial part of the UK economy and we are committed to playing a positive role in the UK's energy future. The sector has the expertise required to help the UK Government meet its climate ambitions of being net zero by 2050. At the same time, this industry has an important economic role to play, supporting jobs and creating exciting energy careers of the future, as envisioned in our blueprint for the sector, Roadmap 2035.

The North Sea Transition Deal

The North Sea Transition Deal (NSTD), the first of its kind in a G7 country, is a transformative partnership which will harness the capability of the UK offshore oil and gas industry to help the UK meet its climate ambitions of achieving net zero emissions by 2050, affordably and at pace. As the UK prepares to host the UN COP26 Summit in November, this Deal shows the industry's commitment to driving the energy transition and to building world-leading technology, skills and expertise.

The Deal focuses on five key commitments, and sees industry and government working together to build on the UK's global strength in offshore oil and gas production and help maximise opportunities for the sector from the global shift to clean growth. Delivery of the NSTD will help unlock up to £16 billion of new investment, support up to 40,000 jobs and reduce emissions by up to 60 million tonnes.

The key NSTD commitments are:

Supply Decarbonisation: Cutting emissions from oil and gas production through an ambitious emissions reduction programme

Carbon Capture & Storage: Delivering CCS at scale, enabling large parts of UK industry and society to eliminate their CO_2 emissions

Hydrogen: Driving the hydrogen revolution in the UK to provide a realistic alternative for heating, heavy industry, and transport

Supply Chain Transformation: Making the most of a unique resource by creating a globally competitive all energy supply chain

People & Skills: Securing, stimulating, and creating tens of thousands of high-quality jobs in industrial heartlands across the UK

The move to net zero will present opportunities for oil and gas workers to transition across to other energy sectors, such as renewables or nuclear, as well as the emerging technologies of CCS and hydrogen. However, CCS and hydrogen are in their infancy and the impact of the transition to net zero needs to be managed fairly if thousands of oil and gas workers, as well as energy-reliant communities such as north east Scotland and Teesside, are not to be left behind.

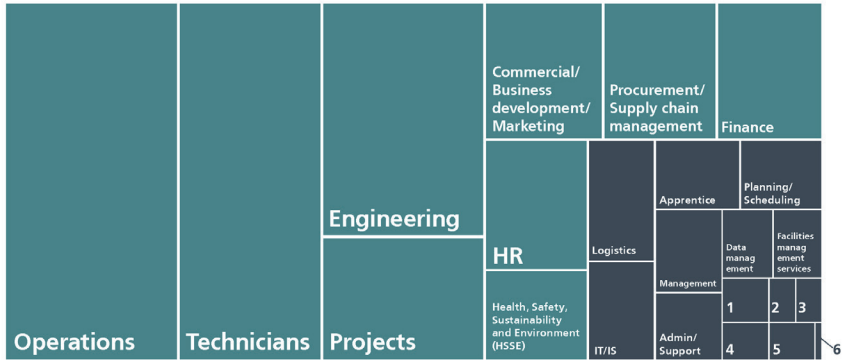
As the country works towards its net zero targets, understanding future workforce requirements is essential as we support oil and gas workers and companies which are diversifying to support new sectors or industries. It is therefore important that we develop a picture of demand in other sectors over the coming years. For example, Renewables UK has produced a report showing employment forecasts in the wind sector[11] and the Energy Skills Alliance (convened by OPITO) is working on producing an overall picture covering all energy sectors. This information will enable the movement of oil and gas workers to other energy sectors in a managed way, as well as helping to identify what additional training may be required. From research commissioned by OGUK at the turn of the year, 90 per cent of roles have medium or high occupational transferability, suggesting the UK workforce has the skills to support our industry and others now and in the future.

As there is a high degree of transferability between sectors for the majority of oil and gas disciplines, the likelihood is that training will, on the whole, be contextual, relating to the requirements of the new sector as opposed to the individual's core skills.

OGUK is working with key stakeholders including the UK and Scottish governments and trade unions to deliver the specific commitments in the Deal and make a fair transition a reality. Helping the workforce transition over time is a key objective of the NSTD implementation plan

This includes an OGUK-driven supply chain strategy to support companies through the downturn as well as working with them to prepare for and transition to the net zero

Figure 15: Projected Offshore Energy Workforce in 2030 by Role



Total projected 2030 offshore energy workforce split by key job families. Size of the box represents the projected numbers of people in the job family

1. Drilling/Wells
2. Office facilities management
3. Communications
4. Legal
5. Subsurface
6. Decommissioning

Source: RGU

future. The strategy's long-term aim is to support the transformation of our existing oil and gas supply chain into a diverse energy supply chain which is the driving engine of technology and innovation in an all-energy future.

