

OUR POWER

Parliamentary Briefing Paper

OFFSHORE WORKERS' DEMANDS FOR A JUST TRANSITION IN THE NORTH SEA

July 2024

- **Successive Governments have failed to create a plan for a managed phase-out of oil and gas production in the North Sea that protects workers and communities.** This is despite the Climate Change Committee and the International Energy Agency both ruling that new oil and gas licences are not compatible with 1.5°C targets.¹
- **The fossil fuel industry is being left to determine the pace and structure of the energy transition, prioritising shareholder profits over green investment or job protection.**
 - The world's five largest oil and gas companies, all operating in the UK North Sea, are set to reward their shareholders with record payouts this year, whilst industry investment into renewables has hit record lows in recent years.² The majority of North Sea operators invest nothing in UK renewable energy.³
 - Meanwhile, the number of jobs supported by the oil and gas industry has halved in the past decade, with some 227,000 jobs lost since 2013. This is despite the government issuing roughly 400 new oil and gas drilling licences in the same period.⁴
- **The longer the UK waits to implement a just transition in the North Sea, the worse off oil and gas workers and communities in the North East of England and Scotland will be.** We are already seeing this at Grangemouth Oil Refinery, where Petro-INEOS have decided to close the refinery with no plan for a managed transition for the workforce or community.⁵
- Instead of new licensing rounds and continued profiteering by energy companies, **oil and gas workers are demanding serious action to deliver a just energy transition.**
- Over the last three years, Platform and Friends of the Earth Scotland have worked with offshore oil and gas workers to develop a plan for an alternative energy transition - **backed by over 90% of 1,092 offshore workers surveyed; Unite the Union Scotland, RMT, PCS and Unison Scotland;** and numerous climate and environmental groups.
- This briefing outlines six key policies that oil and gas workers believe must form the basis of the government's North Sea transition policy, if it is to be truly 'just'.

“A ‘Just Energy Transition’ is not a soundbite to be rolled out by politicians to show their green credentials. Words have to be backed up with actions. We can’t leave workers and communities behind. For an energy transition to work, it must be just.”

– Offshore worker, Dundee

To see the full Our Power report including costings, please visit: platformlondon.org/ourpower

For more information about the full set of demands, to set up a meeting with offshore workers, or to find out how you can further support our campaigns, please contact Ruby Earle: ruby@platformlondon.org

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DEMAND 1

WORKER-LED TRANSITION PLANNING

Workers know what barriers exist to the phase-out of oil and gas and the potential solutions for building a thriving renewables industry. Any transition needs to be shaped by that knowledge.

Yet there is currently no example in the UK oil and gas sector of worker involvement in decision-making on decarbonisation. Further, the UK Government's Green Jobs Delivery Group, which already has limited influence over government policy, has only one trade union seat, held by the Trades Union Congress.

The UK government should:

- Use existing climate disclosure regulations to mandate every UK listed company operating in the oil and gas industry to make 'just transition plans', which are in line with 1.5°C targets. The plans must be negotiated with the workers and formalised as collective agreements with unions.
- Restructure the Green Jobs Delivery Group to have greater worker representation and formal powers in legislation to influence policy relevant to climate transition and workforce planning.
- Provide funding and support to trade unions to enable worker participation in just transition planning processes.
- Legislate for a right to sectoral collective bargaining and a right to union representation and access at work. This should cover both payroll, off-payroll and self-employed offshore energy workers. The government should use Contracts for Difference conditions to enforce the above rights for offshore energy workers.

DEMAND 2

A TRAINING REGIME BUILT TO KEEP WORKERS SAFE, NOT FOR PROFIT

Offshore oil and gas workers are being blocked from moving into renewables because of extortionate training fees, with the average oil and gas worker paying over £1,800 per year on training.⁶ What's worse, because the training standards across the renewables and fossil fuel industries don't align, workers are forced to repeat training at their own cost. Almost two thirds of offshore workers reported having to repeat training they had already done.⁷

Where there are solutions, like an Offshore Training Passport, industry has been too slow to deliver. Offshore oil and gas standards body OPITO and its renewables equivalent GWO have continued to stall the rollout of a training passport, despite being granted £5 million to deliver it by autumn 2023.⁸

The UK government should:

- Update the North Sea Transition Deal to create an Offshore Skills Passport which licences accredited workers to work offshore in any sector - oil rigs and wind farms alike - through a cross-industry minimum training requirement.
- Introduce a levy on energy companies where they fail to fund training opportunities for their workforce - modelled on the Apprenticeship Levy. This would establish a training fund for offshore workers which can be accessed by individual, self-employed and off-payroll workers and covers wages lost as well as training costs.

