



# OUR POWER

Demand Briefing Paper

93%

of 1092 offshore workers surveyed support this demand

# CLEAR ACCESSIBLE PATHWAYS OUT OF HIGH CARBON JOBS

## SUMMARY

A successful transition needs to make use of skills already within the workforce, and give people the chance to take up new opportunities. Among other measures this requires understanding the skills and exper-

ience held by existing workforces, how they align with the skills we need in the future, funding for training and retraining, and a jobs guarantee for all workers leaving the offshore oil and gas industry as it declines.

## CONTEXT

Employment in the offshore oil and gas sector is expected to shrink significantly throughout the next twenty years as a result of the decline in oil extraction as well as increasing automation in the sector.<sup>1</sup> Even in the absence of government policy to restrict oil and gas production on climate grounds, industry endorsed forecasts predict nearly four in five oil and gas jobs to be phased out or transferred

across to other offshore industries by 2035.<sup>2</sup> This means that significant numbers of offshore workers, as well as workers in supply chain industries onshore, will need to transition, whether through individual workers switching sectors or their workplace (e.g. a shipping or scaffolding company) diversifying its client industries away from oil & gas.

Meanwhile, businesses are largely failing to plan for their workforces' future in line with climate goals, either because they are not planning for the climate transition seriously (most UK businesses with climate change plans have no way to measure their progress,<sup>3</sup> while nearly half of UK engineering firms have no climate change plan, according to an industry survey), or because they do not consider it their responsibility (a quarter of firms believed skills planning was the government's responsibility).<sup>4</sup> Relying on businesses to provide transition pathways will not ensure that all affected workers have the skills for a just transition.

“ It makes sense that when companies are looking at winding down the North Sea they should be retraining workers to move into other energy industry areas - they have the transferable skills. They should be paying for workers to transfer their skills. ”

– Phil, Marine Technician

This briefing paper forms part of a collection of resources on **Our Power: Offshore workers' demands for a just transition**. A full report detailing the 10 demands created by offshore workers is available to read online and contains technical information, costs and a complete series of recommendations for decision makers.

A methodology paper is also available for more information on how the demands were created.

To protect their anonymity, all the names of workers quoted have been changed.

1 <https://platformlondon.org/p-publications/sea-change-climate-emergency-jobs-north-sea-oil>

2 <https://www.netzerotc.com/reports/closing-the-gap-technology-for-a-net-zero-north-sea>

3 <https://www.iwfm.org.uk/resource/uk-businesses-admit-empty-promises-on-corporate-net-zero-commitments.html?parentId=8CBD03AD-C979-4553-AB9AAA1F0AB1081A>

4 <https://www.theengineer.co.uk/content/news/lack-of-skills-could-hinder-net-zero-targets>

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“ It makes you go back to the start. People are worried about going back to the start, will I need to do an apprenticeship? I can't afford that. ”

– Francis, Metering Technician

Currently, workers largely bear responsibility for their own retraining. There are some existing government schemes to support individuals in rethinking their careers, like the Scottish Government's Green Jobs Workforce Academy which offers information and an online job search tool. But workers feel they do not take into account transferability of skills or previous experience.

There are currently no training schemes that provide workers with paid time off to retrain (unless the employer offers it) which will exclude a large proportion of the workforce who work on ad hoc contracts and cannot afford a break in their income.

Workers also face costly training barriers when individually switching industries. Workshop participants were overwhelmingly in favour of retraining support as a priority for government policy, and

clear that having the freedom to choose retraining to other industries (not just within energy) was essential.

The costs of retraining workers should fall on employers, or where this is not possible, on government, to make sure individual workers have paid time off to train and do not have to pay their own money for training. Individual, tailored support should be available to workers who wish to retrain.

Retraining pathways must be in line with the needs of a zero-carbon future as well as with existing skill sets. Therefore, skills audits and forward-looking forecasts should be conducted on the UK and Scottish level, both holistically and with a sector focus. Such audits should become the basis of government action plans for how to support the workforce-wide transition.

## PATHWAY

To understand the skills challenges ahead, make retraining options accessible to every offshore worker, and put funding in place to provide paid time off to retrain,

### THE UK GOVERNMENT SHOULD:

- Through the **Department for Education**, conduct and regularly update analysis forecasting long term trends in skills demand in the context of the climate transition.
- Review and expand funding available to Further Education (FE) colleges to develop courses covering emerging skills gaps and shortages for the climate transition in line with this long-term assessment.
- Extend its Lifetime Skills Guarantee and target promotion of courses to eligible workers in oil and gas industries and their supply chains and require courses covered under the Lifetime Skills

Guarantee to incorporate Recognition of Prior Learning (RPL) processes.

- Legislate for paid time off to train as a fundamental right for workers across the economy, or trial and institute a paid time off to train support scheme specifically for fossil fuel workers, or more broadly for workers in sectors shrinking due to major technological change.