Work is already underway supporting workforce transition, as many of our members are already active in sectors like offshore wind, nuclear and CCUS. For example, Aker is already deploying many of its people in wind, hydrogen or carbon capture. Furthermore, the Connected Competence initiative, led by the ECITB, has been developed with a clear focus on enabling the transferability of workers between energy sectors (see overleaf).

[11] Offshore Wind Skills Intelligence Report, March 2021

CASE STUDY: Connected Competence

A growing number of energy services companies are adopting a standardised approach in assuring base technical competence for Craft and Technician trades which is recognised and transferrable across organisations and other sectors. The 'Connected Competence' programme helps equip the engineering construction workforce with transferable engineering skills that are in demand across the energy sectors and are aligned to National Occupational Standards (NOS). This industry-led collaboration aims to support improving workforce site safety, delivering improved efficiencies, and enabling the skills transfer and mobility of the workforce across energy sectors.

The Connected Competence programme provides time-served/experienced workers with an approach to assuring current competence prior to mobilisation, through knowledge and technical testing covering key, generic activities across the specific trade disciplines. It uses standard industry role profiles to help inform workers and employers of the base expectations for the role, including the technical test competencies and minimum qualifications.

Assuring the ongoing competence of workers and raising the level of competence to a base standard helps to ensure everyone is working in a safe, skilled, and productive manner. These are then stored centrally and visible for employees and employers, although workers 'own' their competence achievements. Holding these assessments centrally aids the seamless transfer of workers between employers, particularly in times of peak demand, allowing for quicker mobilisation and streamlined onboarding processes. This also helps to achieve cost efficiencies and reduce unnecessary duplication. Connected Competence focuses on technical competence only and by doing so can carry across other engineering construction and energy sectors such as onshore process industries, nuclear and renewables and encourages labour movement across the sectors.

CASE STUDY: Aker Solutions

Aker Solutions is one company that has taken significant steps in recent years to deliver services and solutions to the renewable energy market. Motivated by the opportunity to champion a greener, more sustainable future, by 2030, renewables and low carbon solutions will be Aker Solutions' biggest business, accounting for two thirds of the company's revenue. Aker Solutions' renewables expertise draws upon its highly skilled workforce and vast experience in developing and managing large and complex offshore projects.

In February 2021, Vattenfall announced that Aker Solutions together with Siemens would be its preferred bidder if the company was to embark on a development project for the Norfolk Offshore Wind Power Zone. The project would see Aker Solutions deliver high-voltage, direct current (HVDC) converter platforms and other parts of key infrastructure. Through this project, Aker Solutions would leverage its oil and gas engineering experience, workforce skills and existing equipment to develop optimised HVDC transformer platforms to significantly reduce the topside weight on the offshore wind farm. In doing so, it would minimise the need for scheduled and unscheduled maintenance and ensure the infrastructure was able operate almost entirely remotely.

Siemens and Aker Solutions have already delivered concept and FEED engineering on the project and continue to provide optimization engineering in the run-up to Contract for Difference (CfD) award. Aker Solutions has been focused on ensuring the design is optimised and standardised across the three HVDC platforms that will make up the Norfolk transmission system.

The Norfolk FEED is one of three HVDC projects that Aker Solutions' existing UK engineering team has delivered over the past 12 months and the company sees strong growth in this area with projects ongoing and new opportunities emerging. These projects have enabled 120 people from Aker Solutions' engineering team to move from oil and gas into the delivery of cleaner energy.

Promoting an inclusive workplace

The events of the past year have had a profound effect on all aspects of life, and diversity, inclusion and equality are no different.

Furthermore, the murder of George Floyd and the growth of the Black Lives Matter movement in the wake of this tragic event has brought the topic of racism to the forefront of our society, asking difficult questions and demanding lasting change.

What we have witnessed during the global pandemic has only amplified discussions on inequality within our society. Statistics have shown that COVID-19 restrictions have had an unequal impact across society; a greater impact on health and employment has been seen by ethnic minority groups,[12] and women have borne the brunt of caring and home-schooling burdens.[13] Young people have been particularly hard hit when it comes to job losses,[14] while older workers may find it harder to find new jobs if displaced.[15]

As with other capital-intensive sectors, our industry has struggled to reflect the diversity of society as a whole. However, the business case for increasing all aspects of diversity in the workforce, attracting those who reflect the richness of talent in society and to retain and empower 100 per cent of capacity within our businesses, is clear. This is why OGUK identified this as a key priority area in 2019.