DEMAND 3

A JOBS GUARANTEE FOR ALL OIL AND GAS WORKERS

Encouraging or incentivising the fossil fuel industry to provide transition pathways for their workforce will not protect workers or communities.

The UK government should:

- Introduce a government-backed Jobs Guarantee to support every oil and gas worker leaving the declining fossil fuel industry, by:
 - Obligating oil and gas companies to facilitate workers' redeployment through training, or else pay a levy.
 - Guaranteeing 90% of workers' wages while they retrain, as with furlough.
 - Guaranteeing 90% of workers' wages for a defined period of time for those who leave the industry due to its phase-out.
- Institute a general Jobs Guarantee for anyone in long-term unemployment in badly impacted oil and gas communities in the North East of England and Scotland.

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DEMAND 4

A PERMANENT WINDFALL TAX

The tax regime covering North Sea oil and gas is rigged in industry's favour. For example, for every £100 an oil and gas company spends on new oil and gas, they get roughly £45 off their tax bill, because of a loophole in the Energy Profits Levy (Windfall Tax). Closing this loophole could raise £11.9 billion, between 2022 and 2028, the current windfall tax period.⁹

Tax payers are also being forced to foot the bill for decommissioning oil and gas infrastructure. The Exchequer is set to provide £21.8 billion of tax relief against the industry's total decommissioning bill of £46 billion.¹⁰

The UK government should:

- Close the investment allowance loophole in the current Energy Profits Levy, with the specific aim of attaining the same overall level of government take per barrel as Norway does.
- Change the rules on instruments governing decommissioning costs, so that these costs are covered by the oil and gas companies responsible, and do not lead to negative tax payments. Existing Decommissioning Relief Deeds, which guarantee rates of tax relief for companies, should be cancelled.
- Introduce a *permanent* "Energy Excess Profits Tax" - rather than a temporary windfall tax that is subject to lobbying and political conditions.

DEMAND 5

INVESTMENT IN DOMESTIC MANUFACTURING

Without a manufacturing base for renewables in the UK, good, green, secure jobs won't materialise at the scale needed. If the UK had followed Denmark's example and built up domestic manufacturing, we could have created almost 100,000 more jobs in the wind industry.¹¹

The UK government should:

- Expand the scale of the UK Infrastructure Bank, enabling it to make more and larger investments into transition infrastructure and use its influence as an equity investor (i.e. a part owner), to encourage greater domestic procurement and more local supply chains.
- Commit to expanding and renewing, on an annual basis, the existing funding initiatives that support sites for offshore wind manufacturing.
- Provide targeted investment support for workplaces in the oil and gas supply chain to retool to support renewable supply chains instead. This could include cable manufacturers, scaffolders, vessel support and fabrication yards.

DEMAND 6

PUBLIC OWNERSHIP OF ENERGY

The UK's privatised energy industry has failed to deliver a just energy transition that protects workers and communities and meets climate commitments. Where the transition is taking place, instead of learning the lessons from the past, the UK is once again selling off our natural resources to private corporations who prioritise profit maximisation over job creation or community investment. For example, while jobs in the low carbon and renewable energy sector in Scotland have dropped by 13% in the year, turnover for energy companies has soared by 47%.¹²

Those that have made the transition into green jobs report bad pay and unsafe conditions. Workers don't want to transition into precarious, poorly paid, unregulated jobs in a privatised renewables industry.

Only a publicly owned energy industry will enable the creation of secure, unionised, well-paid jobs, ensuring the benefits of the transition are returned to the communities that support renewable generation.

The UK government should:

- Support the creation of new regional public renewable energy companies, focused initially on investing into and developing new renewable generation, including offshore wind.
- Nationalise or part-nationalise privately owned ports and strategic maritime support infrastructure, where current owners are failing to invest in the transition.

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