### THE SCOTTISH GOVERNMENT SHOULD:

- Through **Skills Development Scotland (SDS)**, conduct and regularly update analysis forecasting long term trends in skills demand in the context of the climate transition.
- Review and expand funding available to FE colleges to develop courses covering emerging skills gaps and shortages for the climate transition in line with this long-term assessment.

- Launch a targeted retraining funding initiative for oil and gas workers, available to all workers regardless of their employment status, with fasttrack support available to those under threat of redundancy. Employers who want to participate should be required to demonstrate that they are supporting jobs with pay and conditions in line with national collective agreements (or Fair Work where those agreements don't exist). Courses and qualifications should include RPL processes.
- Through the **Green Jobs Workforce Academy** or SDS, provide tailored advice to oil and gas workers that takes into account their experience without 'going back to the start'.
- Trial and institute a paid time off to train support scheme specifically for fossil fuel workers, or more broadly for workers in sectors shrinking due to major technological change.

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Funding should be guided by analysis of future skills needs as described above, but leave the individual destination occupation at the discretion of individuals.

A government-backed jobs guarantee should support every oil and gas worker leaving the industry as it declines, by

- a) Supporting the conversion of entire supply-chain workplaces to service zero-carbon industries, where possible
- b) Guaranteeing 90% of workers' wages while they retrain, as in furlough
- c) Obligating companies to facilitate workers' redeployment, or else pay a levy
- d) Guaranteeing wages for a defined period of time for workers who leave the industry due to its phase out
- e) Instituting a general Jobs Guarantee (across the economy) for anyone in long-term unemployment, particularly for badly impacted areas

To provide a jobs guarantee to anyone leaving the fossil fuel industry as it declines,

#### THE UK GOVERNMENT SHOULD:

- Legislate to obligate companies extracting oil and gas where sites are being wound down, to either re-employ workers (including contractors) to an equivalent position on a different site, or support them with re-employment in another company, or pay a levy that part-finances equivalent government support to workers (i.e. financing the training schemes proposed above).
- Legislate to institute a Short Term Working Scheme, where it subsidises the bulk of wages for a limited period of time for companies affected by economic turmoil (including major decarbonisation-related changes), dependent on part of the subsidised time being used for upskilling in line with the needs of the climate transition. This scheme would require independent assurance and verification so that the business transformations supported are genuinely in line with, or surpassing, climate targets, and are not greenwashing.

- Ensure that **public energy companies** (whether instituted by the UK Government, Scottish Government or local authorities - see Demand 8) seek to take over relevant service contractors currently working within the oil and gas industry, and re-purpose to delivering services for offshore renewables, using TUPE regulations to retain or improve working conditions for the people employed.
- Provide income protection support in line with previous earnings for up to three years for any fossil fuel worker who, as a result of the above, has not received a job on an equivalent salary.

#### THE UK GOVERNMENT, OR SCOTTISH GOVERNMENT, OR LOCAL AUTHORITIES SHOULD:

- Trial, and if successful, institute for the long term unemployed a general Jobs Guarantee on at least a Living Wage for anyone (regardless of occupation) who has faced unemployment for six months or more, modelled on the Future Jobs Fund but with a focus on retraining in line with the needs of the climate transition.

## COSTS

We estimate that 12,500-15,500 offshore workers and 10,000-16,000 onshore workers in the oil and gas industry and its supply chains would access retraining opportunities as outlined above.<sup>5</sup> The estimated cost of retraining, including covering salaries for workers' time off to train, is £320 million to £1.1 billion across the UK, including £192 million to £662 million in Scotland. The additional cost of targeted careers advice is estimated at under £3 million. Of the total training costs, the government should seek to recoup half through the new skills levy as proposed

above, leaving £160 million to £650 million to be match-funded by the government.

A general jobs guarantee in places with the most significant dependence on oil and gas industry jobs should create approximately 102,000 job placements for unemployed people, at a living wage, in places most dependent on the oil and gas industry, particularly Aberdeen and Aberdeenshire, as well as Shetland, Dundee, Fife, the Tees and Tyne river areas and Norfolk. The cost of creating these jobs is estimated at £2.2 billion.<sup>6</sup>

<sup>5</sup> The numbers of workers are estimated based on modelling conducted for the report *Sea Change: Climate emergency, jobs and Managing the Phase-out of UK Oil & Gas Extraction*: <https://platformlondon.org/p-publications/sea-change-climate-emergency-jobs-north-sea-oil>

<sup>6</sup> Numbers of jobs placements and costs are based on the UK Government's Kickstart scheme during the Covid pandemic, as well as the jobs guarantee scheme being trialled in Marienthal, Austria. £15 / hour minimum wage and 25 hour a week placements are assumed.

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The cost of offering wage top-ups to workers leaving the oil and gas industry - assuming offshore workers lose on average 15% of salary and onshore workers on average 10% of salary for

3 years after leaving the oil and gas industry - is estimated at £595 million.

The cost of skills analysis would likely be negligible on a government budget level.