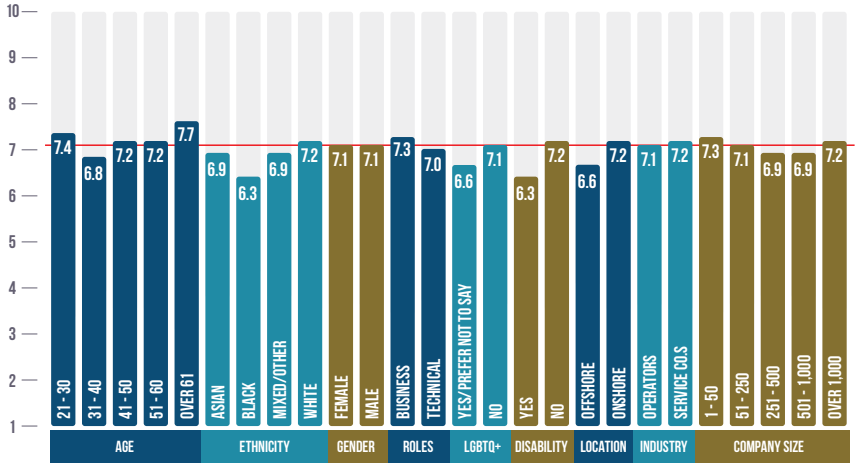
[12] www.peoplemanagement.co.uk/experts/legal/could-black-lives-matter-speed-up-introduction-ethnicity-pay-reporting
[13] www.mckinsey.com/featured-insights/future-of-work/covid-19-and-gender-equality-countering-the-regressive-effects
[14] www.resolutionfoundation.org/publications/uneven-steps/
[15] www.peoplemanagement.co.uk/news/articles/covid-has-damaged-older-workers--employment-prospects

In our sector, the contribution from people of all backgrounds will be critical to harness innovative ideas, new technologies and new ways of working to deliver the energy transition and net zero agenda. To achieve this, our sector needs to improve diversity and inclusion as a business priority. It is not surprising, therefore, that one of the key commitments in the ground-breaking NSTD demonstrates our commitment to a sustained focus on diversity and inclusion in our sector.

The OGUK D&I Task Group, established in 2019 to raise awareness and share good practice on diversity and inclusion, launched a workforce survey at the end of 2020 to gauge the perceptions of the workforce of diversity and inclusion. The results were published as part of the *Building A Baseline* report in April 2021 and returned an index of 7.1 out of 10 across the 1,600 respondents.

The overall Index score is encouraging, and for the first time sets a baseline for industry's attitudes and progress. Yet, as always, the devil is in the detail and when the scores for specific groups or components are analysed it is clear there are groups who certainly feel less included and less able to bring their whole selves to work. For example, those of non-white ethnicity recorded scored below the industry average, as did respondents in the age range 31–40.

Figure 16: UKCS D&I Index



Source: RGU, OGUK

OGUK D&I priorities

The survey results not only provide an important baseline against which the industry can measure progress, but also suggest specific areas on which it should focus attention to improve perceptions of inclusion. To emphasise the importance of D&I as a business priority, OGUK has formalised the position of D&I policy lead within the organisation.

Part of that role will be developing a bridge between the D&I Task Group (who are key influencers) and OGUK members, through reports to Board and Council, and especially via the HR community who, as well as being influencers and change managers, are often creators and implementers of new policy. To this end, a subgroup of the Employment and Skills Forum has been established to help turn recommendations into specific actions or guidance, as appropriate.

Discussions of diversity tend to be about the demographics of a particular group, particularly focusing on the protected characteristics specifically covered in equality and employment legislation. However, improving the demographic figures will not be enough in itself; if people do not feel included in an organisation they will not perform to their best, will be less engaged and more difficult to retain. The Index reported in *Building a Baseline* is therefore a crucial measure as it describes "the degree people feel accepted, included and empowered to bring their whole self to the workplace and can share their opinions and thoughts." This is particularly important when we consider physically invisible and often neglected factors such as neurodiversity and social mobility.

Further review of responses from specific groups has informed OGUK's plan of action, endorsed by the D&I Task Group.

To complement the findings of the employee survey, OGUK will also conduct a diversity and inclusion survey of member companies to establish the demographics of the workforce. This will be no small undertaking, as many companies do not routinely record characteristics such as ethnicity or sexual orientation. However, it is important that we understand the make-up of our workforce, if we are to be able to measure how reflective it is of society as a whole and the communities in which our members work.

This report has been written as this industry – like the rest of the country – strives to recover from the practical, financial and human impacts of the pandemic. Undoubtedly there are challenges ahead, but there are also great opportunities for our sector, our members and our wider workforce if the aspirations set out in the NSTD and Roadmap 2035 are realised.

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