Costs to expand FE college skills provision fall outside the scope of this research. The Lifetime Skills Guarantee received £95 million in funding for the year 2021-2022; this should be continued.

## HAS THIS BEEN DONE ELSEWHERE?

**Scotland's Transition Training Fund** funded training and employability support to oil and gas workers who were facing redundancies following the drop in oil and gas prices in 2014. However this was only available to workers in a redundancy process, and offered no wage or financial support during training. 47% of applicants stayed in the oil and gas sector after participating in the scheme.<sup>7</sup>

**A government-backed jobs guarantee** can be modelled on:

**a) Germany's short-time working scheme (Kurzarbeit)**

Under this scheme, at companies in temporary economic hardship, the bulk of workers' pay (up to 60%) is subsidised by the government, similar to the way the UK government subsidised wages during the furlough scheme in 2020-2021.<sup>8</sup> Such a scheme could subsidise the wages of fossil fuel workers who are at risk of redundancy (or non-renewal of contract in the case of self-employment), while requiring paid-for retraining as part of the subsidised time.

**b) The Kickstart Scheme, the UK Future Jobs Fund, and other job guarantees.**

During the COVID pandemic, the UK Government created the Kickstart Scheme, which funded new jobs for 16 to 24 year olds on Universal Credit who were at risk of long term unemployment.<sup>9</sup> This funded wages costs (at the National Minimum Wage or National Living Wage depending on age) for six months, in addition to a £1,500 payment to the employer.

**c) US Trade Adjustment Assistance**

In the US, Trade Adjustment Assistance programmes support workers who lose jobs following industry closures due to Free Trade Agreement impacts. The assistance programmes cover training costs and wages for a defined period of time, but by themselves they generally do not lead to workers securing anywhere near equivalent jobs.<sup>10</sup>

**Rights to ask for time off to train** already exist in the UK, though the right is restricted to workers on the payroll who have been in their job for more than 26 weeks, and it is at the employer's discretion whether the worker gets paid.<sup>11</sup> Rights to educational leave (paid time off to train) exist in France, Flanders, and Upper Austria, and have been shown to help more workers access longer-term retraining opportunities.<sup>12</sup>

7 [https://energy.ec.europa.eu/system/files/2020-01/oil\\_gas\\_transition\\_training\\_fund\\_scotland\\_-\\_platform\\_for\\_coal\\_regions\\_in\\_transition\\_0.pdf](https://energy.ec.europa.eu/system/files/2020-01/oil_gas_transition_training_fund_scotland_-_platform_for_coal_regions_in_transition_0.pdf)

8 <https://www.imf.org/en/News/Articles/2020/06/11/na061120-kurzarbeit-germanys-short-time-work-benefit>

9 <https://www.gov.uk/government/collections/kickstart-scheme>

10 [https://www.demos.org/sites/default/files/publications/Broken\\_Buffer\\_FINAL.pdf](https://www.demos.org/sites/default/files/publications/Broken_Buffer_FINAL.pdf)

11 <https://www.gov.uk/training-study-work-your-rights>

12 [https://www.oecd-ilibrary.org/sites/203b21a8-en/1/2/3/index.html?itemId=/content/publication/203b21a8-en&csp\\_=de440b0f73fd460cf664c2614fc125d7&itemGO=oecd&itemContentType=book](https://www.oecd-ilibrary.org/sites/203b21a8-en/1/2/3/index.html?itemId=/content/publication/203b21a8-en&csp_=de440b0f73fd460cf664c2614fc125d7&itemGO=oecd&itemContentType=book)

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### CASE STUDY



Pseudonym: ..... **Stuart**

Age: ..... **55**

Job Title: ..... **Marine Supervisor**

Location: ..... **Dundee**

Nobody is planning for the transition. Nobody thought about how we could get out of this industry, people thought we'd be here for life. The government kicked this into the long grass for far too long. They should have been looking at renewables for the climate and to keep the lights on. It didn't help that the oil companies didn't release their research, they knew we were heading toward a climate crisis.

I was made redundant in June 2020. I know a lot of people who have suffered since 2014 and the last two downturns. They [the bosses] aren't bothered about what happens to the workforce, as long as they are making money through boom and bust, they don't care about workers thrown on the dole every five or six years. When we go into new carbon-free industries, we have to get away from this cycle.

Renewable industries are more stable, it doesn't have to be as well paid if you know what you're getting every year. Family life is better and happier when people can plan and know what they're doing going forward. Communities could benefit too. They could have cooperatives that provide wind power to the grid, you could have money coming in.

We can't go into renewables with a 'get everything for yourself, train up for all the industries and we'll call you if we need you' system. It's unsustainable. The government needs to get an offshore training passport in place, train people up to move into new industries and make bursaries for people to be able to transition.

We've been told we could have black outs this year, as one of the richest countries in the world, it's totally unacceptable. We've had 20 or 30 years to plan for this. And they haven't. We need affordable energy for everybody, a system that is going to withstand shocks and we need to get away from hydrocarbons, these are the three things that matter.